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## **Electra Private Equity PLC**

(Incorporated in England and Wales with registered number 00303062)

### **Notice of Annual General Meeting 2018**

etc.venues, St. Paul's, 200 Aldersgate Conference Centre,  
London EC1A 4HD

Thursday 1 March 2018 at 2.00pm

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Electra Private Equity PLC (the "**Company**") which is set out on page 3 of this document and which recommends that you vote in favour of the Resolutions to be proposed at the Annual General Meeting.

A Form of Proxy for use at the Annual General Meeting is enclosed with this Notice of Annual General Meeting and instructions for its completion and return by post are set out in the Form.

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## PART I

### LETTER FROM THE CHAIRMAN OF ELECTRA PRIVATE EQUITY PLC (Incorporated in England and Wales with registered number 00303062)

First Floor  
50 Grosvenor Hill  
London W1K 3QT

2 February 2018

#### Directors

Neil Johnson (*Chairman*)  
Edward Bramson  
Ian Brindle  
Paul Goodson  
David Lis  
Gavin Manson  
John McAdam  
Roger Perkin  
Linda Wilding

Dear Shareholder

#### 2018 Annual General Meeting

#### Introduction

I am pleased to invite you to this year's Annual General Meeting to be held at etc.venues, St. Paul's, 200 Aldersgate Conference Centre, London EC1A 4HD on Thursday, 1 March 2018 at 2.00pm.

The Notice of Annual General Meeting, which follows this letter, sets out the business to be considered at the meeting.

#### AGM

The AGM gives the Board the opportunity to present the Company's performance and strategy to Shareholders and to listen and respond to your questions. Your participation is important to us and, if you cannot attend, I would encourage you to appoint a proxy to cast your vote. You may appoint the Chairman of the AGM or a person of your choice to be your proxy to attend, speak and vote on your behalf by completing the enclosed Form of Proxy. This Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon at least 48 hours before the AGM.

All the Resolutions are proposed as ordinary resolutions, except for Resolutions 16, 17 and 18 which are proposed as special resolutions. Voting on all Resolutions to be proposed at the AGM will be by way of a poll (and please refer to page 25 of this document for further details on voting).

The Directors have considered the size of the Board in light of the outcome of the Strategic Review which was announced in October 2017 and have agreed that it is now appropriate to start to reduce the number of Directors on the Board. Accordingly, Dr John McAdam will not stand for re-election at this year's AGM and the Board will consider further changes over the coming year. Dr McAdam has served as the Senior Independent Director since January 2017 and I should like to thank him for his contribution to the Company during that time. I should also like to thank the other Directors for their support.

#### Explanatory Notes

Explanatory notes to the Resolutions to be considered at the AGM appear on pages 7 to 9 of this document.

#### Recommendation

Your Directors consider that each Resolution to be proposed at the AGM is in the best interests of the Shareholders as a whole and unanimously recommend that Shareholders vote in favour of these Resolutions, as they intend to do in respect of their own shareholdings.

Yours faithfully



Neil Johnson  
Chairman

## PART II

### NOTICE OF ANNUAL GENERAL MEETING

**Electra Private Equity PLC (the "Company")**  
(Incorporated in England and Wales with registered number 00303062)

NOTICE is hereby given that the eighty-third Annual General Meeting of the Company will be held on Thursday 1 March 2018 at 2.00pm at etc.venues, St. Paul's, 200 Aldersgate Conference Centre, London EC1A 4HD to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 15 will be proposed as ordinary resolutions and resolutions 16, 17 and 18 will be proposed as special resolutions.

#### Ordinary Business

1. To receive the Annual Report and Accounts for the financial year ended 30 September 2017 and the Auditor's Report thereon.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2017 (excluding the Directors' Remuneration Policy referred to in Resolution 3) as set out in the Annual Report and Accounts of the Company for the financial year ended 30 September 2017.
3. To approve the Directors' Remuneration Policy as set out in Part IV of this Notice (pages 10 to 19) and, if approved, to take effect immediately after the end of this Annual General Meeting and to apply for the period starting on 1 January 2018.
4. To re-elect Mr Edward Bramson as a Director of the Company.
5. To re-elect Mr Ian Brindle as a Director of the Company.
6. To re-elect Mr Paul Goodson as a Director of the Company.
7. To re-elect Mr Neil Johnson as a Director of the Company.
8. To re-elect Mr David Lis as a Director of the Company.
9. To re-elect Mr Gavin Manson as a Director of the Company.
10. To re-elect Mr Roger Perkin as a Director of the Company.
11. To re-elect Dr Linda Wilding as a Director of the Company.
12. To re-appoint Deloitte LLP as auditor of the Company until the conclusion of the Company's Annual General Meeting in 2019.
13. To authorise the Audit Committee to fix the auditor's remuneration.

#### Special Business

14. Ordinary resolution to approve the Electra Private Equity PLC 2017 Executive Share of Value Plan:  
That the rules of the Electra Private Equity PLC 2017 Executive Share of Value Plan (the "SOVP"), the principal terms of which are summarised in Part V of this Notice of Annual General Meeting, and produced in draft to this meeting and, for the purposes of identification, are initialled by the Chairman of the meeting, be and are hereby approved and the Directors be authorised to make such modifications to the SOVP as they may consider appropriate to take account of the requirements of best practice and for the implementation of the SOVP and to adopt the SOVP as so modified and to do all such other acts and things as they may consider appropriate to implement the SOVP.

15. Ordinary resolution to give the Directors the authority to allot shares:

That the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all Company's powers to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £3,190,230.25, such authority to expire (unless previously renewed, varied or revoked) on the earlier of 1 June 2019 or the conclusion of the Company's Annual General Meeting in 2019, but so that the Directors are entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant rights pursuant to any such offer or agreement as if this authority had not expired, and this authority is in substitution for all existing unexercised authorities.

16. Special resolution to disapply pre-emption rights:

That the Directors be and they are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 15 above or by way of a sale of treasury shares as if section 561(1) of the Companies Act 2006 did not apply to any such allotment on the following terms:

- (a) this power is limited to the allotment or sale of equity securities:
  - (i) in connection with an offer of securities in favour of Shareholders where the equity securities respectively attributable to the interests of the Shareholders (other than the Company) are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them and holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary or appropriate, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, legal or practical problems under the laws of, or the requirements of any relevant regulatory body or stock exchange in, any territory, or any other matter; and
  - (ii) otherwise than under paragraph (i), up to a total nominal amount of £478,534;
- (b) this power expires (unless previously renewed, varied or revoked) upon the expiry of the general authority conferred by Resolution 15 above;
- (c) before this power expires, the Directors may make offers or agreements which would or might require equity securities to be allotted or sold after it expires and the Directors are entitled to allot or sell equity securities pursuant to any such offer or agreement as if this power had not expired; and
- (d) this power is in substitution of all unexercised powers given for the purposes of section 570 of that Act.

17. Special resolution to adjust the notice requirements for general meetings:

That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

18. Special resolution to renew share buyback authority:

That the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the said Act) of Ordinary Shares of 25 pence each, provided that:

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 5,738,586 or such other number of Ordinary Shares as is equal to 14.99% of the total number of Ordinary Shares in issue as at the date of the passing of this Resolution;
- (b) the minimum price which may be paid for an Ordinary Share shall be 25 pence;

- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is the higher of (i) an amount equal to 105% of the average middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five Business Days immediately preceding the day on which the Ordinary Share is purchased and (ii) the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System;
- (d) any purchase of Ordinary Shares will be made in the market for cash at prices below the prevailing net asset value per Ordinary Share (as determined by the Directors); and
- (e) unless renewed, the authority hereby conferred shall expire on the earlier of 1 June 2019 or the conclusion of the Company's Annual General Meeting in 2019 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.

