Electra Private Equity PLC

Half Year Report





31 March 2017

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References in this Half Year Report to Electra Private Equity PLC and its subsidiaries have been abbreviated to 'Electra' or the 'Company' or the 'Group'. References to Epiris Managers LLP (formerly Electra Partners LLP) have been abbreviated to 'Epiris' or 'the Manager'.

About Electra Private Equity PLC

Electra Private Equity PLC ("Electra" or the "Company") is a private equity investment trust which has been listed on the London Stock Exchange since 1976. As at 31 March 2017 its net assets were £2.1 billion or 5,544p per share.

Electra's objective is to achieve a return on equity of between 10% and 15% per year over the long term by investing in a portfolio of private equity assets.

Performance is in line with this objective: for the 10 years to 31 March 2017 Electra's return on equity was 13% per year. Electra's performance has been consistently superior to that of the Morningstar Private Equity Index and the FTSE All-Share Index.

On 25 January 2016 the Board of Electra announced that it was reviewing the Company's investment strategy and policy and its structure. On 26 May 2016 the Board provided an interim update on this review in which it announced that it had decided to establish an executive function and served twelve months' notice of termination of the contracts under which management of its operations and investments is outsourced to Epiris. On 14 October 2016 the Board announced the outcome of the first phase of the review, including its intention to internalise all management functions and to migrate the Company from an investment trust structure to a "corporate" structure; and its intention to commence the second phase of the review in June 2017. On 31 May 2017 Epiris will cease to manage Electra's business and affairs.

Financial Highlights

As at 31 March 2017

Total portfolio return of 15% in the six months	£246m
Investment portfolio equivalent to 41% of net assets	£879m
NAV per share total return of 10% for the six months	5,544p
NAV per share, including dividends, total return over ten years	230%
Annualised return on equity over ten years	13%
Share price total return of 18% in the six months	4,951p
Share price total return over ten years	237%
Second special dividend declared	£350m

Performance (Total Return):

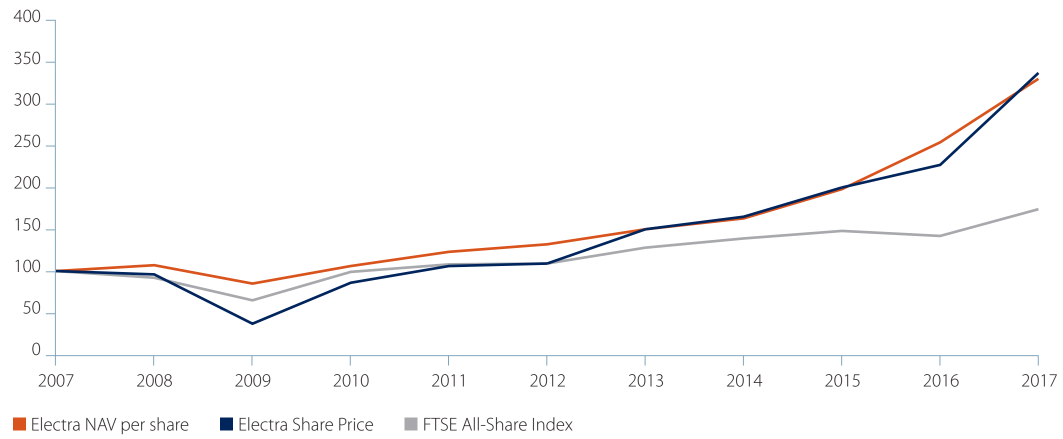
	Six months	One year	Three years	Five years	Ten years
NAV per share					
Electra	10%	30%	102%	150%	230%
Morningstar PE Index*	5%	22%	57%	85%	26%
Share price					
Electra	18%	48%	103%	209%	237%
Morningstar PE Index*	15%	55%	75%	167%	14%
FTSE All-Share Index	8%	22%	25%	59%	74%
FTSE 250 Index	7%	15%	26%	88%	114%

Performance calculated on a total return basis with dividends reinvested.

* The above index, prepared by Morningstar UK Limited, reflects the performance of 21 private equity vehicles, excluding Electra, listed on the London Stock Exchange.

Long-term Performance

NAV per share vs. Share price vs. FTSE All-Share (Total Return) As at 31 March



Note: 31 March 2007 equals 100.

Historic NAV, Share price, Dividends and Return on Equity

Year ended 31 March	Total NAV £m	NAV per share p	Ordinary share price p	Dividends per share p	10-year annualised return on equity %
1998	1,250	736	603	11.18	14
1999	1,440	832	714	–	12
2000	1,210	1,165	1,093	–	15
2001	774	962	908	–	13
2002	575	881	637	–	14
2003	458	702	500	–	10
2004	549	843	739	–	10
2005	469	1,054	935	–	12
2006	577	1,417	1,304	20.00	13
2007	679	1,811	1,603	17.00	13
2008	680	1,910	1,586	25.00	11
2009	534	1,512	578	–	7
2010	671	1,900	1,349	–	5
2011	809	2,193	1,664	–	9
2012	876	2,360	1,718	–	11
2013	999	2,684	2,365	–	15
2014	1,088	2,914	2,609	–	14
2015	1,350	3,548	3,160	–	13
2016	1,774	4,405	3,465	116.00	13
2017	2,123	5,544	4,951	154.00	13

Please note:

The issue of the Convertible Bonds in December 2010 required the Company to report a diluted NAV per share from the date of issue to the date of final conversion in December 2015 (affecting the year ends from 2011 to 2015).

Chairman's Statement

"Since my full year 2016 statement we have continued to make excellent progress on optimising shareholder value in our current structure and are now ready for the management transition from external to internal management from 1 June.

"We are looking forward to the commencement of the second phase of the strategic review in June, when the executive management team will have direct access to the portfolio companies' management teams and financial information for the first time. The results of the second phase of the review will be announced in the fourth quarter of 2017.

"We also continue our policy of improved capital allocation by returning over £1.1 billion to shareholders since 1 October 2016 with a further £350 million announced with our interim results."

Overview

The Company has continued to perform well in its activities as a listed private equity investment trust. Total return to shareholders over the six months to 31 March 2017 was 18% reflecting the increase in share price together with dividends paid. Further details of this are provided in the Manager's Report.

In October the Board published the findings of Phase I of its strategic review, which set out its recommendations to maximise long-term shareholder value through proposed changes to the Company's investment strategy, policy and structure. In October, and set out in detail in the 30 September 2016 Annual Report, the Board confirmed its intention to continue the termination of the Management and Investment Guideline Agreement ("MIG") with Epiris, and assume control of the Company's affairs from 1 June 2017. The Company also expressed its intention, subject to shareholder approval, to cease to be a closed-end investment trust and migrate to a consolidated corporate structure.

Phase II of the review will conclude on the recommendation to shareholders on conversion to a consolidated corporate structure will define future capital allocation policy and will include a review of the investment portfolio as at June 2017. The Board anticipates announcing its findings in the fourth quarter of 2017 and shareholder approval will be sought, as required, prior to implementation.

Investment Policy and Activity

The Company continues to follow its published Investment Policy. The combination of market conditions and the forthcoming change of manager have resulted in significant net divestment in the period.

Realisations in the first half included the exits from Parkdean Resorts, Innovia Group, Davies Group, Audiotonix and Allflex Corporation, as well as partial realisations of Premier Asset Management and several AXIO Group companies.

Post period end, Electra announced further exits from Treetops Nurseries, CALA Group and Retirement Bridge Group as well as the sale of its remaining stake in Hollywood Bowl and Premier Asset Management and the disposal of the final AXIO Group companies, RISI and TechInsights. Further details of these and other realisations are also given in the Manager's Report.

This net divestment resulted in the generation of significant cash balances. As part of its capital allocation policy, the Board returned excess funds to shareholders through a tender offer returning £92 million to shareholders in December and on 24 March 2017 the Board also announced a Special Dividend of £1.0 billion, representing 2,612p per share. This was paid to shareholders on 5 May 2017.

Dividend

Immediately after payment of the Special Dividend on 5 May the Company had cash balances of approximately £675 million. Expected cash at 31 May 2017 will be approximately £740 million. The Directors are therefore pleased to announce a Second Special dividend of £350 million payable to shareholders on the register at 9 June and payable on 14 July.

No routine interim dividend will be paid.

Board Changes and Company Structure

The Company continued to strengthen its team in preparation for its transition to a corporate structure and I was pleased to welcome Linda Wilding and Dr John McAdam to the Board. Linda Wilding was appointed as a non-Executive Director with effect from 1 December 2016 and Dr McAdam joined on 1 January 2017 as Senior Independent Director.

Alongside these appointments, shareholders voted overwhelmingly in support of the Company's new Remuneration Policy at Electra's AGM on 23 March. The Policy is designed to ensure Electra is able to attract, reward and retain high calibre candidates for the newly created roles across all operating functions. We are confident that it represents full alignment with the long-term creation of value to shareholders as well as being in line with best practice in the industry.

The approved changes also permitted remunerated executives to be appointed to the Board and I am delighted to report that Gavin Manson, Group CFO, joined the Board at that time.

Outlook

The Directors are looking forward to the commencement of the second phase of the strategic review in June, when the executive management team will have direct access to the portfolio companies' management teams and financial information for the first time. The Company's executive management team is appropriately equipped and ready to begin work from this time. It looks forward to working with the portfolio company teams as Phase II progresses.

The expectation is that Phase II will complete in Q4 2017. The Company will continue as a listed Private Equity Investment Trust until such time as actions identified as part of Phase II of the review are implemented following shareholder approval.

I am pleased to say that from 1 June 2017, the Company has appointed G10 Capital, part of Lawson Conner Group, to serve as the Company's AIFM, responsible for ensuring compliance with the AIFM Directive.

On behalf of the whole Board and executive management team, I thank Epiris for their service on behalf of the Company for many years. I wish the team all the best for the future.

Neil Johnson
Chairman
24 May 2017

The Manager's Report

About Epiris

Epiris is an independent, top-decile private equity fund manager*.

Together with its predecessor firms, Epiris has managed the business and affairs of Electra for four decades. It has also managed private equity investment programmes for pension funds, financial institutions and family offices. During this time, the Epiris team has invested in excess of £5 billion in more than 200 deals. This track record of investing through numerous economic cycles gives Epiris both broad and deep experience across sectors, geographies and business models.

Since 2011, Epiris has invested £1 billion in buyouts and co-investments and loan-to-own debt investments, in respect of which it has delivered a gross IRR of 38%**.

On 31 May 2017 Epiris will cease to manage Electra's business and affairs.

For further information please visit www.epiris.co.uk.

* Refers to the 2009 and 2012 investment pools comprising Buyout & Co-investment, Secondary and Debt investments managed on behalf of Electra Private Equity PLC; comparator data supplied by Preqin.

**As at 31 March 2017 adjusted for subsequent investments and realisations. Gross IRR does not reflect adjustments for investment management and administration costs. Past performance is no guarantee of future results.

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Superior Performance

Over the last ten years Electra, which is managed on an exclusive and fully discretionary basis by Epiris, has seen a NAV per share total return of 230%. This is almost nine times the NAV per share return of the Morningstar Private Equity Index and is equivalent to a ten-year annualised return of 13%, in the upper part of Electra's target range of 10-15% over the long-term.

The Epiris team has delivered investment performance in the top decile since 2009 when compared with other private equity funds investing in Europe using data supplied by Preqin, a leading source of data and intelligence for the alternative assets industry.

	2006 fund	2009 fund	2012 fund
	Top 30%	Top decile	Top decile
Amount invested:	£436m	£359m	£785m
Distributions to Paid-In capital ("DPI"):	1.6x	2.0x	1.6x
Total Value to Paid-In capital ("TVPI"):	1.6x	2.1x	2.0x
Net IRR:	11.1%	24.6%	32.4%
Preqin 75th percentile net IRR:	11.4%	16.0%	19.4%

In the performance analysis above, Electra's investments since the current investment strategy was adopted in 2006 are grouped into discrete funds. Each fund includes the new Buyouts and Co-investments, Secondaries and Debt investments made over a given three-year period and thus is comparable to the private equity funds whose data is provided by Preqin. This approach also mirrors the treatment of Electra's investments for the purposes of the carried interest schemes which are described on pages 49 to 51.

Note:
DPI, TVPI and IRR are standardised measures widely used in private equity to calculate and present investment performance. All three measures are described in greater detail in the Glossary on pages 62 to 64.

Investment Team

Epiris' senior management team is one of the most experienced teams in the industry and has on average 23 years' experience in private equity. The investment team has an average of 18 years' experience in private equity and is supported by a team of specialists in compliance, finance, investor relations and marketing.

Alex Fortescue
Managing Partner
Years' private equity experience: 24

Bill Priestley
Chief Investment Partner
Years' private equity experience: 20

Alex Cooper-Evans
Partner
Years' private equity experience: 24

Charles Elkington
Partner
Years' private equity experience: 23

Chris Hanna
Partner
Years' private equity experience: 19

Steve Ozin
Partner
Years' private equity experience: 27

Owen Wilson
Investment Director
Years' private equity experience: 20

Ian Wood
Investment Director
Years' private equity experience: 15

Nicola Gray
Investment Manager
Years' private equity experience: 9

Arvind Tewari
Investment Manager
Years' private equity experience: 7

Daniel Frazer
Investment Associate
Years' private equity experience: 3

For more information about Epiris please visit www.epiris.co.uk.

Investment Highlights

"It has been another period of strong investment performance, with an investment return of 15% for the last six months and 41% for the last twelve months.

"We have delivered a record level of realisations as the strategies we have implemented across the portfolio have come to fruition. Businesses such as Audiotonix, AXIO, Parkdean Resorts and Treetops have been fundamentally transformed in terms of both performance and scale through our management. As a result these four investments together have produced a return of 4.6x cost and a profit of £1 billion.

"We are extremely proud that under our management Electra has been the best-performing London-listed private equity investment trust over the past ten years. As we look to the future, we have an exceptional investment team and a top-decile track record earned by implementing a differentiated strategy. We wish Electra the very best as it completes its strategic review."

Overview

The period since 30 September 2016, the last period for which we will report on performance, has again been a busy and extremely successful one. The result is another strong investment performance, with the return on the Buyouts and Co-investments portfolio reaching 18% for the six months and 47% for the last twelve months, and a record level of realisations as the strategies we have implemented in the underlying companies have come to fruition.

At the root of this success is our investment strategy. This starts with achieving value on entry by focusing on complex situations where we can buy well. The businesses we buy have scope for transformation through add-on acquisitions and operational improvement. We thereby improve operating performance and organic growth whilst achieving step changes in scale through M&A. By repositioning the businesses we buy, and by simplifying complexity, we drive multiple expansion such that we are able to sell for higher multiples of profit than we have bought.

