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**ELEPHANT CAPITAL PLC  
("ELEPHANT CAPITAL" OR THE "COMPANY")**

**NOTICE OF ANNUAL GENERAL MEETING AND TENDER OFFER**

**1. Introduction**

As announced on 13 December 2012 and indicated in the Company's preliminary statements for the year ended 31 August 2012 issued today, Elephant Capital is proposing to return capital to Shareholders following the sale of its investment in ElH Limited and the settlement of its claim against Clintec. It is proposed to return a maximum of £9 million to Shareholders through a tender offer at a price of 39 pence per Share (the "Tender Offer").

The Company is publishing and sending a circular to shareholders today outlining the Tender offer which is also available on the Company's website [www.elephantcapital.com](http://www.elephantcapital.com). Terms defined in the circular have the same meaning in this announcement.

The Board believes that it is helpful for Shareholders to be able to consider the Tender Offer in conjunction with the report and audited accounts of the Company for the year to 31 August 2012, which will be posted to eligible shareholders with the circular. In addition, because the Tender Offer cannot take place without the approval of an ordinary resolution of Shareholders, the Board is proposing the necessary resolution to Shareholders as part of the business of the Company's Annual General Meeting for 2013, alongside certain other resolutions.

The circular includes a notice convening the Company's 2013 Annual General Meeting which is to be held on 22 March 2013. At this meeting, in addition to the resolution necessary to implement the Tender Offer, the Board is also proposing a resolution authorising the Company to make further purchases of Shares in the market generally for cancellation within the period leading up to the Company's 2014 annual general meeting.

For the purposes of the circular and this announcement, the Tender Offer and the proposed buyback resolutions to be tabled at the Annual General Meeting are collectively referred to as the "Proposals". Further defined terms can be found in Part 6 of the circular.

## 2. Background to the Proposals

In May 2011, in response to the market price of the Company's Shares being at a significant discount to their net asset value and to the illiquid market in the Shares, the Board proposed that the Company would not make further investments but would focus on realising the Company's existing investment portfolio and, subject to the Company's working capital requirements, returning realised capital to Shareholders. In order to do this, the Board proposed a tender offer to qualifying Shareholders to be conducted in the summer of 2011 and sought Shareholder approval to amend the Company's investment policy accordingly. The resolutions were passed at extraordinary general meetings of Shareholders and warrant holders (whose warrants have since been cancelled) in June 2011. To date, £791,206 has been returned to Shareholders by way of the tender offer and subsequent buybacks permitted under a general authority permitting further market purchases (which was originally granted at the June 2011 extraordinary general meeting and was subsequently renewed at the Company's annual general meeting on 23 March 2012). In addition, to give the Company sufficient distributable reserves for the tender offer, the Company obtained the approval of Shareholders and the sanction of the Isle of Man courts to a reduction by £27,000,000 of the total £47,752,000 standing to the credit of the Company's Share Premium Amount and a reclassification of that amount as a distributable capital reserve of the Company (a "Distributable Capital Reserve").

The Board is of the view that it is now appropriate to conduct the new Tender Offer because the Company has recently realised its investment in EIH Limited and agreed a settlement in respect of its investment in Clintec.

The Board believes that the Tender Offer will provide Shareholders with an opportunity to partially exit from what has been an illiquid investment at a price which is significantly in excess of the current market price of 31.75 pence as at 25 February 2013. The price of the proposed Tender Offer of 39 pence per Share is below the published net asset value per Share at 31 August 2012 of 44 pence per Share and has been calculated to reflect an estimated approximate unaudited net asset value at 31 January 2013 after (inter alia) adjusting all movements in the valuation of listed investments (including a provision to reflect lack of liquidity), operating expenses since 31 August 2012 and the costs of this proposed Tender Offer. Unlisted investments have not been formally revalued. Instead, the Manager's estimate of impairment to the value of unlisted investments since 31 August 2012 has been taken into account in calculating the Tender Price of 39 pence per Share.

At 31 January 2013 the Company had approximately £11 million in cash resources. The maximum amount being returned in the proposed Tender Offer is £9 million leaving approximately £2 million to cover operating costs of the Company and to allow for the possibility of protective follow-on investments in the Company's existing portfolio.