**BY ORDER OF THE BOARD**

Frostrow Capital LLP  
Company Secretary

2 February 2018

Registered in England and Wales No. 00303062  
Registered Office:  
First Floor  
50 Grosvenor Hill  
London  
W1K 3QT

**PART III**

**EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS**

For Resolutions 16, 17 and 18 (proposed as special resolutions) to be passed at the AGM, at least three quarters of the votes cast must be in favour of the Resolution.

For any of the ordinary resolutions listed below (all Resolutions except Resolutions 16, 17 and 18) to be passed at the AGM, more than half the votes cast must be in favour of the Resolution.

**Resolution 1 – To receive the Annual Report and Accounts**

For each financial year the Directors are required to present the Annual Report and Accounts of the Company (including the Strategic Report, Directors' Report and Auditor's Report) to the Shareholders.

**Resolution 2 – To approve the Directors' Remuneration Report**

Resolution 2 seeks shareholder approval for the Directors' Remuneration Report which is set out on pages 89 to 103 (inclusive) of the 2017 Annual Report and Accounts.

The Directors are required to prepare the Directors' Remuneration Report, comprising an annual report detailing the remuneration of the Directors and a statement by the Chairman of the Remuneration Committee of the Board. The Company is required to seek shareholders' approval in respect of the contents of the Directors' Remuneration Report on an annual basis (excluding the part containing the Directors' remuneration policy). As this vote is an advisory vote, no entitlement of a Director to remuneration is conditional on it.

**Resolution 3 – To approve the Directors' Remuneration Policy**

Following a review of the Directors' Remuneration Policy approved at the March 2017 Annual General Meeting and in light of the outcome of the Strategic Review conducted by the Board and changes in the responsibilities of certain Directors, a new Directors' Remuneration Policy is being proposed to be applied from 1 January 2018 onwards and is being put to a shareholder vote. The vote is binding and, subject to limited exceptions, no remuneration payment or loss of office payment may be made to a prospective, current or former Director unless consistent with the approved Directors' Remuneration Policy (or otherwise specifically approved by Shareholders).

The proposed Directors' Remuneration Policy is described in Part IV of this Notice of Annual General Meeting and has been developed taking into account the principles of the UK Corporate Governance Code and the views of our major shareholders.

If approved, the Directors' Remuneration Policy will take formal effect from the date of the Annual General Meeting and will apply for the period starting on 1 January 2018. If approved, it is anticipated that the Directors' Remuneration Policy will be in force for three years from the date of approval at the Annual General Meeting, although the Board will closely monitor regulatory changes and market trends and, if necessary, may present a revised Directors' Remuneration Policy within that three year period.

**Resolutions 4 to 11 – Re-election of Directors**

Resolutions 4 to 11 deal with the proposed re-election of all the Directors who are currently serving on the Board, with the exception of Dr John McAdam, who will not stand for re-election as explained in the Chairman's letter on page 3, in accordance with the requirements of the Company's articles of association and the UK Corporate Governance Code.

Biographical details of all the Directors who are standing for re-election, as at the date of this Notice of Annual General Meeting, including information relating to their experience, skills and background, are set out on pages 108 to 109 of the 2017 Annual Report and Accounts and appear on the Company's website [www.electraequity.com](http://www.electraequity.com). Additional information is included on page 84 of the 2017 Annual Report and Accounts about the independence of the independent non-executive Directors, as required by the Listing Rules.

Following the completion of the Board evaluation process for 2017, the Chairman confirms on behalf of the Board that each of the Directors standing for re-election under Resolutions 4 to 11 continues to be effective and demonstrates appropriate commitment to their respective roles. It is the view of the Chairman that each Director has sufficient time to meet his or her commitment to the Company and has individual skills and experience which are relevant and beneficial to support the Board in fulfilling its duties.

#### **Resolutions 12 and 13 – Auditor**

Resolution 12 relates to the re-appointment of Deloitte LLP as the Company's auditor to hold office until the conclusion of the Company's Annual General Meeting in 2019.

Resolution 13 authorises the Audit Committee to set their remuneration.

#### **Resolution 14 – Approval of the Electra Private Equity PLC Executive Share of Value Plan**

Shareholder approval is being requested for authority to adopt a new long-term incentive arrangement to be known as the Electra Private Equity PLC Executive Share of Value Plan (the "SOVP").

The SOVP is intended to provide its participants with an opportunity to share in a pool of value which is converted into nil cost options over ordinary shares in the capital of the Company.

Subject to relevant caps, the "pool" would be determined by reference to a percentage share of value created for shareholders in excess of a threshold level of net asset value plus cumulative distributions over a normal measurement period of 1 January 2018 to 31 December 2020.

The operation of the SOVP is envisaged under the new Directors' Remuneration Policy proposed for approval under Resolution 3 as referred to above.

A summary of the principal terms of the SOVP is set out in Part V of this Notice of Annual General Meeting.

#### **Resolution 15 – Authority to allot**

The Companies Act 2006 requires that to allot shares the Directors must receive authority from shareholders. This Resolution would allow the Directors to issue new shares up to a total nominal value of £3,190,230.25 which represents approximately one third of the Company's Issued Ordinary Share Capital as at the date of this document.

This authority would expire on the earlier of 1 June 2019 and the conclusion of the Company's Annual General Meeting in 2019.

The Company holds no shares as treasury shares (within the meaning of section 724 of the Companies Act 2006) as at the date of this Notice of Annual General Meeting.

The Directors have no present intention of exercising this authority but consider it desirable that they should have the flexibility to issue new shares from time to time to enable the Company to act in the best interests of Shareholders when opportunities arise.

#### **Resolution 16 – Disapplication of statutory pre-emption rights**

The Companies Act 2006 requires that, subject to certain exceptions, before directors of a company can issue any new shares (including the sale of treasury shares) for cash, the new shares must first be offered to existing members of the Company in proportion to the number of shares which they hold at the time of the offer.

This Resolution would allow the Directors to allot shares or sell treasury shares for cash only:

- (a) up to a nominal value of £478,534 which is approximately 5% of the Company's Issued Ordinary Share Capital as at the date of this document; and
- (b) in a rights issue or other pre-emptive issue.

This is in line with the Share Capital Management Guidelines issued by the Investment Association and the Pre-Emption Group's Statement of Principles. The Directors have no present intention of exercising this power to issue shares.

The Board confirms that, in accordance with the Pre-Emption Group's Statement of Principles, it does not intend to issue shares for cash representing more than 7.5% of the Company's Issued Ordinary Share Capital in any rolling three-year period to those who are not existing Shareholders without prior consultation with Shareholders.

The authority contained in Resolution 16 will expire upon the expiry of the authority to allot shares conferred in Resolution 15, being the earlier of 1 June 2019 and the conclusion of the Company's Annual General Meeting in 2019.

#### **Resolution 17 – Notice of general meetings**

The notice period required by the Companies Act 2006 for general meetings of the Company is 21 days, unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. Annual general meetings must always be held on at least 21 clear days' notice.

It is therefore proposed that Shareholders should renew the authority for general meetings other than annual general meetings to be called on not less than 14 clear days' notice. The authority granted by Resolution 17, if passed, will be effective until the conclusion of the Company's Annual General Meeting in 2019, when it is intended that a similar resolution will be proposed.

In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all Shareholders for that meeting. The flexibility offered by Resolution 17 will be used where, taking into account the circumstances, and noting the recommendations of the UK Corporate Governance Code, the Directors consider this appropriate in relation to the business of the meeting and in the interests of the Company and Shareholders as a whole.

#### **Resolution 18 – Buyback authority**

This Resolution seeks authority for the Company to purchase up to 14.99% of its Issued Ordinary Share Capital, renewing the authority granted by the Shareholders at its AGM held on 23 March 2017. The Company has not purchased any Ordinary Shares in the period from the date of the 2017 AGM to 31 January 2018 (being the latest practicable date prior to the publication of this document), under the existing authority.