This strategy has continued to drive performance and realisations. Total realisations in the period reached £1,067 million, a record for Electra in any six-month period. Transactions announced and completed since the end of March increase this total to £1,535 million. Over two thirds of this amount was accounted for by Audiotonix, AXIO, Parkdean Resorts and Treetops, all of which have been fundamentally transformed in terms of both performance and scale through Epiris' management. Further detail on these investments is included on pages 16 to 21.

As new investment activity has been curtailed by the notice of termination of our management agreement by Electra in May 2016, the result of the high level of realisations has been an increase in Electra's cash holdings. This trend started in the second half of 2016 and cash at the end of September was equivalent to 32% of Electra's NAV, increasing to 65% of NAV by the end of March. Despite this, the NAV per share total return was 10% for the six months, and 30% for the twelve months, to March.

Performance in the Period

Over the six months, Electra's share price total return was 18% compared to a total return of 8% for the FTSE All-Share Index, 7% for the FTSE 250 Index and 15% for the Morningstar Private Equity Index over the same period.

Electra's Net Asset Value ("NAV") per share has grown strongly, delivering a total return of 10% in the six months and 30% in the twelve months, to 5,544p, compared to 5% and 22% respectively for the NAV per share total return of the Morningstar Private Equity Index.

Long-Term Performance

Over the last ten years, Electra's NAV per share total return has been 230%. This is almost nine times the NAV per share total return achieved over the same period by the Morningstar Private Equity Index of 26%.

Over the same period, Electra's share price total return was 237%. This corresponds favourably to the total return over the same period of the FTSE All-Share (74%), the FTSE 250 Index (114%) and the Morningstar Private Equity Index (14%).

Risk-Adjusted Returns

Electra's "alpha" compared to the FTSE All-Share over the past ten years is 10% per annum. This is the outperformance of Electra's shares over the broader UK equity market on a risk-adjusted basis. In our view this reflects a number of factors: our discipline and patience in investment decision-making; our typically using less leverage than is generally seen in private equity transactions and, in cases such as Park Resorts or AXIO, no leverage at all; and our deliberate construction of a portfolio designed to deliver Electra's long-term performance target.

Outlook

As we promised in December, we have continued to manage Electra's portfolio to optimise returns for Electra and its shareholders. In many cases this has resulted in a realisation, and in the past twelve months we have delivered six exits producing a money multiple of 3x or more.

For Epiris, the future is bright. We have an outstanding team and a top-decile track record earned by implementing a differentiated strategy. We look forward to applying our model on behalf of new investors in future. We have been working tirelessly over the last six months with the new finance team at Electra to deliver a seamless handover of responsibilities and knowledge upon the termination of our management agreement on 31 May.

Portfolio Highlights

Portfolio Breakdown

Total investment portfolio	£879m
New investment	£4m
Realisations	£1,067m
Portfolio investment performance in the six months	15%

A Busy Period

Portfolio company	Transaction date	Type of transaction
Audiotonix	February 2017	Portfolio M&A
Premier Asset Management	October 2016	Realisation
AXIO Group	December 2016	Realisation
Davies Group	January 2017	Realisation
AXIO Group	February 2017	Realisation
Treetops	February 2017	Portfolio M&A
Parkdean Resorts	March 2017	Realisation
Innovia	March 2017	Realisation
Allflex	March 2017	Realisation
Audiotonix	March 2017	Realisation
Hollywood Bowl Group	April 2017	Realisation
Treetops Nurseries	April 2017	Realisation
Premier Asset Management	April 2017	Realisation
CALA Group and Retirement Bridge Group	April 2017	Realisation
AXIO Group	April 2017	Realisation
AXIO Group	May 2017	Realisation
PINE	May 2017	Realisation
EP1 Secondary Portfolio	May 2017	Realisation

TGI Fridays

American-styled restaurant chain

Photograph of a TGI Fridays barman, preparing a Blueberry Mojito at TGI Fridays restaurant in the Royal Exchange Manchester.

Portfolio Overview

At 31 March 2017, Electra's investment portfolio was valued at £879 million. The investment portfolio consists of Buyouts and Co-investments, Secondaries, Debt investments, listed securities and funds. The top 10 and 20 investments account for 78% and 96% respectively of the investment portfolio.

Portfolio Breakdown

Investment Portfolio to 31 March	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Buyouts and Co-investments	688	1,448	1,283	764	726
Secondaries	54	86	101	112	138
Debt	45	59	4	7	82
Core investment portfolio	787	1,593	1,388	883	946
Non-core investment portfolio	92	110	103	156	175
Investment portfolio	879	1,703	1,491	1,039	1,121

Buyouts and Co-investments

Buyouts and Co-investments form the major part of Electra's portfolio and consist of direct equity investments in 16 private companies with an aggregate value of £688 million. The 10 largest investments account for 97% of the Buyouts and Co-investments portfolio at 31 March 2017.

Secondaries

Secondary investments consist of limited partnership interests in third-party private equity funds purchased from investors exiting their positions prior to the end of the fund's life. As a result of their relative maturity, secondary investments typically produce faster cash returns than Buyouts and Co-investments. At 31 March 2017, Electra held investments in five secondary portfolios with an aggregate value of £54 million.

Debt

Debt investments consist of loans to UK or international borrowers acquired in either the primary or the secondary market as either individual or portfolios of assets. The Debt portfolio comprises both performing credits held through a structured finance vehicle such as a collateralised loan obligation ("CLO"), where Epiris has been able to secure attractive risk-adjusted returns and where a cash yield supports Electra's distribution policy and liquidity needs; and stretched credits, which refers to debt in good businesses with bad balance sheets where Epiris can take a role in the restructuring of the capital structure. At 31 March 2017 Electra held four Debt investments with an aggregate value of £45 million.

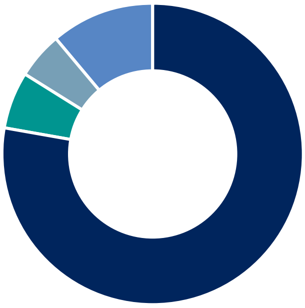
Core Investment Portfolio

The Core Investment Portfolio includes investments where Epiris has an active role in originating, evaluating, negotiating and/or managing the investment. The core investment portfolio accounts for 89% of the investment portfolio at 31 March 2017 compared to 94% at 30 September 2016 and 93% at 31 March 2016.

Non-core Investment Portfolio

The Non-core Investment Portfolio consists of listed and fund investments. At 31 March 2017, Electra held four listed investments (with the exception of Hollywood Bowl Group and Premier Asset Management, which as core investments are included within Buyouts and Co-investments above) with an aggregate value of £10 million. Fund investments consist of limited partnership interests in third party private equity funds where Electra made a primary commitment to that fund. New primary commitments to funds are no longer part of Electra's investment strategy and no new primary commitments have been made since 2011. At 31 March 2017, Electra held investments in 10 funds with an aggregate value of £82 million.

Investment Portfolio Breakdown
At 31 March 2017 (31 March 2016)



Buyouts and Co-investments	78% (85%)
Secondaries	6% (5%)
Debt	5% (4%)
Non-core investment portfolio	11% (6%)

Investment Portfolio – Sector Breakdown
At 31 March 2017 (31 March 2016)

Food & beverage	0% (1%)
Financial & insurance	7% (2%)
House, leisure and personal goods	21% (19%)
Industrial general and transportation	1% (8%)
Media	12% (10%)
Real estate	11% (3%)
Private equity funds	10% (6%)
Secondaries	6% (5%)
Support services	14% (15%)
Technology, hardware and equipment	0% (7%)
Travel and leisure	14% (22%)
Other	4% (2%)

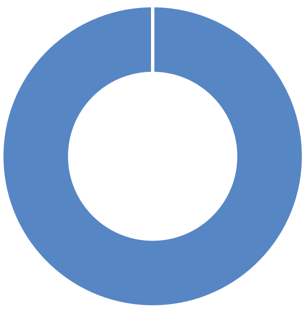
Buyouts and Co-investments – Age Analysis
At 31 March 2017 (31 March 2016)

Less than 1 year old	8% (6%)
1–2 years	22% (39%)
2–3 years	17% (19%)
3-4 years	6% (5%)
Over 4 years	47% (31%)

Buyouts and Co-investments – Valuation Basis
At 31 March 2017 (31 March 2016)

Earnings basis	51% (87%)
Recent transaction	42% (6%)
Net assets basis	7% (7%)

Buyouts and Co-investments – Geographic Breakdown
At 31 March 2017 (31 March 2016)



UK	100% (84%)
Continental Europe	0% (10%)
USA	0% (5%)
Asia and elsewhere	0% (1%)

Portfolio Review

Portfolio Movement

Electra's investment portfolio decreased to £879 million from £1,696 million during the six months to 31 March 2017. The decrease of £817 million resulted from the realisation of £1,067 million of investments, offset by £4 million of new investments and a positive portfolio return of £246 million.

Six months to 31 March	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Opening investment portfolio	1,696	1,630	1,272	968	868
Investments	4	158	129	134	204
Realisations	(1,067)	(384)	(121)	(152)	(112)
Total return	246	299	211	89	161
Closing investment portfolio	879	1,703	1,491	1,039	1,121
Total return on opening portfolio	15%	18%	17%	9%	19%

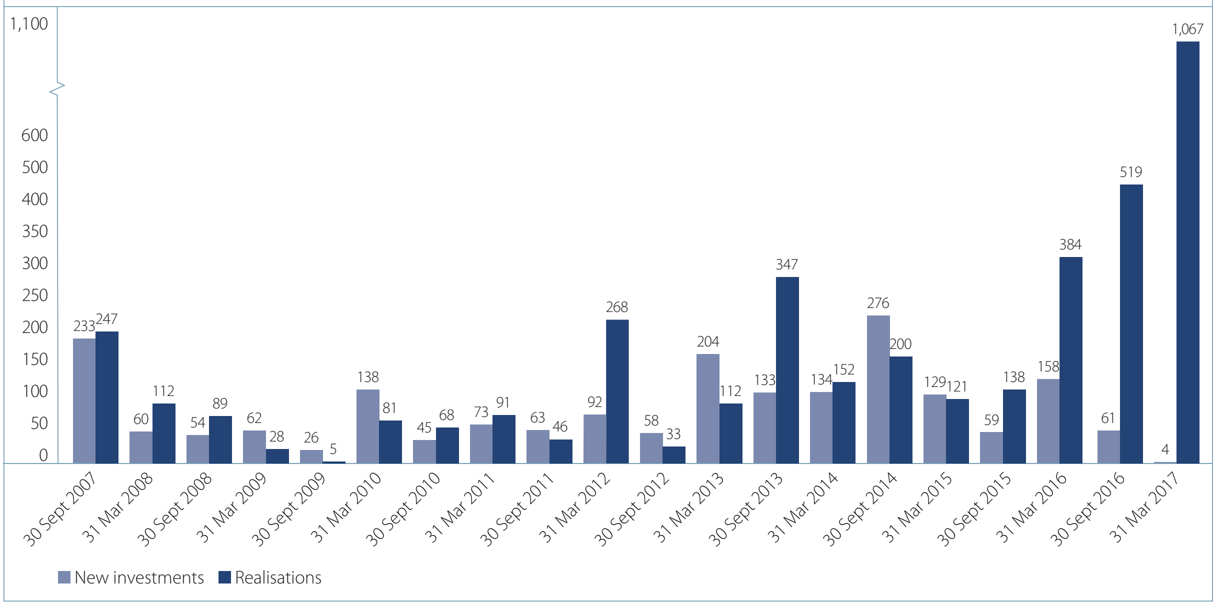
New Investments

Total new investment for the six months was £4 million compared to £158 million in the corresponding period of the previous year.

New investment was limited by Electra's termination of the management contract. The only new investment in the period was in relation to private equity funds in which Electra is a limited partner which drew down a further £4 million. Commitments outstanding to private equity funds were £12 million compared to £14 million at 30 September 2016.

New Investments and Realisations

New Investments and Realisations (£m) – Six months ended



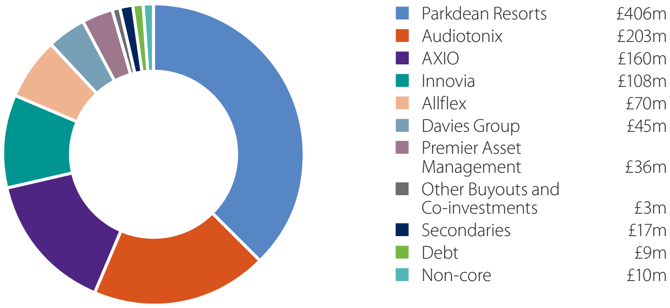
Realisations

Total realisations for the six months came to £1,067 million compared to £384 million in the corresponding period of the previous year.

Realisations

Total Realisations for the 6 months

£1,067m



The most significant realisations during the six months were in respect of Parkdean Resorts, Audiotonix, AXIO, Innovia, Allflex, Davies and Premier Asset Management.

Buyouts and Co-investments

The largest realisation was in respect of Parkdean Resorts, a leading UK operator of caravan holiday parks. Epiris initially invested in Park Resorts in 2012, buying the company's senior debt before taking equity control when it led a refinancing in 2013. This allowed Epiris to implement its strategy to improve performance and consolidate the sector, which increased group EBITDA from £32 million to £118 million in 2016. In March the company was sold for £1.35 billion, with Electra receiving proceeds of £406 million, equivalent to a total realised return of 3.9x original cost, an IRR of 45%.

Electra received proceeds of £203 million from the sale of Audiotonix in March. Epiris initially invested £42 million in Allen & Heath in 2013 with the intention of building a global market leader by consolidating the sector and implementing a growth and operating improvement plan. This strategy was delivered through two further acquisitions in 2014 as well as a programme focused on new product development, sales and marketing investment and supply chain reorganisation to accelerate growth. The outcome was that EBITDA more than quadrupled over the period of Epiris' investment. Electra's total realised return on the investment was 4.8x original cash cost, an IRR of 50%.

Two further realisations from the AXIO group of companies completed in the period. Vidal, the leading European healthcare informatics and information systems company, was sold in December 2016 for €100 million, and OAG, AXIO's aviation information and intelligence business, was sold in February 2017 for approximately $215 million. These were the fourth and fifth major realisations from AXIO following the sales of JOC Group, Breakbulk and MIMS. Electra received proceeds of £160 million from these two transactions, taking total cash proceeds from its investment in AXIO to £356 million or 3.9x original cost.