In addition, following the Tender Offer, in line with its proposed focus for the Company the Board believes that it would benefit the Company to be able to make further market purchases of Shares from time to time from its Distributable Capital Reserve. As such, Shareholders are being asked to pass a resolution giving the Company this power (the "General Buyback Resolution"). Full details of the General Buyback Resolution are set out in the Notice of Annual General Meeting in Part 5 of the circular. Further returns of capital

(either under the power granted by the General Buyback Resolution, if passed, or through further tender offers) will be made when other realisations of investments are achieved, though given the illiquidity of the Company's listed portfolio and the fact that the remaining unlisted portfolio could take some time to realise, any meaningful further return of cash is very unlikely in the short term.

As described further below, the Tender Offer is subject to a number of conditions.

Following the completion of the Tender Offer and approval of the General Buyback Resolution (if the Tender Conditions are satisfied and the Proposals are approved), the Board will continue to review the current strategy of seeking to return capital to Shareholders on an ongoing basis.

### **3. Details of the Proposals**

#### **3.1 The Tender Offer**

The Tender Offer is available to those Qualifying Shareholders on the register of members of the Company at 6.00 p.m. on the Tender Offer Record Date (26 February 2013) and on the Tender Offer Closing Date (20 March 2013) and is only made in respect of the number of Shares registered continuously in those Shareholders' names on those dates. If a Qualifying Shareholder acquires additional Shares after the Tender Offer Record Date, any such Shares so acquired are not eligible for inclusion under the Tender Offer.

Shareholders are invited to tender any or all of their Shares for purchase by the Company at the tender price of 39 pence per Share (the "Tender Price") and:

- all Shares under the Tender Offer will be purchased at the Tender Price;
- the maximum number of Shares that may be purchased is 23,076,923 (the "Tender Offer Limit"); and
- offers may be scaled back pro rata to the respective numbers of Shares tendered if the number of Shares tendered for purchase exceeds the Tender Offer Limit.

Subject to the satisfaction of the Company's obligations under the laws of the Isle of Man (which the Directors believe will be satisfied), and subject to the Tender Resolution becoming effective, the purchase of Shares by the Company under the Tender Offer will be funded from the Company's existing cash resources and the realisation of listed investments if necessary. Shares not validly tendered may not be purchased.

Shares will be purchased from Shareholders free of commissions and dealing charges.

Shares validly tendered and purchased by the Company in accordance with the terms of the Tender Offer will be automatically cancelled in accordance with Isle of Man law and will not rank for any dividends declared after, or whose record date is after, the date on which the Shares are purchased by the Company (expected to be on 25 March 2013).

In calculating the level of funds to be returned to Shareholders by way of the Tender Offer, the Board has taken account of available funding to the Company and its working capital requirements. The Company is solvent and the Tender Offer is not expected to have any effect on the Company's ability to discharge its liabilities to creditors. The Board estimates that the aggregate costs and expenses of the Company relating to the Tender Offer will not exceed £40,000 (excluding VAT). The Company's ongoing annual costs (other than transactional expenses associated with acquisitions and disposals of investments) are currently estimated by your Board to be no more than approximately £1,001,600; these are not anticipated to increase to any material extent in the future.

The terms and conditions of the Tender Offer are set out in Part 2 of the circular. Shareholders do not have to tender any Shares if they do not wish to do so. The Tender Offer is in any case conditional upon the satisfaction of certain conditions set out in paragraph 5 of Part 1 of the circular.

### **3.2 The Share Buyback Facility**

Pursuant to the General Buyback Resolution, the Board would like to have the facility over the period leading up to the Company's 2014 annual general meeting to opportunistically purchase Shares in the market for cancellation, subject to a minimum price of the nominal value per Share and a maximum price per Share of 5% above the average of the middle market quotations taken from the Official List of the London Stock Exchange for the five business days before the purchase is made. Such purchases would be undertaken with the aim of increasing the net asset value per Share for the remaining Shareholders. Shareholders should note that, subject as aforesaid, market purchases of Shares authorised by the General Buyback Resolution shall be executed as the Directors in their discretion see fit (including the discretion to utilise only part of the share buyback facility). The authority granted by the General Buyback Resolution shall expire on the Company's 2014 annual general meeting, unless renewed, varied or revoked prior to that time. The Board will consider carefully the available funding to the Company and its working capital requirements before proceeding with any additional market purchase of Shares.