The Directors will exercise this authority only when they consider that to do so would be in the best interests of the Company and of its Shareholders generally.

Ordinary Shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The Directors will consider holding any Ordinary Shares the Company may purchase as treasury shares. The Company does not currently have any Ordinary Shares in treasury.

The authority will expire at the earlier of 1 June 2019 and the conclusion of the Company's Annual General Meeting in 2019.

**PART IV**

**PROPOSED NEW DIRECTORS' REMUNERATION POLICY**

**Introduction**

The Board announced the outcome of its Strategic Review in October 2017. This review determined that the Company will continue to focus on value creation and the optimisation of shareholder returns through maximising the benefits at each stage of the 'buy, improve and sell' model for investment holdings. As announced, the Company will consider investments in new holdings when market conditions are conducive.

In light of the Board's Strategic Review, the Committee determined that bespoke executive remuneration arrangements, more in line with typical practices within an investment environment, are required to reinforce the new investment management plan. As such, the Committee believes that a Share of Value Plan ('SOVP') represents an excellent alignment of interests between executives and shareholders; it is tailored to the stretching nature and specifics of the Company's business plan; and it is more in line with typical practices within an investment environment. Introduction of the SOVP requires some changes to Electra's existing remuneration policy. The new Remuneration Policy is set out below.

The Company's current Remuneration Policy was approved by the Company's members at the Annual General Meeting in March 2017. In accordance with the Large and Medium-sized Companies and Group (Accounts and Reports) (Amendment) Regulations 2013 (Regulations), the revised Remuneration Policy set out below will be subject to shareholder approval at the forthcoming AGM in March 2018. If approved at the AGM in 2018, the policy will be effective for a period of three years from that date and will apply for the period starting on 1 January 2018.

**Key objectives of the Electra Remuneration Policy**

The Remuneration Policy aims to deliver two core objectives:

- Enable Electra to attract, retain and incentivise the best talent for its business; and
- Create alignment with shareholders' interests.

To deliver these objectives the remuneration policy will:

- Reward the achievement of Electra's strategic objectives
- Capture emerging corporate governance best practices, wherever feasible;
- Deliver an appropriate balance between fixed and variable pay and reward both short- and longer-term performance.

**Executive Director Remuneration Policy table**

| <b>Salary</b>                       |  |
|-------------------------------------|--|
| <b>Purpose and link to strategy</b> | <ul style="list-style-type: none"> <li>• To provide competitive fixed remuneration that will attract, retain and motivate high calibre executives and reflect their experience, duties and location</li> </ul>   |
| <b>Operation</b>                    | <ul style="list-style-type: none"> <li>• Salaries are normally reviewed annually, and any increases take account of a broad range of factors including:                             <ul style="list-style-type: none"> <li>- The salary increases awarded across the organisation;</li> <li>- Economic conditions</li> <li>- Inflation/cost of living</li> <li>- Individual performance, skills and experience</li> <li>- Financial performance of the group</li> <li>- Pay levels in comparative companies</li> </ul> </li> <li>• Salaries in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration</li> </ul> |

|                            |   |
|----------------------------|---|
| <b>Maximum opportunity</b> | <ul style="list-style-type: none"> <li>• There is no maximum salary under this policy, and therefore the Committee retains discretion to increase salaries for the duration of this policy. However, increases will normally be in line with salary increases to the broader workforce</li> <li>• Increases beyond those linked to the workforce (in percentage of salary terms) may be awarded in certain circumstances at the Board's discretion (based on the recommendation of the Committee) such as where there is a change in responsibility or experience or a significant increase in the scale of the role and/or in the size, value and/or complexity of the Company. Any increases beyond the increments awarded across the broader workforce will be explained in the relevant year's Annual Report on Remuneration</li> </ul> |
|----------------------------|---|

| <b>Benefits</b>                     |  |
|-------------------------------------|--|
| <b>Purpose and link to strategy</b> | To provide competitive benefits in line with market practice   |
| <b>Operation</b>                    | <ul style="list-style-type: none"> <li>• The Benefits provision will be reviewed annually.</li> <li>• The Company typically provides the following benefits:                             <ul style="list-style-type: none"> <li>- Car allowance</li> <li>- Private health insurance</li> <li>- Death in service cover</li> </ul> </li> <li>• Where Executive Directors are recruited from overseas, other ancillary benefits may be provided, including relocation expenses / arrangements (as required)</li> <li>• The Committee has the ability to reimburse reasonable business related expenses and any tax thereon</li> </ul> |
| <b>Maximum opportunity</b>          | <ul style="list-style-type: none"> <li>• The cost of some of these benefits is not pre-determined and may vary from year to year based on the overall cost to the Company in securing these benefits for a population of employees (particularly health insurance and death-in-service cover)</li> <li>• The Committee has discretion to approve an additional allowance in exceptional circumstances (such as relocation), or where factors outside the Committee's control have changed materially (such as increases in insurance premiums)</li> </ul>  |

| <b>Pension</b>                      |  |
|-------------------------------------|--|
| <b>Purpose and link to strategy</b> | To provide a competitive, yet cost-effective, appropriate long-term retirement benefit   |
| <b>Operation</b>                    | Executive Directors may receive a company contribution to a defined contribution scheme or the provision of a cash supplement equivalent, or a combination thereof |
| <b>Maximum opportunity</b>          | Company contributions of up to 10% of base salary  |

| <b>Annual Bonus</b>                 |  |
|-------------------------------------|--|
| <b>Purpose and link to strategy</b> | To incentivise annual delivery of performance objectives relating to the short-term goals of the Company, driving strong financial performance for investors balanced with effective long-term decision making and prudence  |
| <b>Operation</b>                    | <ul style="list-style-type: none"> <li>• SOVP participants will not be eligible to receive an annual bonus opportunity for the duration of the SOVP performance period</li> <li>• Annual performance measures and threshold, plan and maximum targets will be set by the Committee at the start of the financial year.</li> <li>• Following year-end, performance against targets will be assessed to determine pay-out levels at year-end under the bonus plan.</li> <li>• In normal circumstances, at least 50% of any actual bonus earned will be deferred into shares for a period of three years.</li> <li>• Dividend equivalents (in cash or shares) may be added to deferred shares.</li> </ul> |

|  |   |
|--|---|
| <b>Maximum opportunity</b>   | Maximum percentage of salary: 150% of salary  |
| <b>Performance measurement and framework for the recovery of sums paid</b> | <ul style="list-style-type: none"> <li>In normal circumstances, the majority of the bonus will be based on financial performance, with a portion also typically based on the achievement of strategic objectives</li> <li>Up to 20% of maximum is earned at the threshold performance level, 50% of maximum is paid for on-target performance with a graduated scale operating thereafter through to maximum bonuses being earned for out-performance of the Company's targets for the year</li> <li>Performance measures will be reviewed annually by the Committee, and the Committee retains discretion to vary measures and weightings as appropriate to ensure they continue to be linked to the delivery of the Company strategy</li> <li>The Committee has discretion to adjust the payment outcome if it is not deemed to appropriately reflect overall business performance over the performance period. Any exercise of discretion will be detailed in the following year's annual report on remuneration</li> <li>Details of the performance targets will be disclosed (retrospectively) in the respective Annual Report on Remuneration</li> <li>Payments under the annual bonus plan (both cash and share components) may be subject to claw-back in the event of a material misstatement of the Company's financial results, serious misconduct, or if an error is made in the calculation of the bonus</li> <li>The claw-back provisions will operate for a three-year period following the date on which the bonus is paid i.e. for the full deferral period until the share component vests</li> </ul> |