Electra received proceeds of £108 million in March from the sale of its investment in Innovia, a leading manufacturer of speciality films and substrate for polymer banknotes. In the three years since Electra's original investment the business has been transformed through investment in new manufacturing capacity, the disposal of the non-core Cello division and new business wins including a contract with the Bank of England to supply the substrate for the next generation of £5 and £10 notes. Electra's total realised return on the investment was 3.3x original cost, an IRR of 51%.

In March Epiris announced that it had realised Electra's remaining investment in Allflex, the global leader in animal intelligence and monitoring technologies for livestock, pets, fish and other species. Electra originally invested in Allflex in 1998, eventually selling the business in 2013, generating a return of 15x original cost and an IRR of 28%. Following the sale, Electra made a new investment for a minority stake alongside BC Partners. This new investment was realised in two stages, in July 2016 when Electra received £57 million and in March 2017 when Electra received a further £70 million. The total realised return from the 2013 investment was 1.9x original cost, an IRR of 23%.

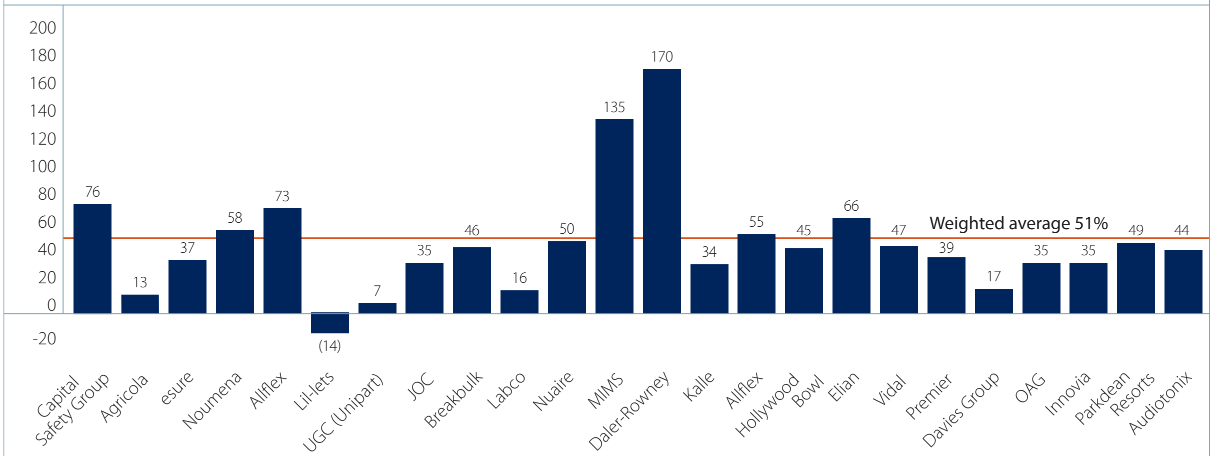
Electra received proceeds of £45 million from the £90 million sale of leading insurance claims service provider Davies Group in January. Epiris led the acquisition of Davies in 2011 with a strategy to improve service quality and process efficiency through technology investment, while repositioning the business as an outsourcing partner to its customers. The investment underperformed initially as a result of client losses. Epiris responded with management change and operational turnaround before resuming its transformation strategy, which has included seven add-on acquisitions. This strategy has created a significantly larger and much better-positioned business than at entry and allowed an exit in a competitive auction process.

In October 2016 Premier Asset Management successfully completed an initial public offering ("IPO") on the AIM market of the London Stock Exchange. Electra received cash proceeds of £36 million from the IPO and continued to hold approximately 8% of the issued share capital of the company which at 31 March had a valuation of £11 million.

These realisations were achieved at a weighted average EV/EBITDA multiple of 12.2x. This compares to an average multiple for UK buyouts valued at over £10 million of 9.7x over the past six months.

In respect of Buyouts and Co-investments, over the past five years Electra has achieved an average uplift over the prior valuation* on realisation of 51%.

Uplift (%)



*Except where the prior valuation at the time reflected the impending realisation, in which case the "prior, prior" valuation has been used.

Other realisation proceeds from the Buyouts and Co-investments portfolio include £1 million from Promontoria, which continues to realise its portfolio of retail properties; and £1 million from PINE.

Secondaries

The Secondaries portfolio produced realisations of £17 million in the six months.

The largest component was the EP1 Secondary Portfolio, from which Electra received distributions totalling £15 million. This takes total distributions from the EP1 Secondary Portfolio to more than £100 million, or almost 1.1x cost, and the total return on the investment to 1.5x cost.

Debt

The Debt portfolio produced realisations of £9 million in the six months. The largest contributors to this were Electra's CLO investments which together generated realisations of £5 million.

Non-core Investment Portfolio

Electra received £10 million from private equity funds in which it held a limited partnership interest.

Performance

During the six months to 31 March 2017 Electra's investment portfolio generated a total return of £246 million, an increase of 15% on the opening portfolio.

Six months to 31 March	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Buyouts and Co-investments	258	268	197	80	117
Secondaries	(11)	7	5	3	36
Debt	3	3	2	(3)	3
Non-core	(4)	21	7	9	5
Total return	246	299	211	89	161

The performance arose principally from the Buyouts and Co-investments portfolio which generated a total return of £258 million, representing an increase of 18% on the opening portfolio; the Secondaries portfolio decreased in value by £11 million, a reduction of 15%; and the Debt portfolio provided an uplift of £3 million, an increase of 5%. The Non-Core Investment Portfolio decreased by £4 million, or 3% on the opening portfolio.

Buyouts and Co-investments

In the six months to 31 March 2017 the total return of £258 million from the Buyouts and Co-investments portfolio included £147 million of realised gains with the balance being unrealised. Unrealised gains included £61 million of appreciation resulting from the revaluation of investments where Electra has agreed a transaction that had not yet completed at the period-end. A further £50 million of unrealised gains resulted from Epiris' determination of the Fair Value of the portfolio.

The most significant realised gains were generated by Audiotonix, Innovia, Parkdean Resorts and AXIO's sale of OAG, as discussed above.

The largest components of the appreciation resulting from the revaluation of investments where Electra has agreed a transaction that had not yet completed at the period-end were Treetops and AXIO.

Treetops is a leading UK operator of nursery schools. Having carved the business out of PINE in 2012, Epiris initiated key management changes and implemented a transformation strategy based on organic growth, operational improvement, capital investment and M&A. This strategy has doubled the size of the schools portfolio and quadrupled profits, creating a business which has outperformed the wider market in terms of both growth and margins. In March Epiris announced that it had agreed to sell Treetops with anticipated proceeds of £94 million representing an uplift of £45 million or 91% in the period. The investment was valued in line with these anticipated proceeds and the transaction completed in April. The total realised return on the investment is 6.5x original cost, an IRR of 59%.

Following the sale of OAG in February 2017, the AXIO group of companies comprised RISI, the leading information provider for the global forest products industry, and TechInsights, a leading intellectual property and technology services provider. In March Epiris announced that it had agreed to sell RISI to Euromoney Institutional Investor PLC and the transaction completed in April when Electra received proceeds of £67 million. In May Epiris announced that it had agreed to sell TechInsights to Oakley Capital; the sale is expected to complete by the end of May with anticipated proceeds to Electra of £26 million. The investment was valued in line with these proceeds. These sales will increase the total cash proceeds received by Electra from its investment in AXIO to £455 million, equivalent to 5.0x original cost, an IRR of 76%. Following these sales, the AXIO investment will comprise a small amount of cash held against certain contingent liabilities.

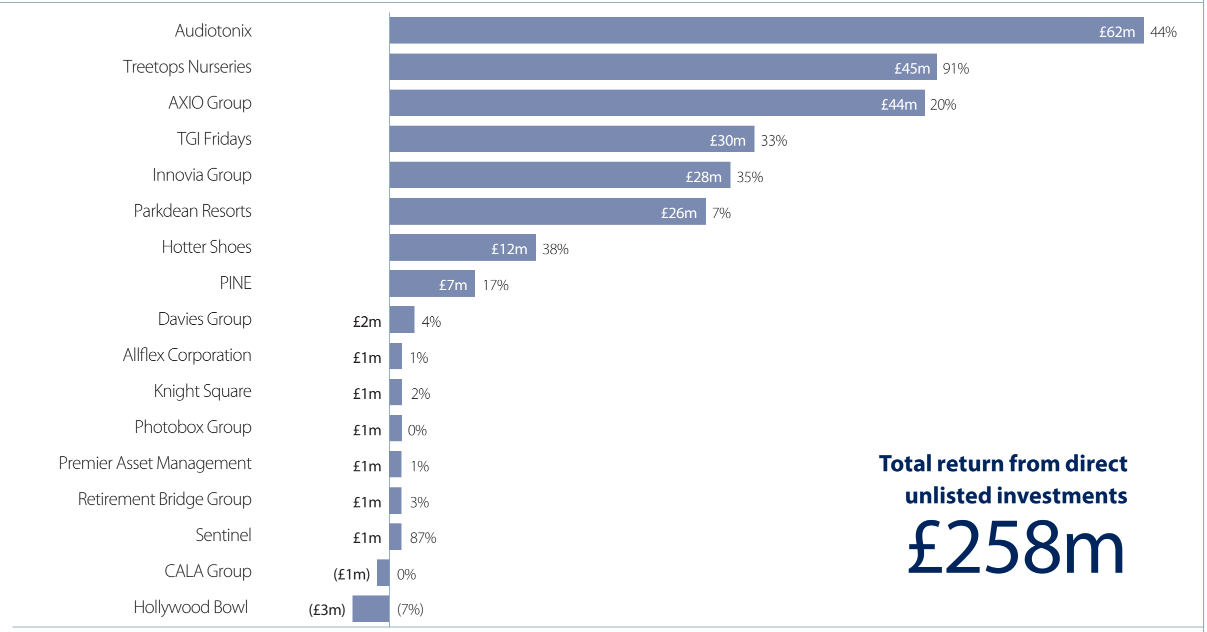
Of the remaining £50 million of unrealised returns, the largest individual movements were in respect of TGI Fridays and Hotter.

TGI Fridays continues to perform in line with the investment case. Year-on-year earnings growth has accelerated to 10% in the last twelve month period as a result of improved like-for-like sales performance as well as the new store opening programme. The valuation of Electra's investment has increased by £30 million or 33% since September 2016 as a result primarily of earnings growth and cash flow. The total return on this investment now stands at 1.2x original cost, a 10% IRR,

The valuation of Electra's investment in Hotter has increased by £12 million or 38% since September 2016. Following a period of underperformance, Epiris recruited a new management team to implement an operational improvement plan with a focus on cost reduction and cash and stock management. Earnings have now started to improve and management's focus has now broadened to incorporate further revenue growth and margin improvement opportunities.

The table below shows the valuation changes in respect of Electra's Buyouts and Co-investments portfolio.

Direct Unlisted Investments – Valuation Changes



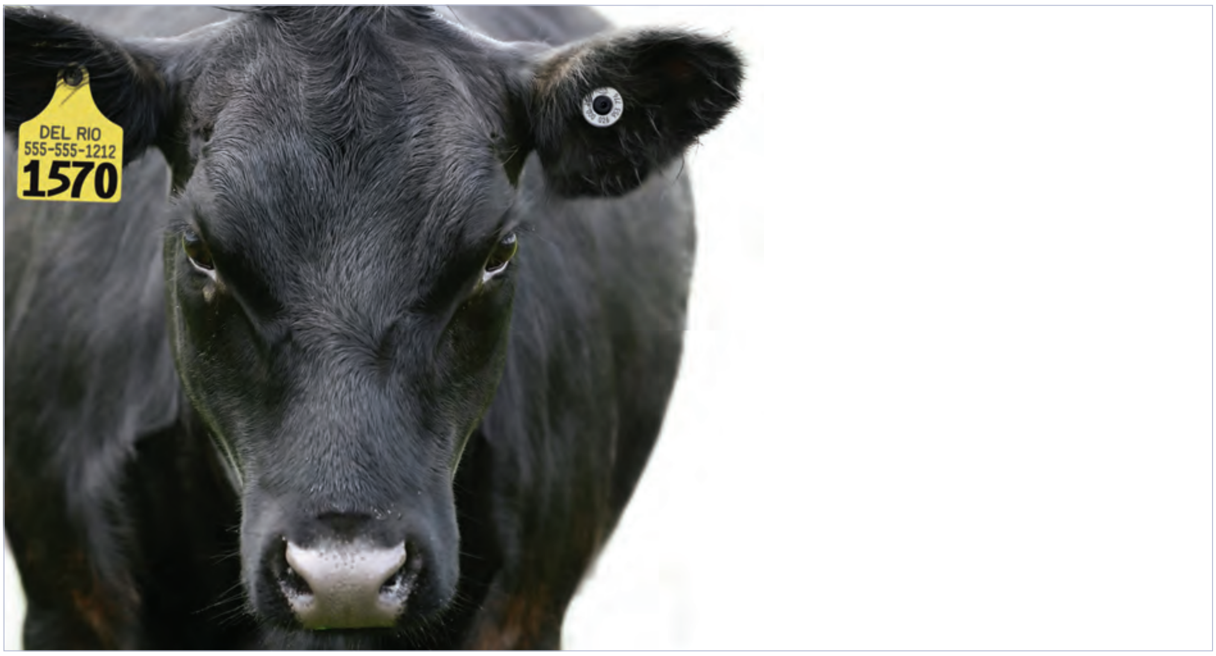
Secondaries and Non-Core Funds

Private equity funds managed by a third party and included within the Secondaries or Non-Core parts of the portfolio have hitherto been valued using the net asset value reported by the underlying manager.

The basis of valuation now reflects the price likely to be achievable in the secondary market. The aggregate effect has been a reduction in the valuation of the Non-Core portfolio of £4 million.

Alex Fortescue
Managing Partner
Epiris Managers LLP
24 May 2017

Realisations



ALLFLEX CORPORATION

Date of initial investment:	Jul 2013
Date of realisation:	Mar 2017
Type of deal:	Co-investment
Original cost:	£68 million
Proceeds:	£127 million
Multiple of cost:	1.9x
IRR:	23%
Location:	International
Website:	www.allflex-group.com
Management:	Dr Stefan Weiskopf, CEO

In 1998 Electra invested £23 million in the US$160 million buyout of Allflex. Fifteen years later, in 2013, Electra sold its investment in Allflex, generating a return of 15x original cost and an IRR of 28%, and at the same time made a new minority equity investment of £57 million alongside the private equity buyer. In January 2015 Electra made a further investment of £11 million to support Allflex's $250 million acquisition of SCR (Engineers) Ltd.

Allflex is the global leader in animal intelligence and monitoring technologies for livestock, pets, fish and other species. It designs, produces and distributes a variety of products such as radio-frequency identification (RFID) and visual ear tags, tissue sampling devices, RFID implants, monitoring devices, milk meters, and other farm management equipment. Allflex operates in 80 countries and employs over 1,800 people worldwide.