### **4. Overseas Shareholders**

The Tender Offer is not available to Shareholders with a registered address in the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or any other Restricted Jurisdiction unless it is lawful for them to participate in the relevant Restricted Jurisdiction without imposing any obligation on the Company to make a filing with any securities agency or similar body. Overseas Shareholders should note that they should satisfy themselves that they have fully observed any applicable legal requirements under the laws of their relevant jurisdiction if they tender Shares in the Tender Offer. The attention of Shareholders who are not resident in the United Kingdom is drawn to the section headed "Overseas Shareholders" in Part 2 of the circular.

### **5. Conditions and approvals required for the Proposals**

The Tender Offer is conditional upon:

- the passing of a resolution to allow purchases by the Company of its own shares under the Tender Offer (the "**Tender Resolution**"); and
- the Tender Offer not being terminated pursuant to the Directors' right to do so if they conclude its implementation is no longer in the best interests of the Company and/or Shareholders as a whole or that the purchase of Shares by the Company would have adverse legal or fiscal consequences for the Company and/or Shareholders as a whole.

The Tender Offer is not conditional on the General Buyback Resolution. However, the Company will not be able to make further market purchases of Shares unless the General Buyback Resolution or another Shareholders' resolution permitting such purchases is approved by Shareholders, and unless the Company has distributable reserves.

An Annual General Meeting of the Company has been called for 10.00 a.m. on 22 March 2013, at which Shareholders will be asked to pass the Tender Resolution and the General Buyback Resolution, together with certain other resolutions in relation to ordinary business. The full text of all the resolutions, including the Tender Resolution and the General Buyback Resolution, are set out in the Notice of Annual General Meeting set out in Part 5 of the circular.

## 6. **Actions required**

### 6.1 ***In relation to the Annual General Meeting***

The Form of Proxy will be enclosed with the circular for use at the Annual General Meeting. Whether or not you intend to attend the Annual General Meeting, Shareholders are requested to complete and return the Form of Proxy to Chamberlain Fund Services Limited, 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD, so as to be received as soon as possible and, in any event, not later than 10.00 a.m. on 20 March 2013. Completion of the Form of Proxy will not affect the right of a holder of Shares to attend and vote at the Annual General Meeting.

### 6.2 ***In relation to the Tender Offer***

Further details of the procedure for tendering and settlement are set out in Part 2 of the circular and for certificated Shareholders in the accompanying Tender Form.

## 7. **Recommendation**

The Directors are of the opinion that the Proposals are in the best interests of the Company and Shareholders. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the resolutions to be proposed at the Annual General Meeting.

**The Directors make no recommendation to Shareholders in relation to participation in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Shares will depend, amongst other things, on their view of the Company's prospects and their own individual circumstances, including their tax position. Shareholders are recommended to consult their duly authorised independent advisers and make their own decision.**

**8. Expected timetable of events**

Tender Offer Record Date	6 p.m. on 26 February 2013
Tender Offer opens	28 February 2013
Latest time and date for receipt of Forms of Proxy for the Annual General Meeting	10.00 a.m. on 20 March 2013
Latest time and date for receipt of Tender Forms and TTE instructions in relation to the Tender Offer	1.00pm on 20 March 2013
Tender Offer Closing Date	20 March 2013
Annual General Meeting of the Company	10.00 a.m. on 22 March 2013
Announcement of the of the results of the Annual General Meeting and Tender Offer	By 6 p.m. on 22 March 2013
Completion of the Tender Offer and purchase of Shares under the Tender Offer	25 March 2013
Cheques issued/CREST accounts credited for Tender Offer proceeds in respect of Shares sold under the Tender Offer	3 April 2013
CREST accounts credited/share certificates issued for revised holdings of Shares following the sale of Shares under the Tender Offer	3 April 2013

All times stated in this expected timetable of events and in the circular are London times, unless otherwise stated. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory information Service.

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