|                                     |  |
|-------------------------------------|--|
| <b>Share of Value Plan (SOVP)</b>   |  |
| <b>Purpose and link to strategy</b> | To align the interests of Executive Directors with shareholders and drive superior long-term financial performance and shareholder returns in line with the Company's strategy   |
| <b>Operation</b>                    | <ul style="list-style-type: none"> <li>The SOVP will be a one-off award and, in respect of its participants, will replace the LTIP and the Annual Bonus Plan for future awards for the duration of the SOVP performance period</li> <li>Participants will receive a share of a pool, funded by a share of incremental growth in Net Asset Value ('NAV', defined for the purpose of the SOVP as Net Asset Value plus cumulative distributions to shareholders) above an 8% per annum hurdle over a three year performance period</li> <li>Vesting will also be subject to achievement of a minimum NAV hurdle of 40% growth over the performance period</li> <li>The total value of the pool will be calculated at the end of the performance period and delivered to participants (in proportion to their share of the pool) as an award of exercisable nil cost options over ordinary shares. However, the Committee has discretion to settle the awards fully or partially in cash</li> <li>Any award earned under the SOVP will be subject to a further holding period which requires participants to retain any shares (on an after-tax basis) for 24 months from the date of grant of option awards (but which may exclude shares under the dividend equivalent provisions described below).</li> <li>Dividend equivalents (in cash or shares) may (at the Committee's discretion) be paid on shares that vest in respect of dividend record dates falling between the end of the performance period and the end of the holding period (or the date of exercise, if earlier)</li> </ul> |
| <b>Maximum opportunity</b>          | <ul style="list-style-type: none"> <li>The total pool available under the SOVP is 6% of the incremental value created above a NAV (as defined above) growth hurdle of 8% per annum at the end of the performance period</li> <li>The CFO will be allocated 65% of the total pool, and the Executive Chairman will be allocated 35% of the total pool</li> <li>All individual awards are subject to a cap. Upon vesting, the maximum potential individual value of options that can be granted are £4.5 million and £2.4m for the CFO and Executive Chairman respectively</li> </ul>  |

|  |  |
|--|--|
| <b>Performance measurement and framework for the recovery of sums paid</b> | <ul style="list-style-type: none"> <li>Growth in NAV, defined for the purpose of the SOVP as Net Asset Value plus cumulative distributions to shareholders over the period</li> <li>Awards will only vest for delivery of 40% NAV growth over the performance period, with the pool funded by a share of incremental growth above an 8% per annum NAV hurdle over the performance period</li> <li>Payments may be subject to claw-back in the event of a material misstatement of the Company's financial results, serious misconduct, or if an error is made in the calculation of the SOVP pool in any respect</li> <li>The claw-back provisions will operate for a three-year period following the date on which option awards are granted</li> </ul> |
|--|--|

|  |   |
|--|---|
| <b>Long-Term Incentive Plan (LTIP)</b>                                     |   |
| <b>Purpose and link to strategy</b>  | To drive superior long-term financial performance and shareholder returns, aid retention, and align the interests of Executive Directors with shareholders  |
| <b>Operation</b>   | <ul style="list-style-type: none"> <li>Should the SOVP be approved by shareholders, then the Committee will not grant awards under the existing LTIP to any participants in the SOVP</li> <li>The LTIP comprises annual awards of free shares (i.e. either conditional shares or nil-cost options) based on a percentage of salary which vest after three years subject to the achievement of performance conditions</li> <li>A holding period applies which requires Executive Directors to retain any shares (on an after-tax basis) for 24 months from the vesting date</li> <li>Dividend equivalents (in cash or shares) may (at the Committee's discretion) be paid on shares that vest in respect of dividend record dates falling between the grant date of the award and the end of the vesting period (or, if the award is granted as an option and a holding period applies, the earlier of the date of expiry of the holding period or the date of exercise of the award)</li> </ul> |
| <b>Maximum opportunity</b>   | <ul style="list-style-type: none"> <li>Maximum percentage of salary: 200% of salary</li> <li>In exceptional circumstances (e.g. recruitment), awards can be made up to 300% of salary</li> </ul>  |
| <b>Performance measurement and framework for the recovery of sums paid</b> | <ul style="list-style-type: none"> <li>Granted subject to stretching targets related to the Group's KPIs, tested over three years</li> <li>A maximum of 20% of awards will vest for threshold performance, with full vesting taking place for equalling, or exceeding, the maximum performance targets</li> <li>The performance criteria will be reviewed annually by the Committee prior to each grant and the Committee has discretion to vary measures and weightings as appropriate to ensure they continue to be linked to the delivery of the Company strategy</li> <li>Payments may be subject to claw-back in the event of a material misstatement of the Company's financial results, serious misconduct, or if an error is made in the calculation of the long-term incentive.</li> <li>The claw-back provisions will operate for a three-year period following the date on which awards vest</li> </ul>  |

|                                     |   |
|-------------------------------------|---|
| <b>Share Ownership Guidelines</b>   |   |
| <b>Purpose and link to strategy</b> | To encourage a strong culture of ownership across the Executive team, and to create strong alignment between Executive Directors and those of shareholders, while helping encourage a prudent approach to risk-taking across the business   |
| <b>Operation</b>                    | <ul style="list-style-type: none"> <li>Should the SOVP be approved by shareholders, Executive Directors participating in the SOVP will be expected to build up a shareholding equivalent in value to 350% of salary. If not, Executive Directors will be expected to build up a shareholding equivalent in value to 200% of salary</li> <li>New joiners will be given five years to achieve these levels of ownership through a combination of purchased shares and equity vesting from any other programmes</li> <li>It is expected that executives will retain, as a minimum, at least 50% of any vesting LTIP or SOVP awards each year (net of tax) until a time at which these ownership guidelines are achieved</li> </ul> |

## Changes to the new Policy

A new Share of Value Plan has been introduced which will, in respect of its participants, replace the LTIP and the Annual Bonus Plan for future awards for the duration of the SOVP performance period. If the SOVP is approved, participants will not be entitled to participate in the LTIP or the Annual Bonus Plan for the duration of the SOVP performance period. If the SOVP is not approved, then the Committee intends to continue to grant awards under the existing LTIP and the Annual Bonus Plan.

## Payments from previous awards

The Company will honour any commitments entered into prior to the approval and implementation of the new Remuneration Policy as detailed in this report, and Executive Directors will be eligible to receive payment from any historical share awards made.

## Performance measures and approach to target setting

Net Asset Value plus cumulative distributions has been selected as the performance measure for the SOVP because it is aligned with the interests of Shareholders and captures the key outcomes from successful execution of the Company's new strategy; namely, the optimisation of value creation from the assets within the portfolio, while narrowing the gap between Net Asset Value ('NAV') and the realisable value considered achievable for the Company's remaining investments, and also capturing the distribution of realised proceeds to our Shareholders. Targets have been set to ensure strong alignment with the goals within the business strategy. These have been determined following the Board's detailed assessment of the portfolio, and their views on what is aspirational, extremely stretching, but achievable from each of the underlying assets in terms of surplus value that can be delivered to Shareholders.