The company has continued to benefit from strong underlying growth in its markets driven by greater regulation of the food chain to ensure food safety, as well as increasingly sophisticated farm management techniques. In 2015 the company acquired SCR, the world's largest manufacturer of smart tags for monitoring cow fertility and health as well as electronic milk metering equipment. This acquisition successfully repositioned the company as a leader in the animal intelligence market, whilst creating further growth opportunities from the group's combined distribution, technology and product development resources.

This repositioning has allowed Epiris to sell Electra's investment in Allflex to financial buyers in two stages, receiving £57 million in July 2016 and a further £70 million in March 2017. Total proceeds of £127 million are equivalent to a return of 1.9x original cost on Electra's 2013 investment in Allflex, an IRR of 23%.

DAVIES GROUP

Date of initial investment:	Sep 2011
Date of realisation:	Jan 2017
Type of deal:	Buyout
Original cost:	£40 million
Proceeds:	£46 million
Multiple of cost:	1.1x
IRR:	3%
Location:	UK
Website:	www.davies-group.com
Management:	Dan Saulter, CEO; Adrian Hill, Chairman

In 2011 Electra invested £36 million in the £61 million management buyout of Davies Group from LDC. Between 2012 and 2016 a further £5 million was invested to support the company's M&A programme which saw it make seven acquisitions.

Davies is a leading insurance services provider. It delivers third party administration ("TPA") and specialist technical services to insurance intermediaries, the Lloyd's market, UK & global insurance companies, and large self-insured businesses. The company manages more than 170,000 claims each year, handling in excess of £1.2 billion of annual claim cost across property, casualty, motor and niche insurance classes. In addition to its TPA services, it provides integrated technical services including loss adjusting, surveying, fraud detection, and supply chain solutions.

The company initially underperformed as a result of client losses. However Epiris responded with a programme of management change and operational turnaround before executing a strategy to grow and reposition the business. This was built on an investment in technology and other service improvement initiatives to create an efficient and scaleable platform that delivered best-in-class service to customers and policyholders. This platform was expanded, with a number of organic initiatives as well as acquisitions, into adjacent markets in order to broaden the company's service offering. Organic growth was accelerated by refocusing business development activities on the broker, MGA and Lloyd's market which offered stronger growth opportunities as well as deeper customer relationships.

The successful execution of this strategy has transformed and repositioned Davies. It is now significantly larger and much better positioned than at entry, with strong growth prospects and high-quality earnings. This allowed Davies to be sold for £90 million to a financial buyer in January. Electra received proceeds of £45 million, which together with proceeds received previously equated to a return of 1.1x cost.

INNOVIA GROUP

Date of initial investment:	Apr 2014
Date of realisation:	Mar 2017
Type of deal:	Co-investment
Original cost:	£33 million
Proceeds:	£108 million
Multiple of cost:	3.3x
IRR:	51%
Location:	International
Website:	www.innoviafilms.com, www.innoviasecurity.com
Management:	Mark Robertshaw, CEO; Malcolm Fallen, Chairman

In April 2014 Electra made a €40 million (£33 million) equity investment in the €498 million buyout of Innovia Group from the Candover 2001 Fund.

The group is headquartered in Cumbria and operates four manufacturing sites worldwide. Innovia's Security division is the leading manufacturer of polymer banknote substrate for central banks. Polymer banknotes have numerous advantages over paper notes including security, durability and cleanliness, yet today account for only a small share of all banknotes in circulation. Innovia Security benefits from a strong intellectual property portfolio and a 20-year track record producing substrate for 36 central banks.

Innovia's Films division is a leading global producer of speciality high performance films primarily used in packaging applications for the food and tobacco industries. Innovia Films benefits from high barriers to entry and steadily growing demand. It occupies leading positions in mature niche markets and enjoys long-term customer relationships.

During Epiris' ownership, Innovia has developed its banknote substrate business as central banks around the world have increasingly recognised the advantages of polymer over paper banknotes. In particular the company won a new contract with the Bank of England to produce the substrate for the next generation £5 and £10 notes and completed the construction of a new manufacturing facility in Cumbria to deliver the contract. A strengthened management team successfully improved the operational performance of the substrate business leading to stronger profit margins and growth prospects.

At the same time, Innovia has continued to grow its packaging films business through product innovation and capacity expansion, whilst focusing on higher value-added products, a transformation that was completed with the sale of the Cellophane business for €75 million to a strategic buyer in 2016.

The growth and repositioning of the business enabled Epiris to sell Electra's investment in Innovia to a strategic buyer in a transaction with an enterprise value of C$1.13 billion*. The transaction completed in early March 2017 with Electra receiving proceeds of £108 million from the sale. This represented an uplift of 35% on the valuation at 30 September 2016 and is equivalent to a return of 3.3x original cost, a 51% IRR.

*$1.13 billion Canadian dollars. The exchange rate used was 1.4 C$ / Euro.

PARKDEAN RESORTS

Date of initial investment:	Jan 2012
Date of realisation:	Mar 2017
Type of deal:	Buyout
Original cost:	£132 million
Proceeds:	£516 million
Multiple of cost:	3.9x
IRR:	45%
Location:	UK
Website:	www.parkdeanresorts.co.uk
Management:	John Waterworth, CEO; Alan Parker, CBE, Chairman

In 2012 Electra acquired senior debt in Park Resorts for £70 million at a significant discount to face value, making Electra the largest lender to the company. Epiris' strategy was to take an equity position in Park Resorts through a restructuring of the company's debt and thereafter to grow the business organically and through acquisition.

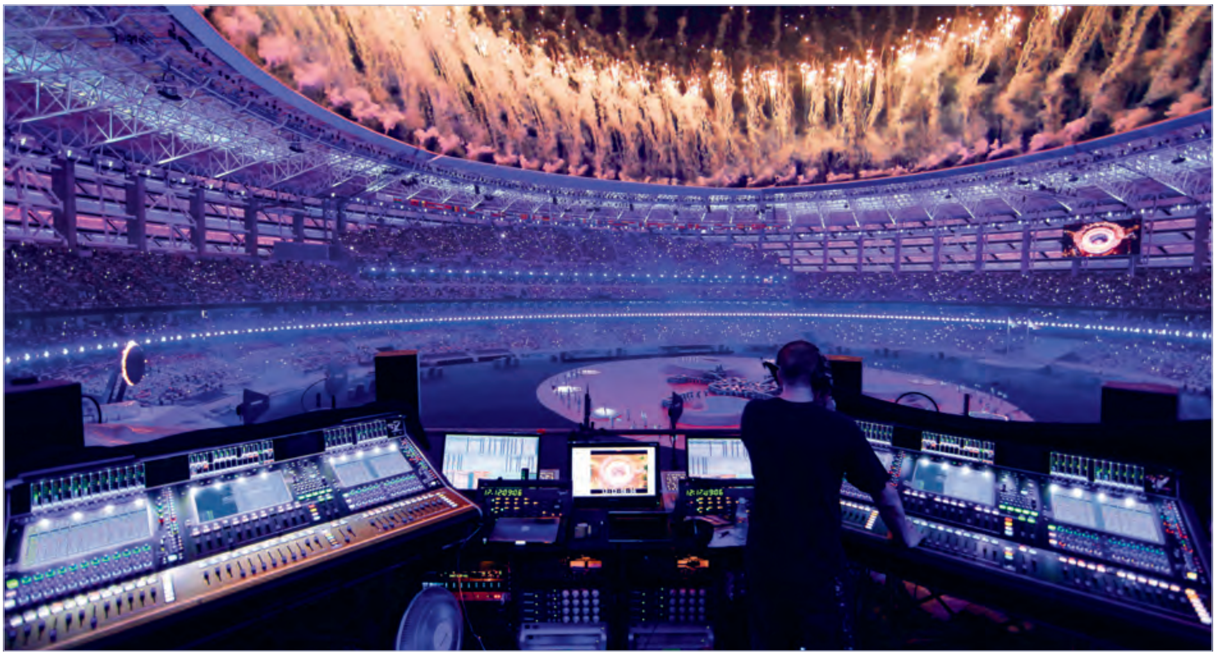
Epiris led a refinancing of the business in 2013 as a consequence of which funds under its management took equity control. This enabled Epiris to implement a programme of operational improvement, including cost efficiencies and better yield management, to increase profit margins. At the same time a number of opportunities to grow the business through investment in the park estate were identified and executed, resulting in an accelerated organic growth rate.

A number of add-on acquisitions were completed. Epiris identified and led the acquisitions of South Lakeland Parks in 2013 and of Southview and Manor Park in 2014, which together with Park Resorts were known as the Park Resorts Group. The following year Epiris led the merger of the Park Resorts Group with Parkdean Holidays to create Parkdean Resorts.

Parkdean Resorts is a leading UK operator of caravan holiday parks with 35,000 pitches across 73 sites nationwide. The business has been created through 11 transactions, including debt purchases, a debt-for-equity swap, four add-ons and a merger. Epiris has thus created a business of real scale, having grown profits almost fourfold and the enterprise value more than sixfold. Today Parkdean Resorts offers strong growth prospects based, in the short term, on sales and cost synergies, and in the longer term on further yield management improvements, continued investment in park facilities and capacity, and an ongoing acquisition programme.

This allowed Parkdean Resorts to be sold to a financial buyer for £1.35 billion in March. Electra received proceeds of £406 million which, together with proceeds previously received, equated to a total return of 3.9x cost, an IRR of 45%.

Extended Case Study



AUDIOTONIX

Date of initial investment:	Aug 2014
Date of realisation:	Mar 2017
Type of deal:	Buyout
Original cash cost:	£42 million*
Proceeds:	£207 million
Multiple of cost:	4.8x
IRR:	50%
Location:	UK
Website:	www.audiotonix.com
Management:	James Gordon, CEO; Malcolm Miller, Chairman

The Deal

In 2013 Epiris invested £42 million in the acquisition of Allen & Heath, a producer of professional audio equipment for live events. Epiris successfully navigated a complex carve-out from an international corporate in order to agree the transaction on compelling terms.

The purchase of Allen & Heath was followed by the acquisitions of Calrec in March 2014 and DiGiCo in August of the same year to create a new professional audio group valued at £143 million. Epiris had identified both Calrec and DiGiCo as add-on opportunities prior to investing in Allen & Heath.

The combination of these three businesses, subsequently renamed Audiotonix, created a global market leader with improved scale and opportunity.

The Business

Audiotonix is the market leader in the design and manufacture of audio mixing consoles for live events and broadcast sound. Its three premium brands support live sound for a variety of purposes such as concerts, TV & radio broadcasting, theatre shows and live events. All three businesses have strong brands, well-regarded products and a history of product innovation. The group sells worldwide, with over 90% of revenues derived outside the UK.

Investment Rationale and Strategy

Whilst Allen & Heath was underinvested and had not grown in the years preceding Epiris' investment, the global market for professional audio products is a fragmented market exhibiting attractive growth fuelled by an increasing number of live events in both developed and developing markets. Epiris invested in Allen & Heath with a plan to transform the business through investment in new product development, acquisition and operational change.

This plan had been developed prior to acquisition in conjunction with Malcolm Miller, an experienced private equity Chairman with a background in professional electronics. Together he and Epiris identified opportunities to improve Allen & Heath by investing in new product development and sales and marketing, and developed the plan to create a market leader through M&A and further investment.

The acquisitions of Calrec and DiGiCo created a clear market-leader with a comprehensive offering across product segments, whilst presenting a significant opportunity to further reposition the business through improved performance. James Gordon, the CEO of DiGiCo, became the CEO of the enlarged business and was instrumental in successfully integrating the businesses. He also led initiatives to identify areas of synergy as well as the sharing of best practice.

Business Growth

Epiris worked closely with the Audiotonix management team not only to integrate the three businesses but also to implement the growth strategy:

Enhancing Management
Epiris, alongside the Chairman, Malcolm Miller, selected James Gordon, the DiGiCo CEO, to be Group CEO. Additionally an appropriately skilled board was assembled which included the external recruitment of a new Chief Financial Officer, a Chief Technology Officer and divisional Sales & Marketing Directors.

New Product Development
We introduced a disciplined process to assist the business in evaluating which new products to develop. Research and Development expenditure accounted for over 30% of Audiotonix's overhead and with lead times from concept to products being shipped of up to four years, investing in the right products was critically important. This process improved decision-making within the business and provided the buyer of Audiotonix with a well-documented, structured product development process along with a demonstrable return on investment from recent product launches. Improved processes in R&D were supported with additional resource and with headcount in R&D increasing by 23% under Epiris' management.

Operational Efficiency
Audiotonix has a number of manufacturing locations in the UK as well as an outsourced manufacturing partner in China. During Electra's ownership Epiris was able to optimise the manufacturing process and footprint. Several changes were made, including outsourcing all high-volume manufacturing to China, and consolidating UK assembly, prototyping capacity and warehousing to dedicated locations. In addition the facilities themselves were upgraded at two locations and a new facility was acquired at a third to ensure adequate capacity as volumes grew. In aggregate the changes ensured Audiotonix had highly-efficient operations appropriate to support world-leading brands and product development.

Outcome

Epiris acquired three separate businesses at attractive entry prices and successfully executed a strategy to transform them, not only by combining them to create a global market leader, but also by improving growth and profitability through greater strategic and operational focus. Earnings more than quadrupled from 2013 whilst the profit margin increased by nine percentage points. Epiris' approach has created a business with significantly improved financial performance, a proven growth strategy and an exciting future.

Epiris sold Electra's investment in Audiotonix to a financial buyer in a competitive sale process which completed in March 2017. Electra received proceeds from the sale of £203 million, an uplift of £62 million or 44% on the previous valuation of the investment at 30 September 2016. This equated to a return of 4.8x original cash cost* and an IRR of 50%*.

Returns Attribution, Multiple of Money

	Multiple of money
Cost	1.0x
EBITDA growth	1.1x
Deleveraging	0.2x
Multiple growth	0.9x
Buying well and transforming**	1.5x
Return	**4.8x**

* The original cash cost of Electra's investment in Allen & Heath excludes an investment profit that was capitalised into the accounting cost of the investment upon the Audiotonix transaction in August 2014. The accounting cost of the investment including this capitalised profit is £64 million.

**The value ascribed to Epiris' ability to buy companies at an attractive valuation, typically below market comparables, and then reposition them through M&A, strategic focus and operational improvement in order to command a premium multiple at exit.

Key Investments

	Fair Value of holding at 30 Sep 2016 £m	Net payments/ (receipts) £m	Performance in period £m	Fair Value of holding at 31 Mar 2017 £m
Buyouts and Co-investments				
TGI Fridays	90	–	30	120
AXIO Group	220	(160)	44	104
Photobox Group	102	–	1	103
Treetops Nurseries	49	–	45	94
Retirement Bridge Group	47	–	1	48
CALA Group	47	–	(1)	46
PINE	40	(1)	7	46
Hotter Shoes	31	–	12	43
Hollywood Bowl Group	44	–	(3)	41
Knight Square	25	–	1	26
Premier Asset Management	46	(36)	1	11
Other	7	(2)	1	6
	748	**(199)**	**139**	688
Parkdean Resorts	380	(406)	26	–
Audiotonix	141	(203)	62	–
Innovia Group	80	(108)	28	–
Allflex Corporation	69	(70)	1	–
Davies Group	43	(45)	2	–
Total Buyouts and Co-investments	**1,461**	**(1,031)**	**258**	688
Secondaries				
EP1 Secondary Portfolio	69	(14)	(11)	44
Other	13	(3)	–	10
Total Secondaries	**82**	**(17)**	**(11)**	54
Debt				
Cordatus VI	22	(3)	1	20
Tymon Park	16	(2)	1	15
Other	13	(4)	1	10
Total Debt	**51**	**(9)**	**3**	45
Non-core Investments				
Listed	10	–	–	10
Funds	92	(6)	(4)	82
Total Non-core Investments	**102**	**(6)**	**(4)**	92
TOTAL INVESTMENT PORTFOLIO	**1,696**	**(1,063)**	**246**	879

Large Buyouts and Co-investments

TGI FRIDAYS

Date of initial investment:	Dec 2014
Type of deal:	Buyout
Equity ownership:	78%
Original cost:	£100 million
Amount realised:	£3 million
Valuation:	£120 million
Valuation:	Based on multiple of earnings
Multiple of cost:	1.2x
IRR:	10%
Location:	UK
Website:	www.tgifridays.co.uk
Management:	Karen Forrester, CEO; Murray Hennessy, Non-Executive Chairman

In December 2014 Electra invested £99 million of equity in the management buyout of the UK franchise of TGI Fridays ("TGIF") from its American parent.

TGIF, which has the exclusive UK rights to operate under the TGI Fridays brand, has 76 American-styled restaurants in a range of locations, including city centres, shopping centres and leisure parks. This is an established brand which works well across the country. It offers bold, distinctive American food as well as an innovative cocktail list, and provides a high-energy, fun environment with a wide demographic appeal. Key to the success of the customer experience is the company's focus on hiring and retaining enthusiastic front-of-house staff to offer a high level of service.

The company offers a differentiated product, with a wide demographic appeal, in the casual dining market. It demonstrates attractive financial characteristics, outperforming its peers across a range of key performance indicators and offering a high return on capital expenditure. The intention is to continue to grow through new restaurant openings, as well as improving yield management through pricing and marketing initiatives.

The year to December 2016 saw revenue and underlying profits growth of 16% and 12% respectively. Like-for-like performance, which weakened early in 2016, recovered in the second half of the year as a result of a number of initiatives to improve the proposition and marketing effectiveness. Stronger performance from the existing estate was supplemented by five new store openings. The beginning of the current financial year has seen a continuation of the positive momentum achieved in late 2016 with revenue, profits and margins all ahead of budget.

TGI FRIDAYS

NUMBER 1 THE SUNDAY TIMES 25 BEST BIG COMPANIES TO WORK FOR 2015

AXIO GROUP

Date of initial investment:	Apr 2013
Type of deal:	Buyout
Equity ownership:	69%
Original cost:	£91 million
Amount realised:	£353 million
Valuation:	£104 million
Valuation:	Based on price of recent transaction
Multiple of cost:	5.0x
IRR:	76%
Location:	International
Website:	www.axiogroup.net
Management:	Henry Elkington, CEO; Hans Gieskes, Chairman

In 2013 Electra invested £91 million in debt and equity to finance the £148 million acquisition of UBM plc's Data Services division, since renamed AXIO Group.

AXIO originally comprised seven information businesses serving a range of sectors in over 25 countries: healthcare, intellectual property licensing, containerised trade and breakbulk services, aviation and forest products.

AXIO's businesses are defensive by virtue of their industry and geographic diversity. Its strong brands occupy leadership positions in niche markets and are robust and cash-generative. The investment plan has been to transform each business by developing the right long-term strategy and delivering through operational improvement and M&A, and then to realise multiple expansion by selling the portfolio's components individually.

By the end of March AXIO had sold five of its seven businesses, namely JOC Group, Breakbulk, MIMS, Vidal and OAG. Four of these sales were to strategic acquirers whilst one was to a financial buyer. All were realised at double-digit multiples of earnings.

After the end of March Epiris sold the last two AXIO businesses: RISI, the leading information provider for the global forest products industry, in April; and TechInsights, the global leader in intellectual property consulting and technical reverse engineering, a transaction which is due to be completed in May. Following these sales the investment in AXIO has returned £455 million, equivalent to 5x original cost, an IRR of 76%.

PHOTOBOX GROUP

Date of initial investment:	Jan 2016
Type of deal:	Buyout
Equity ownership:	37%
Original cost:	£89 million
Amount realised:	£2 million
Valuation:	£103 million
Valuation:	Based on multiple of earnings
Multiple of cost:	1.2x
IRR:	15%
Location:	Europe
Website:	www.group.photobox.com
Management:	Jody Ford, CEO; Douglas McCallum, Chairman

photoboxgroup

In January 2016, Electra invested £89 million in the acquisition of Photobox alongside Exponent Private Equity.

Photobox is Europe's leading digital consumer service for personalised products and gifts. It enables millions of customers to share memories by turning their digital photographs into a range of personalised products and gifts, from traditional prints and greetings cards to photobooks, calendars and canvases, using the group's websites, installed software and mobile applications. Products are manufactured at one of the group's five production facilities and sold across Europe through the PhotoBox, Moonpig, Hofmann and posterXXL brands.

Photobox is the European market leader and due to its scale is well placed to capture further market growth, which is expected to continue as a result of the growth in digital photography as well as an increased propensity to purchase personalised products. Our strategy is to accelerate growth through improving the rate and economics of customer acquisition as well as through product innovation, and to ensure that growth is delivered effectively and efficiently.

After a strong start to the investment, performance in the main Photobox brand has been a little softer, although this has been offset by strong performance in the Moonpig brand, which continues to go from strength to strength. There has been significant investment in the management team over the last twelve months, including the appointment of a new CEO, Jody Ford. There are a number of pricing initiatives underway, which are designed to improve the group's operating margins.

TREETOPS NURSERIES

Date of initial investment:	Feb 2012
Type of deal:	Buyout
Equity ownership:	79%
Original cost:	£15 million
Amount realised:	£3 million
Valuation:	£94 million
Valuation:	Based on price of recent transaction
Multiple of cost:	6.5x
IRR:	59%
Location:	UK
Website:	www.treetopsnurseries.co.uk
Management:	Charles Eggleston, CEO; Stephen Booty, Chairman

In 2012 Treetops Nurseries was spun out of PINE as part of a refinancing and is now a standalone investment in Electra's portfolio. Electra invested a further £2 million in 2013 to finance the acquisition of Toybox (four freehold sites in Bedfordshire), an additional £5 million in 2014 to fund the acquisition of Happy Child (15 nurseries), and in 2016 Electra underwrote the purchase of Kindercare (ten leasehold nurseries in Yorkshire). In early 2017 two further nurseries were acquired.

Headquartered in Derby, Treetops is the fourth-largest nursery school operator in the UK, providing childcare to in excess of 6,000 children and employing more than 1,300 people. The company operates 61 schools, predominantly in the North of England, the Midlands and the South East.

Treetops was separated from PINE in order to allow it to benefit from dedicated management focus and a transformation strategy designed to accelerate growth through strategic focus, operational improvement, capital investment and M&A. Opportunities to grow through acquisition of other operators in the highly fragmented nursery market have been taken and organic growth has been driven in particular by improved marketing and investment in its sites, designed to improve occupancy levels.

In March 2017 Epiris agreed to sell Treetops to Busy Bees. The transaction completed in April 2017 with Electra receiving proceeds of £94 million, an uplift of £45 million or 91% on the valuation of its investment at 30 September 2016. This equates to a return of 6.5x cost and an IRR of 59%.

TREETOPS nurseries
PLAY CREATE EDUCATE

RETIREMENT BRIDGE GROUP

Date of initial investment:	May 2016
Type of deal:	Co-investment
Equity ownership:	50%
Original cost:	£45 million
Amount realised:	£1 million
Valuation:	£48 million
Valuation:	Based on price of recent transaction
Multiple of cost:	1.1x
IRR:	9%
Location:	UK
Website:	n/a
Management:	Paul Barber, CEO; Steve Groves, Chairman

In May 2016, working alongside Patron Capital, Electra invested £45 million in the acquisition of Retirement Bridge Group, formerly known as Grainger Retirement Solutions.

Retirement Bridge is a consolidator and servicer of home reversion equity release plans with a portfolio of more than 3,500 properties across the UK. The investment offers an attractive risk-adjusted return benefiting from a cash yield and downside protection from the high level of asset backing.

The intention is to optimise the return from the existing portfolio and to explore opportunities for organic and acquisition-led growth.

Performance since acquisition has been in line with expectations. The company was been successfully separated from its former parent and the management team was complemented through the appointment of Steve Groves, formerly CEO of Partnership Group plc, as Chairman.

The sale of the investment became necessary following the termination of Epiris' management contract by Electra. As a result Retirement Bridge was sold to Patron Capital Partners in April 2017, returning proceeds of £48 million to Electra, equivalent to a return of 1.1x cost.

Retirement Bridge Management Ltd

CALA GROUP

Date of initial investment:	Mar 2013
Type of deal:	Co-investment
Equity ownership:	11%
Original cost:	£32 million
Amount realised:	£nil
Valuation:	£46 million
Valuation:	Based on price of recent transaction
Multiple of cost:	1.5x
IRR:	12%
Location:	UK
Website:	www.cala.co.uk/cala-group
Management:	Alan Brown, CEO; Manjit Wolstenholme, Chairman

In 2013 Electra made an equity investment of £13 million alongside Patron Capital Partners and Legal & General in the £210 million acquisition of CALA Group from Lloyds Banking Group. During 2014 Electra increased its investment to £32 million to support land purchases and the acquisition of Banner Homes.

CALA Group is a national house builder which provides high quality homes in Scotland, the Midlands and South East England. Banner Homes' focus on premium homes in London and the South East represents a strong strategic fit for CALA and accelerates its strategy to deliver £1 billion in revenue by 2018.

The UK currently experiences a significant undersupply of new houses. Loosening planning regulations, measures to improve mortgage availability and a stable macro-economic environment created favourable conditions for an investment in the housebuilding sector.

In April 2017 CALA was sold to Patron Capital Partners with Electra receiving proceeds of £46 million. This equates to a total return of 1.5x cost, an IRR of 12%.

CALA GROUP

PINE

Date of initial investment:	Jun 2005
Type of deal:	Co-investment
Equity ownership:	99%
Original equity cost:	£31 million
Equity amount realised:	£20 million
Equity valuation:	£46 million
Equity multiple of cost:	2.1x
Equity IRR:	14%
Original debt cost:	£13 million
Debt amount realised:	£13 million
Valuation:	Derived from property investment value
Location:	UK
Website:	www.thepinefund.com
Management:	Harry Hyman, CEO (Nexus Group)

Electra first invested in PINE in 2005 in order to exploit an identified opportunity to create a new institutionally acceptable property asset class in conjunction with an experienced property specialist and a nursery school operator.

PINE initially comprised a sale and leaseback property investment portfolio of nursery schools let on index-linked leases to nursery school operators, as well as a nursery school operating business.

The objective has been to expand PINE's investment focus to the education sector generally, in order to broaden its appeal and range of exit options. In 2015 PINE made its first investment outside the nursery sector when it acquired a property relating to two special educational needs schools operated by Priory Group. In 2016 PINE acquired a further two nursery school freeholds and now owns a portfolio of over 30 properties leased to education providers.

PINE's properties with long-lease lengths of 20 years plus, contracted annual uplifts and strong tenant covenants have continued to perform ahead of the more mainstream property market. These differentiators from the conventional UK property market have resulted in PINE's portfolio becoming an increasingly attractive investment to potential acquirers searching for yield. In May 2017 Epiris announced the sale of the business. The sale returned £50 million to Electra, which inclusive of proceeds previously received is equivalent to a return of 1.9x cost, an IRR of 14%.

NEXUS PINE

HOTTER SHOES

Date of initial investment :	Jan 2014
Type of deal:	Buyout
Equity ownership:	61%
Original cost:	£84 million
Amount realised:	£2 million
Valuation:	£43 million
Valuation:	Based on multiple of earnings
Multiple of cost:	0.5x
IRR:	n/a
Location:	International
Website:	www.hotter.com
Management:	Sara Prowse, CEO; Alan White, Chairman

In January 2014 Electra invested £84 million in equity in the management buyout of Hotter Shoes from Stewart Houlgrave, the company's founder, and Gresham LLP.

Established in 1959, Hotter is Britain's largest shoe manufacturer and sells over two million pairs of shoes each year in the UK and internationally in stores, in catalogues and online. The company, with a strong focus on comfort and service, serves customers whose age, health or lifestyle are such that they require more cushioned and supportive footwear.

Hotter is a growth business, driven by demographic change (in particular population ageing), international growth and the rapid roll-out of a retail store estate in the UK. These growth drivers offer significant further opportunity.

Following a difficult year for the business in the financial year to January 2016 a number of steps were taken to improve performance. These included the appointment of a new Chief Executive, who has since strengthened the leadership team and successfully implemented a turnaround plan focused on cash, inventory and cost management as well as retail performance improvement. As a result of these actions trading has stabilised and profits have increased, growing by 8% in the year to January 2017.

hotter®

THE QUEEN'S AWARDS FOR ENTERPRISE 2015

HOLLYWOOD BOWL GROUP PLC

Date of initial investment:	Sep 2014
Type of deal:	Buyout
Equity ownership:	18%
Original cost:	£50 million
Amount realised:	£155 million
Valuation:	£41 million
Valuation:	Based on listed share price
Equity multiple of cost:	3.9x
Equity IRR:	92%
Location:	UK
Website:	www.hollywoodbowlgroup.com
Management:	Steve Burns, CEO; Peter Boddy, Chairman

hollywood bowl group

In September 2014 Electra made a £50 million equity investment in the £91 million management buyout of Hollywood Bowl Group from private shareholders and CBPE Capital. In December 2015 Hollywood Bowl completed the acquisition of Bowlplex, adding 10 ten-pin bowling centres to the existing portfolio. Electra invested £10 million by way of a mezzanine loan to finance the acquisition. Later in the same month Electra invested a further £11 million to pre-emptively acquire a portion of Hollywood Bowl Group's senior debt, at a discount to par, from one of its lenders who was exiting the senior debt market. In September 2016 Hollywood Bowl Group successfully completed an initial public offering ("IPO") on the main market of the London Stock Exchange, valuing Electra's equity and debt investments in the group at £217 million. On admission Electra received cash proceeds of £153 million from the sale of its equity investment as well as £22 million from the repayment of the two debt instruments. In addition Electra continued to hold approximately 18% of the issued share capital of the company.