## Incentive plan discretions

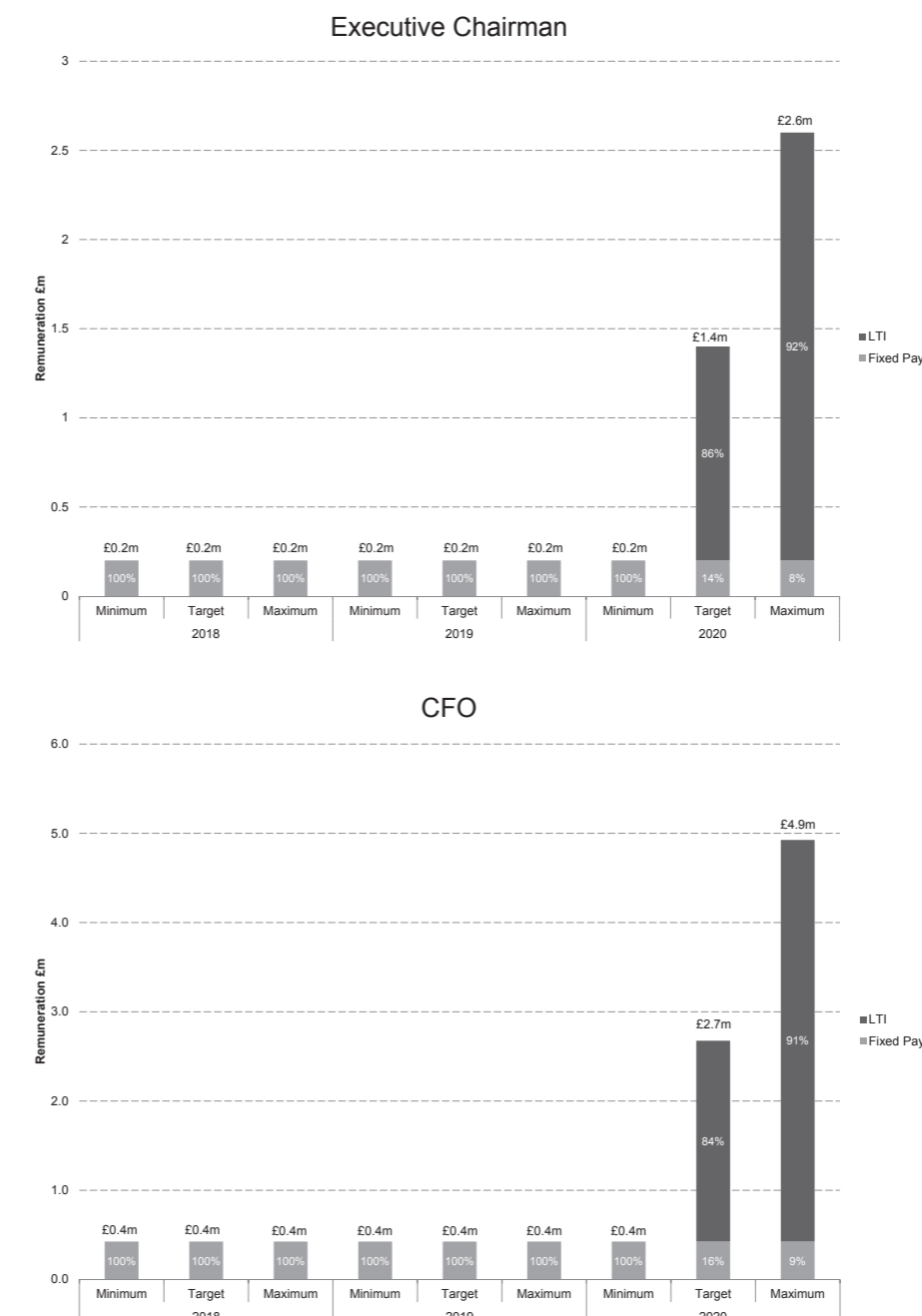
The Committee will operate the annual bonus plan, LTIP and SOVP in accordance with their respective rules. Under these rules the Committee holds certain discretions which are required for an efficient operation and administration of these plans and are consistent with standard market practice. These include discretions as to the determination of the following:

- Participants of the plans.
- The timing of grants of award and/or payment.
- The size of an award and/or a payment (albeit with quantum and performance targets restricted to the descriptions detailed in the policy table on pages 12 and 13).
- The assessment of performance criteria and the determination of vesting.
- Exercise of discretion required when dealing with a change of control (e.g. the timing of testing performance targets) or restructuring of the Group.
- A good/bad leaver for incentive plan purposes based on the rules of each plan and the appropriate treatment chosen.
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends).
- The annual review of performance conditions for the annual bonus plan and LTIP from year-to-year.
- If certain events occur (e.g. a material divestment or acquisition of a Group business), which mean that the original performance conditions are no longer appropriate, the Committee retains the ability to make adjustments to the targets and/or set different measures and alter weightings as necessary to ensure that the conditions achieve their original purpose and are not materially less difficult to satisfy.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

## Illustration of the remuneration packages for each Executive Director under different performance scenarios

The charts below illustrate the remuneration packages currently proposed for the Executive Chairman and CFO for 2018, 2019 and 2020, and show potential pay-outs at different levels of performance. The value of each element, and the percentage of total remuneration that each represents, has been included.



## Notes:

- Fixed pay consists of base salary as at 1 January 2018 (£375,000 for the CFO and £200,000 for the Executive Chairman, if approved by shareholders at the AGM), pension and value of benefits for 2016/17
- Long-term incentives are based on the 2017/18 award under the SOVP: Target performance assumes the SOVP vests at 50% of maximum; Maximum performance assumes the SOVP vests in full. The SOVP will only deliver the on target payout for delivery of 40% growth in NAV plus cumulative distributions over the performance period (there is no vesting below this level), and the maximum payout for delivery of 54% growth in NAV plus cumulative distributions over the performance period

Share price movement and any dividends payable on vesting shares have been excluded.



### Approach to recruitment remuneration

The Committee is responsible for setting the package for any new Executive Director. On appointment of a new Executive Director, the Committee would seek to offer a remuneration package which can secure an individual of the calibre and skillset required to fulfil the role successfully to help drive long-term value for Shareholders.

In determining the appropriate remuneration package for a new Executive Director the Committee will consider the calibre of the candidate, the level of their existing remuneration, the jurisdiction from which the candidate is recruited from and their skills and experience. Additionally, decisions will be informed by consideration of market data for companies of a similar size and complexity and contextual information regarding remuneration paid to employees elsewhere in the organisation.

Any remuneration package would be in line with the parameters set out in the Directors' Remuneration Policy. In the event of recruitment of a new Executive Director, the rationale behind the package offered will be explained in the subsequent Annual Report on Remuneration.

While it is the intention of the Committee for no further participants to join the SOVP, if an executive were to join during the SOVP performance period, the Committee may, taking into account the proportion of the performance period that has elapsed, allow them to participate in the SOVP on a pro-rata basis, taking into account any related factors that it deems appropriate. Alternatively, they may be granted a conventional LTIP award and annual bonus as set out in the Policy.

Where an individual forfeits outstanding incentive awards with a previous employer as a result of accepting an appointment from the Company, the Committee may offer compensatory awards to facilitate recruitment in the form of a 'buy-out' award. These awards would be in such form as the Committee considers appropriate taking into account all relevant factors including the form, expected value, performance conditions, anticipated vesting and timing of the forfeited awards. The expected value of any compensatory awards would be no higher than the value forfeited, and, where possible, the Committee would aim to reflect the nature, timing and value of awards forgone in any replacement, compensatory awards.

While cash may be included to reflect the forfeiture of cash-based incentive awards, the Committee does not envisage that 'golden hello' cash payments would be offered.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share and incentive plans. If necessary, awards may be granted outside these plans as currently permitted under the Listing Rules, but in accordance with the principles set out in this section.

For internal promotions, any commitments made prior to appointment may continue to be honoured as the Executive Director is transitioned to the new remuneration arrangements.

### Executive Director service contracts

It is the Company's policy to enter into contracts of employment with Executive Directors which may be terminated at any time by either the Company or the Executive Director upon six months' notice. A summary of the way in which each element of remuneration is treated on loss of office is included in the table below.

### Loss of office policy

In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the employment contract as well as the rules of any relevant incentive plans. The Committee carefully considers compensation commitments in the event of an Executive Director's termination. The aim is to avoid rewarding poor performance and to reduce compensation to reflect the departing executive's obligations and to mitigate losses.