Hollywood Bowl Group operates 55 ten-pin bowling centres under the Hollywood Bowl, AMF and Bowlplex brands. The company offers high-quality bowling centres, predominantly located in leisure or retail parks, which offer a complete family entertainment experience with restaurants, licenced bars and state-of-the-art family games arcades.

Ten-pin bowling is a robust and growing part of the UK leisure sector, offering opportunities for further expansion through new openings. Hollywood Bowl Group is the UK market leader and has grown ahead of the market thanks to its history of investment in sites and customer experience, as a result of which its estate is well positioned to make further advances.

Trading at Hollywood Bowl Group continues to be very strong. For the year ended 30 September 2016 the company reported increases in revenues and profits of 24% and 43% respectively. Performance has been driven by growth in the core estate, the centre refurbishment programme, an improved food and beverage offer and higher amusement spend. In April 2017, Epiris sold Electra's remaining stake in Hollywood Bowl, concluding what has been an outstanding investment for Electra's investors.

KNIGHT SQUARE

Date of initial investment:	Mar 2012
Type of deal:	Buyout
Equity ownership:	49%
Original cost:	£22 million
Amount realised:	£14 million
Valuation:	£26 million
Valuation:	Based on multiple of earnings
Multiple of cost:	1.8x
IRR:	16%
Location:	UK
Website:	www.knightsquare.com
Management:	Paul Lester CBE, Chairman

In 2012 Electra made a £22 million equity investment in the £62 million acquisition of Knight Square (formerly known as Peverel), the UK's leading property management services group, from its administrators. In October 2014 the company completed a refinancing that allowed it to make loan repayments of £14 million to Electra.

Knight Square is one of the UK's leading property services businesses. Through its FirstPort business, the group provides general management services to almost 4,000 retirement and other residential developments across the UK. Through Appello, it also provides telecare and telehealth installation and monitoring services that allow people to live independently in their own homes.

Knight Square is the leader in a robust market. At the time of investment, the intention was to invest in process and service improvement initiatives in order to enable the business to solidify this leadership position. With much of this work now complete, the focus is on targeting opportunities to grow not only as a result of demographic change but also by taking advantage of the group's nationwide coverage and economies of scale.

Group revenue growth was 2% in the financial year to December 2016 reflecting a number of positive developments during the year. FirstPort is demonstrating greater success in its new business development activities as well as higher customer retention levels as a result of its improved service levels.

KNIGHT SQUARE

PREMIER ASSET MANAGEMENT PLC

Date of initial investment:	Sep 2007
Type of deal:	Buyout
Equity ownership:	8%
Original cost:	£57 million
Amount realised:	£61 million
Valuation:	£11 million
Valuation:	Based on listed share price
Multiple of cost:	1.3x
IRR:	3%
Location:	UK
Website:	www.premierfunds.co.uk
Management:	Mike O'Shea, CEO; Mike Vogel, Chairman

Premier

In 2007 Electra made a £33 million minority equity and debt investment in the take-private of Premier. In 2009 Electra made a further £24 million equity investment to support the acquisition of two OEICs from Aberdeen Asset Management. In 2014 Electra sold a majority shareholding in Premier to funds under the management of Elcot Capital Management for a consideration comprising £20 million in cash and £26 million of preference shares while retaining an equity interest of 25%. In 2015 Premier redeemed £4 million of preference shares. In October 2016 Premier successfully completed an initial public offering ("IPO") on the AIM market of the London Stock Exchange. Electra sold just over 75% of its holding in the IPO, receiving cash proceeds of £36 million and continuing to hold approximately 8% of the issued share capital of the company.

Premier is a retail asset manager, with the bulk of its assets under management ("AUM") in branded retail funds, of which the largest franchises are in multi-asset, UK equities, global equities and fixed income.

The retail investment market displays growth drivers including demographic and regulatory change from which Premier is well placed to benefit due to its strong product portfolio and investment performance. The intention remains to accelerate growth by investing in sales and marketing and by exploring other opportunities to extend the scope of the business.

Premier continues to perform well, with AUM and profits growth in the year to 30 September 2016 of 22% and 36% respectively. In the current financial year, AUM have increased further reaching £5.5 billion at 31 March 2017. Electra's remaining 8% interest in Premier's ordinary shares was sold in April 2017.

Financial Review

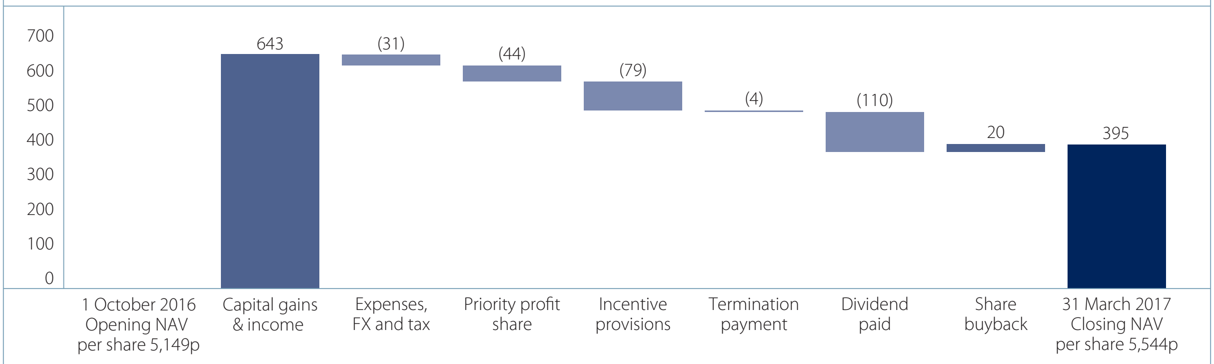
"Net asset value per share total return was 10% for the six months to March 2017 and 30% for the twelve months. These excellent results continue the good long term performance of Electra with NAV total returns over the last ten years of 13% per annum."

Analysis of Movement in Net Asset Value per share

The Consolidated Income Statement on page 42 of this Report shows the total return for the period and, together with dividends of 110p per ordinary share paid during the period, explains the movement in NAV per share for the six months to 31 March 2017.

During this period NAV per share increased by nearly 400p per share from 5,149p to 5,544p and taking into account the dividend of 110p per share paid during the period the total return for the six months was 10%. This half year period saw further strong performance from the investment portfolio which contributed 643p per share, a 12% gross return on the opening NAV per share. Deducted from this, as shown below, were operating costs and tax, which together totalled 31p per share; the priority profit share paid to Epiris for managing the portfolio of 44p per share; and the charge for incentive schemes of 79p per share (see further detail below). Additionally, there was a small adjustment of 4p to the cost of the termination payment which will be payable to Epiris at the end of its notice period in May 2017 (see further detail below). Dividends of 110p per share were paid in the six months to 31 March 2017.

Analysis of Movement in Net Asset Value per share (p)



Incentive Schemes

The existing incentive schemes operated by Electra (alternatively referred to as "carried interest") are based on three-year pools. Currently, there are four pools in relation to the three-year periods commencing 2006, 2009, 2012 and 2015. The carried interest schemes are described in more detail in Note 6 on pages 49 to 51.

The charge for the period of £38 million results from the strong investment performance in the six months, much of which relates to investments which have been sold either in the period or shortly thereafter. The post-2006 pools accrue carried interest at 18% of net investment profits, but the provision is made on a three-year pooled basis and after charging an amount in respect of PPS. This means the actual accrual rate is just over 15%.

The carried interest provision has decreased from £243 million to £87 million at 31 March 2017, mostly because of the cash payment to participants as described below. Additionally, a reduction of £8 million or 20% has been made to the provision to reflect the terms of the partnership agreement which governs the carried interest arrangements and specifies that following the date of termination the participants shall be entitled to 80% of any future payments of carried interest. This was calculated taking into account the actual realisations made since the period end and any that are anticipated to complete by the termination date.

Over £1 billion of cash was generated by the investment portfolio in the six months to 31 March 2017. This follows on from the high level of realisations seen in the year to 30 September 2016 when over £900 million was realised. As a consequence the original capital, 8% hurdle and notional fees in the 2009 and 2012 pools were repaid to Electra resulting in the accrued carried interest being partially paid. In aggregate some £192 million was paid to the participants in the carried interest schemes. Of this £179 million was from the 2009 and 2012 pools which collectively delivered profit after notional PPS of £1 billion. The table below summaries the movements in the six months.

	LTI £m	Initial £m	2006 £m	2009 £m	2012 £m	2015 £m	Adjustments £m	Total £m	Total including creditors £m
At 1 October 2016	7	1	8	82	141	4	–	243	251
Paid	–	–	(7)	(81)	(98)	–	–	(186)	(192)
Increase	3	(1)	1	5	29	1	–	38	38
20% reduction*	–	–	–	–	–	–	(8)	(8)	(8)
At 31 March 2017	10	–	2	6	72	5	(8)	87	89

*Calculated based on the anticipated position at 31 May 2017.

Net Liquid Resources

The Consolidated Cash Flow Statement on page 45 analyses the movement in the Group's cash for the six months. Cash on the Balance Sheet has increased substantially, by £714 million to £1,373 million. Cash inflows were in the main related to sales of investments and investment income, which yielded £1,067 million, more than in the whole of the year to September 2016. The largest components of this related to just two investments, Parkdean Resorts £406 million and Audiotonix £203 million, which together make up nearly 60% of the total.

During the period, payments to shareholders consisted of the share buyback of £94 million and the second interim dividend paid of £44 million. The largest outflow was the carried interest payment described above of £192 million. Other operating costs including the PPS amounted to £23 million.

In May 2017 a dividend of 2,612p, or 47% of the March 2017 NAV was paid to shareholders resulting in a cash outflow of £1 billion. On termination of the management contract with Epiris on 31 May 2017 a further PPS will be payable to Epiris of £34 million, which is based on the PPS paid for the 12 months prior to termination.

Accordingly, it is expected that cash, after taking the above into account together with investment disposals previously announced, net of carried interest, will be approximately £740 million.

FX

At 31 March 2017, the estimated foreign currency exposure was €150 million and $60 million based on the currency of underlying securities in the investment portfolio. During the six months to 31 March 2017, Sterling has strengthened slightly against the Euro and weakened against the US Dollar. Consequently, the impact of currency has been relatively benign with the two major exposures offsetting each other. In aggregate the impact of currency on the portfolio is approximately £5 million. The £1 million movement in translation reserves in the Consolidated Statement of Comprehensive Income, on page 42 of this Report, arises from translation of opening shareholders capital in relation to certain overseas subsidiaries.

Steve Ozin
Partner
Epiris Managers LLP

Consolidated Income Statement (unaudited)

For the six months ended 31 March	Revenue £m	Capital £m	2017 Total £m	Revenue £m	Capital £m	2016 Total £m
Profit on investments:						
Investment income/net gain	47	199	246	53	252	305
Loss on revaluation of foreign currencies	–	–	–	–	(5)	(5)
	47	199	246	53	247	300
Incentive schemes	–	(30)	(30)	–	(47)	(47)
Priority profit share	(17)	–	(17)	(14)	–	(14)
Termination payment	(2)	–	(2)	–	–	–
Income reversal	–	–	–	(6)	–	(6)
Other expenses	(6)	–	(6)	(2)	–	(2)
Net Profit before Finance Costs and Taxation	22	169	191	31	200	231
Finance costs	–	–	–	(3)	(2)	(5)
Profit on Ordinary Activities before Taxation	22	169	191	28	198	226
Taxation charge	(3)	–	(3)	(3)	–	(3)
Profit on Ordinary Activities after Taxation attributable to owners of the parent	19	169	188	25	198	223
Basic Earnings per Ordinary Share (pence)	47.14	432.20	479.34	66.84	515.39	582.23
Diluted Earnings per Ordinary Share (pence)	47.14	432.20	479.34	63.63	490.63	554.26

The 'Total' columns of this statement represent the Group's Income Statement prepared in accordance with International Financial Reporting Standards adopted by the EU ("IFRS"). The supplementary Revenue and Capital columns are both prepared under guidance published by the Association of Investment Companies. This is further explained in the Basis of Accounting and Significant Accounting Policies in Note 1.

The amounts dealt with in the Consolidated Income Statement are all derived from continuing activities.

Consolidated Statement of Comprehensive Income

For the six months ended 31 March	2017 £m	2016 £m
Profit for the year	188	223
Exchange differences arising on consolidation	(1)	6
Total Comprehensive Income for the period	187	229
Dividends	(44)	(31)
Total Comprehensive Income attributable to owners of the parent	143	198

The Notes on pages 46 to 53 are an integral part of the Financial Statements.

Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 31 March 2017 for the Group

	Called-up share capital £m	Share premium £m	Capital redemp-tion reserve £m	Other reserves £m	Translation reserve £m	Realised capital profits/ (losses) £m	Unrealised capital profits/ (losses) £m	Revenue reserves £m	Total share-holders' funds £m
Opening balance at 1 October 2016	10	123	34	–	11	1,508	311	77	2,074
Net revenue profit added to the reserves	–	–	–	–	–	–	–	19	19
Net profits on realisation of investments during the period	–	–	–	–	–	106	–	–	106
Increase in value of non-current investments	–	–	–	–	–	–	93	–	93
Increase in incentive provisions	–	–	–	–	–	–	(30)	–	(30)
Profit/(losses) on foreign currencies	–	–	–	–	(1)	–	–	–	(1)
Investments sold during the year	–	–	–	–	–	244	(244)	–	–
Dividend	–	–	–	–	–	(44)	–	–	(44)
Share buy back	(1)	–	1	–	–	(94)	–	–	(94)
At 31 March 2017	9	123	35	–	10	1,720	130	96	2,123

For the six months ended 31 March 2016 for the Group

	Called-up share capital £m	Share premium £m	Capital redemp-tion reserve £m	Other reserves £m	Translation reserve £m	Realised capital profits/ (losses) £m	Unrealised capital profits/ (losses) £m	Revenue reserves £m	Total share-holders' funds £m
Opening balance at 1 October 2015	9	39	34	20	(4)	1,029	312	64	1,503
Net revenue profit added to the reserves	–	–	–	–	–	–	–	25	25
Net profits on realisation of investments during the period	–	–	–	–	–	7	–	–	7
Financing costs	–	–	–	–	–	(2)	–	–	(2)
Increase in value of non-current investments	–	–	–	–	–	–	245	–	245
Increase in incentive provisions	–	–	–	–	–	–	(47)	–	(47)
Profit/(losses) on foreign currencies	–	–	–	–	6	(5)	–	–	1
Investments sold during the period	–	–	–	–	–	170	(170)	–	–
Conversion of convertible bond	1	84	–	(20)	–	–	–	8	73
Dividend	–	–	–	–	–	(31)	–	–	(31)
Share buy back	–	–	–	–	–	–	–	–	–
At 31 March 2016	10	123	34	–	2	1,168	340	97	1,774

Consolidated Balance Sheet (unaudited)

Note		As at 31 March 2017 £m	As at 31 March 2017 £m	(Audited) As at 30 September 2016 £m	(Audited) As at 30 September 2016 £m	As at 31 March 2016 £m	As at 31 March 2016 £m
	Non-Current Assets						
	Investments held at fair value:						
	Unlisted and listed		879		1,696		1,703
			879		1,696		1,703
	Current Assets						
	Trade and other receivables	–		4		4	
	Current tax asset	–		1		–	
	Cash and cash equivalents	1,373		659		321	
		1,373		664		325	
	Current Liabilities						
	Current tax liability	3		–		–	
6	Termination Payment	34		32		–	
	Trade and other payables	5		11		11	
	Zero Dividend Preference Shares	–		–		72	
	Net Current Assets		1,331		621		242
	Total Assets less Current Liabilities		2,210		2,317		1,945
6	Provisions for liabilities and charges	87		243		171	
	Non-Current Liabilities		87		243		171
	Net Assets		2,123		2,074		1,774
	Capital and Reserves						
5	Called up share capital		9		10		10
	Share premium	123		123		123	
	Capital redemption reserve	35		34		34	
	Translation reserve	10		11		2	
	Realised capital profits	1,720		1,508		1,168	
	Unrealised capital profits	130		311		340	
	Revenue reserve	96		77		97	
			2,114		2,064		1,764
	Total Equity Shareholders' Funds		2,123		2,074		1,774
4	**Basic Net Asset Value per Ordinary Share**		5,544.28		5,149.09		4,405.42
5	**Ordinary Shares in issue**		38,282,763		40,270,531		40,270,531

The Notes on pages 46 to 53 are an integral part of the Financial Statements.

The Financial Statements on pages 42 to 53 were approved by the Directors on 24 May 2017 and were signed on their behalf by:

Mr Neil Johnson, Chairman
Electra Private Equity PLC
Company Number: 303062

Consolidated Cash Flow Statement (unaudited)

For the six months ended 31 March	£m	2017 £m	£m	2016 £m
Operating activities				
Purchase of investments	(4)		(158)	
Amounts paid under incentive schemes	(192)		(3)	
Sales of investments	1,006		360	
Dividends and distributions received	3		–	
Other investment income received	61		20	
Other income received	–		4	
Expenses paid	(23)		(14)	
Taxation repayment/(paid)	1		(1)	
Net Cash Inflow from Operating Activities		852		208
Financing Activities				
Repurchase of own shares	(94)		–	
Dividends paid	(44)		(31)	
Finance costs	–		(1)	
Convertible Bond Interest paid	–		(2)	
Net Cash Outflow from Financing Activities		(138)		(34)
Changes in cash and cash equivalents		714		174
Cash and cash equivalents at 1 October		659		147
Cash and Cash Equivalents at 31 March		1,373		321

Notes to the Accounts

Within the Notes to the Half Year Report, all current and comparative data covering periods to, or as at 31 March are unaudited.

1 Accounting Policies

Basis of Accounting

The Half Year Report is unaudited and does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006.

The statutory financial statements for the year ended 30 September 2016, which were prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The Auditor's opinion on those financial statements was unqualified and did not contain a statement made under Section 498(2) or Section 498(3) of the Companies Act 2006.

The condensed consolidated interim financial statements comprise the Consolidated Balance Sheets as at 31 March 2017, 30 September 2016 and 31 March 2016 and for the six months ended 31 March 2017 and 31 March 2016, the related Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cashflow Statement and the related Notes hereinafter collectively referred to as "financial information".

The condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, IAS34 and the principal accounting policies and key estimates set out in the Annual Report for the year ended 30 September 2016 which is available on Electra's website (www.electraequity.com). The condensed consolidated interim financial statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value.

Application of New Standards

The accounting policies used are consistent with those applied in the last annual financial statements, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year. During the period there are no relevant standards, amendments and interpretations that became effective for the first time that have had a material impact on the Company.

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these is IFRS 9 Financial Instruments along with related amendments to other IFRSs and the impact on the Group is being reviewed.

The Board has concluded that none of these standards, amendments and interpretations is presently expected to have a significant effect on the consolidated financial statements of the Group.

Principles of Valuation of Investments

(i) General

In valuing investments, Epiris estimates the Fair Value of each investment at the reporting date in accordance with IFRS 13 and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines.

Fair Value is the price for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In estimating Fair Value, the Manager applies a valuation technique which is appropriate in light of the nature, facts and circumstances of the investment and uses reasonable current market data and inputs combined with judgement and assumptions. Valuation techniques are applied consistently from one reporting date to another except where a change in technique results in a better estimate of Fair Value.

The Manager tests its valuation techniques using a tool known as "calibration". This compares the inputs and assumptions used in estimating Fair Value on the reporting date to those used on previous reporting dates and to those underlying the initial entry price of an investment in order to ensure that the inputs and assumptions used on the reporting date are consistent with those used previously.

In general, the Manager will: determine the enterprise value of the investee company in question using one of a range of valuation techniques; adjust the enterprise value for factors that would normally be taken into account such as surplus assets, excess liabilities or other contingencies or relevant factors; and apportion the resulting amount between the investee company's relevant financial instruments according to their ranking and taking into account the effect of any instrument that may dilute the economic entitlement of a given instrument.

Where an investment is denominated in a currency other than Sterling, translation into Sterling is undertaken using the bid spot rate of exchange prevailing on the reporting date.

(ii) Unlisted Investments
In respect of each unlisted investment the Manager selects one or more of the following valuation techniques:

- A market approach, based on the price of recent investment, earnings multiples or industry valuation benchmarks;
- An income approach, employing a discounted cash flow technique; and
- A replacement cost approach valuing the net assets of the portfolio company.

In assessing whether a methodology is appropriate the Manager maximises the use of techniques that draw heavily on observable market-based measures of risk and return.

Price of Recent Investment
Where the investment being valued was itself made recently, its cost may provide a good indication of Fair Value. Using the Price of Recent Investment technique is not a default and at each reporting date the Fair Value of recent investments is estimated to assess whether changes or events subsequent to the relevant transaction would imply a change in the investment's Fair Value.

Multiple
Typically the Manager uses an earnings multiple technique. This involves the application of an appropriate and reasonable multiple to the maintainable earnings of an investee company.

The Manager usually derives a multiple by reference to current market-based multiples, reflected in the market valuations of quoted comparable companies or the price at which comparable companies have changed ownership. Differences between these market-based multiples and the investee company being valued are reflected by adjusting the multiple by adding a premium or deducting a discount for points of difference which might affect the risk and earnings growth prospects which underpin the earnings multiple. Such points of difference might include the relative size and diversity of the entities, rate of earnings growth, reliance on a small number of key employees, diversity of product ranges, diversity and quality of customer base, level of borrowing, any other reason the quality of earnings may differ.

In respect of maintainable earnings, the Manager usually uses earnings for the most recent twelve-month period adjusted if necessary to represent a reasonable estimate of maintainable earnings. Such adjustments might include exceptional or non-recurring items, the impact of discontinued activities and acquisitions, or forecast material changes in earnings.

In some circumstances the Manager may apply a multiple to the net assets of a business, typically where the business' value derives mainly from the underlying Fair Value of its assets rather than its earnings, such as property holding companies.

Discounted Cash Flow
The Discounted Cash Flow technique involves deriving the value of a business or an investment by calculating the present value of the estimated future cash flows from that business or investment using reasonable assumptions and estimations of expected future cash flows, the terminal value or maturity amount and date, and the appropriate risk-adjusted rate that captures the risk inherent to the business or investment. The Manager usually uses the Discounted Cash Flow technique in respect of certain debt investments or where the realisation of an investment is imminent with the pricing of the relevant transaction being substantially agreed such that the technique is likely to be the most appropriate one.

(iii) Listed Investments
The Fair Value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and transactions for an asset take place with sufficient frequency and volume to provide pricing information on an on-going basis. The quoted market price used for listed financial instruments held by the Group is the bid price on the reporting date.

(iv) Fund Investments
In determining the Fair Value of investments in funds managed by parties other than Epiris, the Manager usually uses the net asset value of the fund as reported by the manager as the starting point. The Manager may make adjustments to the reported net asset value to reflect, for example, purchases and sales occurring between the fund's measurement date and the reporting date, or any other facts or circumstances which might impact the Fair Value of the fund.

(v) Accrued Income
Accrued income is included within investment valuations.

2 Segmental Analysis

The chief operating decision-maker has been identified as Epiris Managers. Epiris Managers reviews the Group's internal reporting in order to assess performance and allocate resources. Epiris Managers has determined the operating segments based on these reports. Epiris Managers considers the business as a single operating segment.

3 Earnings per Share

For the six months ended 31 March	2017	2016
Net revenue profit attributable to ordinary shareholders (£m)	19	25
Net capital return attributable to ordinary shareholders (£m)	169	198
Total return (£m)	188	223
Net revenue profit on which diluted return per share calculated with finance charge net of taxation of £nil (2016: £nil) added back	19	25
Net capital return on which diluted return per share calculated (£m)	169	198
Total Diluted Return (£m)	188	223
Weighted average number of ordinary shares in issue during the period on which the undiluted profit per ordinary share was calculated	39,200,194	38,336,232
Weighted average number of ordinary shares in issue during the period on which the diluted profit per ordinary share was calculated	39,200,194	40,270,531

	Basic earnings per share		Diluted earnings per share	
	2017	2016	2017	2016
	p	p	p	p
Revenue profit per ordinary share	47.14	66.84	47.14	63.63
Capital return per ordinary share	432.20	515.39	432.20	490.63
Earnings per ordinary share	479.34	582.23	479.34	554.26

4 Net Asset Value per Ordinary Share

The Net Asset Value ("NAV") per share is calculated by dividing NAV of £2,122,503,000 (2016: £1,774,086,000) by the number of ordinary shares in issue amounting to 38,282,763 (2016: 40,270,531).

5 Share Capital

As at 31 March	2017 £m	2016 £m
Allotted, called-up and fully paid 38,282,763 (2016: 40,270,531) ordinary shares of 25p each	9	10

During the six months ended 31 March 2017, nil Subordinated Convertible Bonds (2016: 85,369) were converted into nil ordinary shares (2016: 4,215,593).

On the 22 December 2016 the company repurchased 1,987,768 of its own issued ordinary shares at 4,650 pence per share. The expenses directly relating to the acquisition of £1,865,000, have been charged against realised profits, details of the share repurchase are given in the Chairman's Statement on pages 4 and 5.

6 Related Party Transactions

Carried Interest Schemes

Certain members of Epiris Managers (the "participants") are entitled to benefit from carried interest schemes under the terms of the limited partnerships through which Electra invests. Details of these schemes are as follows:

Long Term Incentive Scheme ("LTI")

Under this scheme participants invested in every new investment made by Electra between 1995 and March 2006. In return, the participants are entitled to a percentage of the total capital and revenue profits made on each such investment. The participants do not receive any profit until Electra has received back its initial investment.

The Initial Pool

This relates to a pool of investments valued at £160 million at 31 March 2006 (the "initial pool"). Under this arrangement participants are entitled to 10% (the "carried interest") of the aggregate realised profits of the initial pool. The realised profits are calculated as being the aggregate of income and sale proceeds received by Electra less the £160 million opening value, less any additional purchases and less priority profit share. Carried interest is payable only once realised profits exceed a preferred return of 15% compounded annually on the opening value of the initial pool plus the cost of further investments less realisations. A full catch-up is payable once the realised profits of the initial pool exceed the preferred return. This catch-up means that all proceeds above the cumulative preferred return accrue to participants until they have been paid an amount equating to 10% of the total realised profits of the initial pool. Thereafter proceeds are split 90%:10% between Electra and the participants.

2006, 2009, 2012 and 2015 Pools

In October 2006 new arrangements were entered into in respect of investments made over each consecutive three year period. At the reporting date such arrangements are in operation in relation to the three year periods from 2006 to 2009, 2009 to 2012, 2012 to 2015 and 2015 to 2018 (investments being made in each such period being referred to as a "pool").

Under these arrangements participants are entitled to a carried interest of 18% of the aggregate realised profits in relation to direct investments in each pool. The realised profits are calculated as being the aggregate of income and sale proceeds received by Electra less the purchase costs of investments and less priority profit share. Carried interest is payable only once realised profits exceed a preferred return of 8% compounded annually on the cost of investments less realisations. A full catch-up is payable once the realised profits exceed the preferred return. This catch-up means that all proceeds above the cumulative preferred return accrue to participants until they have been paid an amount equating to 18% of the total realised profits. Thereafter proceeds are split 82%:18% between Electra and the participants.

Similar arrangements are in place for indirect investments, the difference from the above arrangements being that the carried interest is 9% over an 8% preferred return.

No Directors of Electra participate in the above schemes.