The main elements of remuneration would typically be treated in the following ways:

| Element                            | "Good leaver"   | All other leavers |
|------------------------------------|---|-------------------|
| Fixed pay during the notice period | Save for summary dismissal, Executive Directors will receive base pay and other benefits over their notice period including any period where they are not required to work. Alternatively, the Committee may elect to make a payment in lieu of notice, typically amounts will be paid in monthly instalments and reduce, or cease, in the event that remuneration from new employment is received. |                   |

|   |   |  |
|---|---|--|
| <b>Bonus for final year of service</b>          | The Committee may award an Executive Director an annual bonus payment in respect of their final year of service (while they are under notice).<br>This payment will usually be pro-rated to reflect the portion of the financial year for which they were in active employment. Payouts will be calculated with reference to individual and financial performance measures in the usual way.<br>The Committee may determine that a portion of such a bonus must be deferred.  | No bonus payment will be made if the director is under notice. |
| <b>Outstanding deferred bonus awards**</b>      | Deferred bonus awards are ordinarily retained by Executive Directors leaving the Company and will vest on the original timetable, unless the Committee determines that they shall vest early. In either case, the award will not normally be pro-rated unless the Committee determines otherwise.   | Awards will lapse.   |
| <b>Outstanding long-term incentive awards**</b> | Executives will ordinarily retain their outstanding long-term incentive awards. These awards will ordinarily vest on the original timetable, unless in exceptional circumstances the Committee determines that they shall vest on any earlier date. In either case, the award will normally be pro-rated based on time employed unless the Committee determines otherwise. All awards will remain subject to the original performance conditions which shall be assessed over the entire performance period (or, where the Committee determines that an award shall vest early, on the date of such early vesting), and shall remain subject to the holding period. | Awards will lapse.   |
| <b>Outstanding Share of Value Plan awards**</b> | Executives will ordinarily retain their outstanding SOVP awards. These awards will ordinarily vest on the original timetable, unless the Committee in exceptional circumstances determines that they shall vest on any earlier date. In either case, the award will normally be pro-rated based on time employed unless the Committee determines otherwise. All awards will remain subject to the original performance conditions which shall be assessed over the entire performance period (or, where the Committee determines that an award shall vest early, on the date of such early vesting), and shall remain subject to the holding period.                | Awards will lapse.   |

\* The Committee may determine that a director is a good leaver if they leave the Company as a result of either death, retirement (with the agreement of the Committee), injury, disability, or for any other reason as determined by the Committee.

\*\* Where an Executive Director dies in service the Committee may elect to bring forward the vesting of awards.

Other payments may be made to compensate Executive Directors for the loss of employment rights on termination. Payments may include amounts for agreeing to non-solicitation and confidentiality clauses, reimbursement of legal fees and/or for settlement of any claim arising in connection with the termination of a director's employment.

In the event of a change of control, deferred bonus awards would continue in accordance with their terms, subject to the Committee's discretion to determine otherwise. The vesting of outstanding long-term incentive awards and SOVP awards would normally be accelerated and the percentage of each award which will vest would be determined by the Committee taking into account the performance conditions and the proportion of the Vesting Period which has elapsed at the date at which the change of control takes place.

#### External appointments of Executive Directors

It is the Company's policy to allow each Executive Director to accept and fulfil one non-executive directorship of another company, although the Board retains the discretion to adjust this policy on a needs-basis. The Executive Director is permitted to retain any fees received in respect of any such external appointment, the details of which will be set out in the Directors' Remuneration Report each year.

#### Pay and employment conditions across the Company

While the Company does not formally consult employees in determining the Remuneration policy, structures, and practices for Executive Directors, the Remuneration Committee takes into consideration the pay and employment conditions applied across the organisation to ensure that pay structures are suitably aligned and that absolute remuneration levels remain appropriate. In particular, the Committee reviews the pay ratios between the Executive Directors and the broader workforce, and also takes into account the general basic salary increases for employees across the organisation when determining Executive Director salary increases.

The overall remuneration policy for Executive Directors is broadly consistent with the remainder of the workforce. However, only Executive Directors are eligible to participate in the SOVP. The Company operates bonus schemes for employees that provide lower quantum than Executive Director remuneration, and are subject to performance criteria appropriate for their roles. Employees below the Executive Director level are also eligible for participation in the Company's performance share plan, subject to the approval of the Remuneration Committee.

#### Consideration of shareholder views

The views of Shareholders on remuneration are extremely important to the Committee. As such, it is intended that an ongoing and open dialogue with Shareholders is maintained. It is the Committee's policy to consult with major shareholders and investor representative bodies prior to proposing any material changes to either this policy or any related remuneration arrangements at an AGM. On an ongoing basis, any feedback received from Shareholders is considered as part of the Committee's annual review of remuneration.

#### Remuneration policy for the Chairman of the Board and Non-Executive Directors

Electra's policy on Non-Executive Board remuneration is to set both the structure and level of fees to reflect the need to attract high-calibre Board members, and the scope of the responsibilities, time commitment, and market practice.

#### Terms of appointment

The appointment of both the Chairman and Non-Executive Directors are subject to letters of appointment. Service contracts are not used for non-executive Board members. The letters of appointment are available for inspection at the Company's registered office during normal business hours and at the AGM. In line with the requirements of the 2014 UK Corporate Governance Code for FTSE 350 companies, all Non-Executive Directors are subject to annual re-election by shareholders at the AGM.

#### Non-Executive Board Remuneration Policy

The table below sets out the Company's policy for Non-Executive Director fees.

| Fee element   | Purpose and link to strategy   | Operation   | Maximum   |
|---|--|---|---|
| <b>Chairman's and non-Executive Directors' basic fees</b> | To attract and retain high calibre individuals to serve as non-Executive Directors.              | <p>Fee levels are set to reflect the time commitment, responsibility of the role, and taking into account fees paid by similarly sized companies in the market.</p> <p>The Chairman's fee is determined by the Committee and the non-Executive directors' fees are determined by the Chairman and Executive Directors.</p> <p>Fees are reviewed from time to time to ensure that they remain in line with market practice.</p> <p>Fees are paid in equal monthly instalments.</p> <p>The Chairman's fee includes his Chairmanship of the Nominations Committee.</p> | The maximum aggregate fee for non-Executive Directors, including the Chairman, are limited by the Company's articles of association |
| <b>Additional fees</b>                                    | To provide compensation to non-Executive Directors taking on additional Committee responsibility | Non-Executive Directors (other than the Chairman) are paid an additional fee for their Chairmanship of a Board committee.   |   |
| <b>Benefits</b>   | To facilitate the execution of the role.   | The Company reimburses reasonable travel and subsistence costs and any tax liabilities from these.  |   |

## PART V

### SUMMARY OF THE PRINCIPAL TERMS OF THE ELECTRA PRIVATE EQUITY PLC EXECUTIVE SHARE OF VALUE PLAN (THE "SOVP")

#### Overview

The SOVP is an arrangement that provides an opportunity for its participants to share in a pool of value converted into nil cost options over ordinary shares in the capital of Company ("**Shares**").

Subject to certain caps described further below, the available "pool" is determined by reference to a percentage share of value created for shareholders in excess of a threshold level of net asset value plus cumulative distributions over a normal measurement period of 1 January 2018 to 31 December 2020 (the "**Performance Period**").

#### Operation

The Remuneration Committee of the Board (the "**Committee**") will supervise the operation of the SOVP.

#### Eligibility

Participation in the SOVP will ordinarily be limited to the Company's Executive Chairman, Neil Johnson, and the Company's Chief Financial Officer, Gavin Manson.

Whilst the Committee has no current intention to do so, if an executive director joins the Company (or the Company's group) part-way through the Performance Period the Committee may, in its discretion and taking into account such factors as it considers appropriate, determine that such executive director is eligible to participate in the SOVP on a pro-rata basis to reflect the executive director's period of service with the Company relative to the full length of the Performance Period.

#### Award structure – Unit Awards and Option Awards

Participants in the SOVP would first receive an award in the form of a conditional entitlement to a specified number of units from a total pot of units (a "**Unit Award**").

Subject to the terms of the SOVP, to the extent the Unit Awards vest, they would convert into an entitlement to receive a nil or nominal cost option (an "**Option Award**") over a specified number of ordinary shares in the capital of Company.

No payment would be required for the grant of a Unit Award or an Option Award. Awards will not be transferable or pensionable.

The awards under the SOVP would be made shortly following shareholder approval of the SOVP or as soon as reasonably practicable thereafter. No further awards may be granted under the SOVP, save for awards granted to executive directors who join the Company (or the Company's group) part-way through the Performance Period.

#### Exclusion from Annual Bonus and Existing LTIP Participation

No new awards under any discretionary share plan(s) operated by the Company or any member of the Company's group (including the Electra Private Equity PLC Long Term Incentive Plan 2017), or new bonus opportunity, will be considered for SOVP participants for the duration of the Performance Period.

#### Determination of SOVP Pool upon expiry of Performance Period

The performance measure that would be used for the SOVP would be the growth in the Company's net asset value ("**NAV**") plus cumulative distributions over the Performance Period.

For the purposes of such growth calculation a measure of "start value" would be subtracted from a measure of "end value":

- **Start value** would be determined as the Company's NAV as at 31 December 2017 (calculated as NAV as at 30 September 2017 less the special dividend paid on 1 December 2017)

- **End value** would be determined as the Company's NAV as at 31 December 2020 aggregated with cumulative distributions of the Company during the Performance Period

Unit Awards would not vest to any extent unless growth in NAV plus cumulative distributions over the Performance Period is at least equal to 8% growth over the start value per annum ("**Threshold NAV**").

Subject to such Threshold NAV being achieved and any application of (i) the relevant Option Award Cap (**see below**) or (ii) the Minimum NAV Underpin (**see below**), the Committee would determine the Option Awards (if any) to be granted following the expiry of the Performance Period by adopting the following steps:

- **Step 1:** Determine a pool with a value equal to 6% of the difference between the growth in NAV plus cumulative distributions over the Performance Period and Threshold NAV (the "**SOVP Pool**")
- **Step 2:** Dividing the value of the SOVP Pool by the aggregate number of units granted under Unit Awards to determine the value of a unit (the "**Unit Value**")
- **Step 3:** Multiplying the number of units comprised with each Unit Award by the Unit Value to determine the appropriate number of shares under each participant's Option Award. The number of shares under such Option Awards would ordinarily be determined by reference to the average of the closing share prices of the Company's shares over the last calendar month of the Performance Period

#### Option Award Cap

The size of an Option Award shall be scaled back (if necessary) to provide that the maximum value of the shares comprised within the Option Award (as at its grant) for the Executive Chairman is capped at £2.4 million and at £4.5 million for the Chief Financial Officer.

Where further awards are granted to executive directors who join part-way through the Performance Period, the size of any Option Awards granted to such executive directors shall be scaled back (if necessary) to provide that the maximum value of the shares comprised within such Option Awards that have been granted is capped at such amount as the Committee shall determine at the date when the relevant executive director is determined to be eligible to participate in the SOVP.

Value for such purposes shall ordinarily be determined by reference to the average of the closing share prices of the Company's shares over the last calendar month of the Performance Period.

#### Minimum NAV Underpin

Regardless of the SOVP Pool determinations that would otherwise result, Unit Awards shall be incapable of vesting to any extent unless growth in NAV plus cumulative distributions of at least 40% is achieved over the Performance Period.

#### SOVP Units and Participation Levels

The SOVP will initially operate by reference to 100,000 units, of which the Executive Chairman shall be entitled to 35,000 units and the Chief Financial Officer shall be entitled to 65,000 units.

Where further awards are granted to executive directors who join part-way through the Performance Period, the size of such awards and their appropriate unit allocation and such, if any, increase in the units available under the SOVP shall be on such basis as the Committee determines appropriate.

#### Exercise of Option Awards

Option Awards would be granted on terms that they are immediately exercisable and would ordinarily remain exercisable until the fifth anniversary of the grant of the Option Awards.

#### Holding period

Participants would ordinarily be required to retain any shares (on an after-tax basis) acquired under the SOVP until at least the second anniversary of the grant date of the Option Awards (but which may exclude shares under the dividend equivalent provisions described below).

Exceptionally, the Committee may, in its discretion, allow such participants to sell, transfer, assign or dispose of some or all of these shares before the end of the holding period, subject to such additional terms and conditions that the Committee may specify.

### **Leaving employment**

#### *Unit Awards:*

As a general rule, if a participant ceases to hold employment or be a director with the Company's group prior to the conversion of Unit Awards into Option Awards they would normally lapse.

However, if a participant so ceases to be an employee or a director because of death, injury, disability, retirement with the agreement of their employer, their employing company or the business for which they work being sold out of the Company's group or in other circumstances at the discretion of the Committee, then their Unit Award would ordinarily be converted into an Option Award in the normal manner upon the expiry of the Performance Period.

The extent to which a Unit Award would vest to become an Option Award in these situations would depend upon two factors: (i) the extent to which the NAV performance measure is satisfied over the full Performance Period; and (ii) pro rating of the award to reflect the reduced period of time served in the Performance Period, although the Committee could decide not to pro-rate an award (or pro-rate to a lesser extent) if it regards it as inappropriate to do so in the particular circumstances.

In genuinely exceptional circumstances (for example, death), the Committee could permit such good leavers' Unit Awards to vest earlier into Option Awards on such basis as it considers appropriate, and by reference to performance over the relevant curtailed period. In assessing performance in such circumstances, the Committee may take into account such factors as it, in its absolute discretion, determines appropriate (which may include, but is not limited to, having regard to forecasted performance).

#### *Option Awards:*

If a participant ceases to hold employment or be a director with the Company's group and, at the date of such cessation, they hold any unexercised Option Awards then such awards would ordinarily lapse on the date of their cessation.

### **Corporate events**

#### *Unit Awards:*

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) the Performance Period would be curtailed to a date immediately prior to the takeover or winding-up (as applicable).

Unit Awards would convert into Option Awards to be granted immediately prior to the relevant corporate event, subject to the achievement of the performance measure over the curtailed Performance Period. In assessing performance in such circumstances, the Committee may take into account such factors as it, in its absolute discretion, determines appropriate (which may include, but is not limited to, having regard to forecasted performance).

A one month exercise period will apply in relation to such Option Awards which in such circumstances shall comprise a single part that is immediately exercisable.

The share price used to set the number of shares under Option Awards in such circumstances could be based on the offer price rather than the one month average.

The Committee would retain discretion to pro rate the Unit Awards (and consequently the resulting Option Awards) to reflect the reduced duration of the Performance Period to the extent it considers it appropriate to do so, although the default position will be for no time pro-ration to apply.

#### *Option Awards:*

Option Awards already otherwise held at the time of the change of control would remain exercisable for a period of one month following the change of control.

#### *Internal reorganisations and other corporate events:*

In the event of an internal corporate reorganisation Unit Awards or Option Awards as relevant will be replaced by equivalent new awards in relation to shares in a new holding company unless the Committee decided that Unit Awards should vest or Option Awards be curtailed on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of shares to a material extent and would, in the opinion of the Committee, mean that it would not be appropriate to continue to operate the SOVP as originally intended, then the Committee could decide that Unit Awards will vest on such basis as it reasonably decides.

### **Settlement of Option Awards**

Option Awards may be settled with new issue shares, from issuance from treasury or with shares purchased in the market.

Option Awards would not confer any shareholder rights until the Option Awards have been exercised and the participants have received their shares.

Any shares allotted in connection with the SOVP will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Option Awards may be cash settled (in full or part) at the discretion of the Committee.

### **Dividend equivalents on Option Awards for the duration of the holding period**

In relation to the Option Awards, participants may (at the Committee's discretion) receive additional shares (or a cash payment) of value equivalent to the dividends that would have been payable on the underlying shares if they had been beneficially held from the end of the performance period to the second anniversary of the grant of the Option Awards (or if earlier the exercise of the Option Awards). This amount could assume the reinvestment of dividends.

### **Recovery and withholding**

The Committee could decide within three years of the grant of an Option Award that the Option Award will be subject to recovery and withholding where there has been a material misstatement in the Company's financial results, an error in assessing any applicable performance or value metric or in the event of discovery of serious misconduct.

The recovery and withholding could be satisfied by way of a reduction in the amount of any future bonus, subsisting Option Award, subsisting award or future share awards under other incentive arrangements and/or a requirement to make a cash payment.

### **Variation of capital**

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of shares, the Committee may make such adjustment as it considers appropriate to Unit Awards and Options Awards.

### **Alterations to the SOVP**

The Committee can, at any time, amend the SOVP in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the basis for determining a participant's entitlement to, and the terms of, the shares or cash to be acquired and the adjustment of Unit Award and Option Awards.

The requirement to obtain the prior approval of shareholders would not, however, apply to any minor alteration made to benefit the administration of the SOVP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

Prior shareholder approval would not be required in relation to changes to the NAV Threshold if an event has occurred which causes the Committee to consider that it would be appropriate to amend the NAV Threshold,

provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original measure would have been but for the event in question.

No alteration to the material disadvantage of a participant as to existing awards may be made without the prior consent of the participants.

## PART VI

### NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. Members of the Company who are entitled to attend and vote at the AGM are entitled to appoint one or more proxies to exercise all or any of their rights to attend and to speak and vote at the Meeting. A member may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A member may vote at the AGM subject to being on the Register of Members as at 6.30pm on 27 February 2018.
3. A Form of Proxy is enclosed. To be effective, the Form of Proxy and any power of attorney under which it is executed (or a duly certified copy of any such power) must reach the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA, not less than 48 hours, before the time of the AGM (i.e. 2.00pm on 27 February 2018) or adjourned AGM or (in the case of a poll taken otherwise than at or on the same day as the AGM or adjourned AGM) for the taking of the poll at which it is to be used. Completion and return of the Form of Proxy will not prevent a member from attending and voting at the AGM. Replacement forms of proxy may be obtained from the Company's Registrar.
4. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those holders of Ordinary Shares entered on the Register of Members of the Company as at 6.30pm on 27 February 2018 ("the **Specified Time**") shall be entitled to attend and vote at the AGM in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the Register of Members after the Specified Time shall be disregarded in determining the rights of any person to attend and vote at the AGM. If the AGM is adjourned to a time not more than 48 hours after the Specified Time applicable to the original meeting, that time will also apply for the purposes of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned AGM. If, however, the AGM is adjourned for a longer period, then, to be so entitled, members must be entered on the Company's Register of Members at 6.30pm on the date two days prior to the adjourned AGM.
5. CREST Members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 1 March 2018 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. For a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with CREST specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST Members and, where applicable, their CREST Sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings ([www.euroclear.com](http://www.euroclear.com)). The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
6. The right to appoint a proxy does not apply to persons whose Ordinary Shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("**nominated persons**"). Nominated persons may have a right under an agreement with the member who holds the Ordinary Shares on their behalf

to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the Ordinary Shares as to the exercise of voting rights.

7. Shareholders are entitled to attend and vote at general meetings of the Company. On a vote by show of hands, every member and every duly appointed proxy who is present in person shall have one vote. On a poll vote, every member who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.
8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same Ordinary Shares. A member that is a company may appoint either a proxy or a corporate representative. Members wishing to appoint a corporate representative should examine the Company's articles of association and the provisions of the Companies Act 2006.
9. Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the Meeting put by a member at the Meeting. However, the Company need not answer if a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; b) the answer has already been given on a website in the form of an answer to a question; or c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
10. The total number of issued Ordinary Shares/voting rights in the Company on 31 January 2018, which is the latest practicable date before the publication of this document, is 38,282,763.
11. Shareholders may require the Company to place on its website a statement, made available also to the Company's auditors, setting out any matter relating to the audit of the Company's accounts, including the Independent Auditor's Report and the conduct of the audit, which Shareholders intend to raise at the Annual General Meeting. The Company becomes required to place such a statement on the website once a) members with at least 5% of the total voting rights of the Company or b) at least 100 members who are entitled to vote and on whose Ordinary Shares an average sum per member of at least £100 has been paid have submitted such a request to the Company. Members seeking to do this should write to the Company providing their full names and addresses.
12. You may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
13. Information about the AGM is published on the Company's website [www.electraequity.com](http://www.electraequity.com). A copy of this Notice of Annual General Meeting is also published on that website.
14. A copy of the draft rules of the SOVP will be available for inspection at the offices of New Bridge Street (an Aon Hewitt Ltd company) at The Aon Centre, The Leadenhall Building, London EC3V 4AN during normal business hours on any weekday (Saturdays, Sundays, and English public holidays excepted) until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

## PART VII

### DEFINITIONS

The following definitions apply throughout this document, unless stated otherwise:

|                                  |  |
|----------------------------------|--|
| Annual General Meeting or AGM    | the annual general meeting of the Company to be held at the offices of etc.venues, St. Paul's, 200 Aldersgate Conference Centre, London EC1A 4HD at 2.00pm on Thursday, 1 March 2018, or any adjournment thereof, notice of which is set out in Part II of this document |
| Board                            | the board of Directors of the Company  |
| Business Day                     | any day other than a Saturday, Sunday or public holiday on which banks are open in the City of London for the transaction of general commercial business   |
| Companies Act 2006               | the Companies Act 2006, as amended from time to time   |
| Company                          | Electra Private Equity PLC, a company incorporated in England and Wales with registered number 00303062, whose registered office is at First Floor, 50 Grosvenor Hill, London W1K 3QT  |
| CREST                            | the system of paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations   |
| CREST Manual                     | the Manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof  |
| CREST Member                     | a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)   |
| CREST Participant                | a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)  |
| CREST Regulations                | the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time  |
| CREST Sponsor                    | a CREST Participant admitted to CREST as a CREST Sponsor   |
| CREST Sponsored Member           | a CREST Member admitted to CREST as a Sponsored Member   |
| Daily Official List              | the Daily Official List of the London Stock Exchange   |
| Directors                        | the directors of the Company, whose names are set out on page 3 of this document   |
| Equiniti Limited                 | Equiniti Limited, a company incorporated in England and Wales with registered number 06226088, whose registered office is at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA   |
| Euroclear                        | Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 02878738, whose registered office is at 33 Cannon Street, London EC4M 5SB, the operator of CREST  |
| FCA                              | the Financial Conduct Authority  |
| Form of Proxy or Form            | the form of proxy accompanying this document to be used in connection with the Annual General Meeting  |
| FSMA                             | the Financial Services and Markets Act 2000  |
| Group                            | the Company together with its subsidiaries and subsidiary undertakings   |
| Issued Ordinary Share Capital    | the issued Ordinary Shares in the capital of the Company from time to time   |
| Listing Rules                    | the Listing Rules of the UK Listing Authority  |
| London Stock Exchange            | the London Stock Exchange plc  |
| Notice of Annual General Meeting | the notice of the Annual General Meeting which appears in Part II of this document   |
| Ordinary Shares                  | the ordinary shares of £0.25 each in the capital of the Company  |

|                      |  |
|----------------------|--|
| Register of Members  | the Company's register of members  |
| Registrar            | Equiniti Limited   |
| Resolution           | each of the resolutions set out in the Notice of Annual General meeting, as applicable       |
| Shareholders         | the holders of the Ordinary Shares   |
| UK Listing Authority | the FCA acting in its capacity as the competent authority for the purposes of Part 6 of FSMA |
| United Kingdom or UK | the United Kingdom of Great Britain and Northern Ireland                                     |

**Times**

All references to times in this document and the Notice of Annual General Meeting are to UK time.