Summary of Carried Interest Pools

As at 31 March 2017	Initial Pool £m	2006 Pool £m	2009 Pool £m	2012 Pool £m	2015 Pool £m
Amount invested	(236)	(436)	(359)	(785)	(175)
Amount realised	687	798	834	1,368	9
Valuation of remaining investments	5	11	36	401	195
Pool profit	456	373	511	984	29
Multiple of cost	2.9	1.9	2.4	2.3	1.2
Priority Profit Share	(7)	(32)	(25)	(40)	(3)
Net profit	449	341	486	944	26

Summary of Provisions For Carried Interest

As at 31 March 2017	LTI £'000	Initial Pool £'000	2006 Pool £'000	2009 Pool £'000	2012 Pool £'000	2015 Pool £'000	20% reduction £'000	Total £'000
Provisional Entitlement	9,913	439	1,933	6,528	72,109	4,739	(8,191)	87,470
Outstanding Entitlement	647	892	48	–	151	–	–	1,738
Total Amount Outstanding	10,560	1,331	1,981	6,528	72,260	4,739	(8,191)	89,208
Amount Paid in Period	7,100	–	6,562	80,943	97,517	–	–	192,122

As at 31 March 2016	LTI £'000	Initial Pool £'000	2006 Pool £'000	2009 Pool £'000	2012 Pool £'000	2015 Pool £'000	Total £'000
Provisional Entitlement	6,569	1,435	5,984	62,014	94,868	–	170,870
Outstanding Entitlement	6,450	73	–	–	–	–	6,523
Total Amount Outstanding	13,019	1,508	5,984	62,014	94,868	–	177,393
Amount Paid in Period	394	950	976	–	–	–	2,320

Electra Partners Club 2007 LP Co-investment Agreement

In November 2007, Electra entered into a co-investment agreement with Electra Partners Club 2007 LP ("Club"), a fund managed by Epiris. The co-investment agreement required Electra to co-invest at the ratio of 2:1 in all Epiris investments in private equity opportunities in Western Europe where the combined investment of Electra and the Club would represent a controlling stake and where the combined equity investment is between £25 million to £75 million. Both parties invested on the same terms and conditions. The agreement allowed for variations to these arrangements in certain prescribed circumstances, for example, where investment would compromise Electra's ability to qualify as an Investment Trust or where the Club would exceed certain concentration ratios. Investments that arise from interests that Electra already held prior to the establishment of the Club are unaffected by these sharing arrangements. These arrangements expired in May 2013.

Priority Profit Share

Priority profit share for the half year ended 31 March 2017 was £17,087,000 (2016: £13,671,000).

Six months to March	2017 £'000	2016 £'000
Fee at 1.5%	17,068	11,082
Fee at 1%	–	519
	17,068	11,601
Adjustment for deal fees net of abort costs	19	2,070
Total	17,087	13,671

For the period ended 31 March 2017 priority profit share was paid to the Manager and was calculated at 1.5% per annum on the gross value of the Company's investment portfolio including cash (but excluding any amounts committed to funds established and managed by Epiris). This compares to the period ended 31 March 2016 during which the priority profit share was calculated as 1.5% per annum on the gross value of the Company's investment portfolio excluding cash (on which no fee was paid), Non-Core listed and primary fund investments (on which the fee was 1.0% per annum) and any amounts committed to funds established and managed by Epiris.

In the period to 31 March 2017 £nil deal fees (2016: £4,146,000) were charged by Electra in relation to new investments. These fees are accounted for within the investment income line in the financial statements. Under the terms of the limited partnership agreements, Epiris Managers is entitled to receive 50% of the aggregate deal fees in excess of abort costs. This is achieved by increasing the priority profit share for the period by the relevant amount. These amounts are shown in the table above.

In addition Epiris charged portfolio companies £689,000 in relation to directors and monitoring fees (2016: £870,000).

Termination Payment

On 26 May 2016 the Company served notice of termination of the Management and Investment Guideline Agreement on Epiris. This termination becomes effective on 31 May 2017. Under the terms of their contract Epiris are entitled to an additional priority profit share based on the priority profit share received in the year to 31 May 2017, the termination payment is £33,500,000 and of this, £32,000,000 was accounted for in the year ended 30 September 2016. The charge for the six months to 31 March 2017 is £1,500,000.

Sherborne

Sherborne Investors Management LP ("Sherborne") was appointed as adviser to the Company on 22 December 2015. Their role was to advise the Company in connection with research and the formulation and making of proposals to the Board of Directors of the Company, and, in particular the Board of Directors' Management Engagement Committee, for the purpose of monitoring and supervising the performance of Epiris. Under the terms of the contract Sherborne are not entitled to a fee but are entitled to be reimbursed for all reasonable expenses. In the six months ended 31 March 2017 the Company paid Sherborne £101,000 as reimbursement for travel and subsistence costs. Edward Bramson is a managing member of Sherborne Investors Management LP.

Participants Investment

From October 2006 the participants in the 2006, 2009, 2012 and 2015 pools are required to invest 1% of the cost of each direct investment on a pari passu basis with Electra. In the period ended 31 March 2017 £6,000 was invested (2016: £1,716,000). At 31 March 2017, the fair value of all investments currently held by the participants was £6,496,000 (2016: £15,195,000).

At 31 May 2017, the Participants have the option to sell their Participants Investments to the Company at the higher of cost or valuation. Had this option been exercised at 31 March 2017 its value would have been £7,057,000.

7 Capital Commitments and Contingencies

As at 31 March	2017 £m	2016 £m
Commitments to private equity funds	50	55
Grainger Retirement Solutions	–	45
	50	100

8 Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 30 September 2016.

There have been no changes in the risk management department or in any risk management policies since the year end.

The unlisted financial assets held at fair value, are valued in accordance with the Principles of Valuation of Unlisted Equity Investments as detailed within the Basis of Accounting (Note 1).

Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

The Group has adopted IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. This requires the Group to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair values measured using valuation techniques for any input for the asset or liability significant to the measurement that is not based on observable market data (unobservable inputs).

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table represents the Group's assets by hierarchy levels:

All fair value measurements disclosed are recurring fair value measurements.

Financial assets and liabilities at fair value through profit or loss

As at 31 March 2017	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Unlisted and listed investments	879	62	–	817
	879	62	–	817

As at 31 March 2016	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Unlisted and listed investments	1,703	21	–	1,682
	1,703	21	–	1,682

During the six month period to 31 March 2017 transfers from Level 3 to Level 1 were £46,000,000 (2016: £nil). This relates to the ordinary shares of Premier Asset Management PLC which were listed on the London Stock Exchange in the period. The fair value of Level 1 investment is determined based on quoted market prices.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Group does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include over-the-counter derivatives.

Investments classified within Level 3 make use of significant unobservable inputs in deriving fair value, as they trade infrequently. As observable prices are not available for these securities, the Group has used valuation techniques to derive the fair value. Investments classified within Level 3 consist of private equity direct investments and fund and secondary positions.

The main inputs into the Group's valuation models for private equity investments are EBITDA multiples (based on the budgeted EBITDA or most recent EBITDA achieved or a rolling 12 months basis of the issuer and equivalent corresponding EBITDA multiples of comparable listed companies), quality of earnings assessments, assessments of third party external debt, discounts, cost of capital adjustments and probabilities of default. The Group also considers the original transaction prices, recent transactions in the same or similar instruments and completed third-party transactions in comparable companies' instruments and adjusts the model as deemed necessary.

In determining the valuation recommended to the Directors for the Group's equity instruments, the Manager uses comparable EBITDA multiples in arriving at the valuation for private equity. In accordance with the Group's policy, the Manager determines appropriate comparable public companies based on industry, size, developmental stage, revenue generation and strategy. The Manager then calculates an EBITDA multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable group by its EBITDA. The EBITDA multiple is then adjusted for discounts/premiums with regards to such considerations as illiquidity and other differences, advantages and disadvantages between the Group's portfolio company and the comparable public companies based on company specific facts and circumstances.

The value of private equity funds is primarily based on the latest available financial/capital account statement of the private equity fund. The Company may make adjustments to the value as set out in Note 23 of the Annual Report and Accounts 2016.

As at 31 March 2017 16% of financial assets at fair value (2016:10%) comprise investments in private equity funds that have been valued in accordance with the policies set out in Note 23 of the Annual Report and Accounts 2016. The basis of valuation reflects the price likely to be achievable in the secondary market

The following table presents assets measured at fair value based on Level 3.

	2017 £m	2016 £m
Opening balance as at 30 September	1,642	1,529
Purchases	4	158
Realisations	(1,031)	(302)
Transfer to Level 1	(46)	–
Increases in valuation	248	297
Closing balance as at 31 March	**817**	1,682

9 Dividends

A second interim dividend of £44,298,000 was approved and paid during the six months ended 31 March 2017 (31 March 2016: approved £31,411,000, paid £31,411,000).

10 Post Balance Sheet Event

A special dividend of £999,946,000 was paid on 5 May 2017 in respect of the year ending 30 September 2017, amounting to 2,612p per ordinary share.

Independent Review Report to Electra Private Equity PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the period from 1 October 2016 to 31 March 2017 which comprises the Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Shareholders' Equity, the Condensed Consolidated Statement of Cash Flows and the related Notes 1 to 10. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the set of financial statements in the half-yearly financial report for the period from 1 October 2016 to 31 March 2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
24 May 2017

Hotter Shoes
Britain's largest shoe manufacturer

Objective and Investment Policy

Electra has been quoted on the London Stock Exchange since 1976. Electra is managed as an HM Revenue and Customs approved investment trust and invests primarily in the private equity mid-market.

The business and affairs of Electra are managed on an exclusive and fully discretionary basis by Epiris, an independent private equity fund manager with over 25 years' experience in the mid-market.

Electra's objective is to achieve a rate of return on equity of between 10-15% per year over the long-term by investing in a portfolio of private equity assets.

Epiris aims to achieve this target rate of return on behalf of Electra by utilising a flexible investment strategy and:

- exploiting a track record of successful private equity investment;
- utilising the proven skills of its management team with a strong record of deal flow generation and long-term presence in the private equity market;
- targeting private equity opportunities (including direct investment, fund investments and secondary buyouts of portfolios and funds) so that the perceived risks associated with such investments are justified by expected returns;
- investing in a number of value creating transactions with a balanced risk profile across a broad range of investment sectors through a variety of financial instruments; and
- actively managing its capital position and levels of gearing in light of prevailing economic conditions.

The investment focus is principally on Western Europe, with the majority of investments made in the United Kingdom where Epiris has historically been most active. There is an emphasis on areas where Epiris has specific knowledge and expertise. In circumstances where Epiris feels that there is merit in gaining exposure to countries and sectors outside its network and expertise, consideration is given to investing in specific funds managed by third parties or co-investing with private equity managers with whom it has developed a relationship.

Epiris attempts to mitigate risk through portfolio diversification. Investments will therefore be made across a broad range of sectors and industries. At the time of investment, not more than 15% of Electra's total assets will typically be invested in any single investment. If Electra acquires a portfolio of companies in a single transaction, this limitation shall be applied individually to each of the underlying companies purchased and not to the portfolio as a whole.

Electra has a policy to maintain total gearing below 40% of its total assets.

Electra has a policy to return to shareholders a targeted 3% of NAV per annum, by way of cash dividend or share buybacks. Any shares bought back under this policy will be cancelled.

Half Year Management Report

Current and Future Development

A review of the main features of the six months to 31 March 2017 is contained in the Chairman's Statement, the Investment Highlights, Portfolio Highlights, Portfolio Overview and Portfolio Review which are on pages 4 to 5 and 10 to 21.

Performance

A detailed review of performance during the six months to 31 March 2017 is contained in the Investment Highlights, Portfolio Highlights, Portfolio Overview and Portfolio Review on pages 10 to 21.

Risk Management

The role of Epiris as AIFM of the Company under the AIFMD means that it is responsible for the risk management and ongoing process of identifying, evaluating, monitoring and managing the risks facing the Company in accordance with the requirements of AIFMD. The Board keeps Epiris' performance of these responsibilities under review as part of its overall responsibility for the Company's internal controls and will be putting in place appropriate alternative regulated processes as part of its transition arrangements.

The Board and Epiris consider that the principal risks facing the Company are Macroeconomic Risks, Foreign Currency Risks, Transition Risk, Long-term Strategic Risks, Investment Risks, Portfolio Diversification Risk, Valuation Risk, Operational Risk, Gearing Risks and Cash Drag Risk as set out in the Strategic Report of the Company's Report and Accounts for the year ended 30 September 2016 along with the risks detailed in Note 18 of the Notes to the Financial Statements as set out in the same Report and Accounts of the Company. The principal risks identified in the Company's Report and Accounts for the year ended 30 September 2016 have not changed significantly since the year end.

Related Party Transactions

Details of Related Party Transactions are contained in Note 6 of the Notes to the Accounts for the six months ended 31 March 2017.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Half Year Report as the Company has adequate resources to continue in operational existence for the foreseeable future.

Forward Looking Statements

Certain statements in this Half Year Report are forward looking. Although the Company believes that the expectations in these forward looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements, The Company undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Responsibility Statement

The Directors confirm to the best of their knowledge that:

a) the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union.

b) The Half Year Management Report includes a fair review of the information required by:

(i) DTR 4.2.7 of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(ii) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board of Directors
Neil Johnson
Chairman
24 May 2017

Information for Shareholders

Financial Calendar for 2017

Half-year Results announced	May 2017
Annual Results announced	December 2017
Annual General Meeting	March 2018

Website and Electra News via Email
For further information on share prices, regulatory news and other information, please visit www.electraequity.com.

If you would like to receive email notice of our announcements please visit the Electra website at www.electraequity.com and click on the "Subscribe to receive news alerts" logo on the Home page. Registering for email alerts will not stop you receiving Annual Reports or any other documents you have selected to receive by post or electronically.

Shareholder Enquiries
In the event of queries regarding your ordinary shareholding, please contact the Company's registrar, Equiniti Limited, who will be able to assist you with:

- registered holdings
- balance queries
- lost certificates
- change of address notifications

Equiniti Limited's full details are provided on page 65 or please visit www.equiniti.com.

If you are an existing shareholder and wish to buy more/sell your shares in Electra:
An internet and telephone dealing service has been arranged through Equiniti, which provides a simple way for UK shareholders of Electra to buy or sell Electra's shares. For full details and terms and conditions simply log onto www.shareview.co.uk/dealing or call 0371 384 2351. Please note that lines are open 8.30am to 5.30pm (UK time) Monday to Friday (excluding UK bank holidays).

The service is only available to shareholders of Electra who hold shares in their own name, with a UK registered address, who are aged 18 and over.

Shareview Dealing is provided by Equiniti Financial Services Limited. Equiniti Financial Services Limited is authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (FCA reference 468631). Equiniti Financial Services Limited is registered in England and Wales with number 6208699.

If you are not an existing shareholder:
We recommend you seek your own personal financial advice from an appropriately qualified independent adviser or alternatively contact your own broker. Electra Private Equity's shares are listed on the London Stock Exchange as ELTA.

Please note. The above information is not a recommendation to buy or sell shares. The value of shares and any income from them can fluctuate and you may get back less than the amount invested. If you have any doubt over what action you should take, please contact an authorised financial adviser.

Distribution Policy
In February 2015 a distribution policy was announced whereby Electra proposes to return to shareholders a targeted 3% of NAV per annum, by way of cash dividend or share buybacks. Any shares bought back under this policy will be cancelled.

Special Dividend
On 24 March 2017 the Board announced a Special dividend of £1.0 billion (2,612p per share), which was paid on 5 May 2017, to shareholders on the register of members at close of business on 7 April 2017.

Please note that the Dividend Reinvestment Plan ("DRIP") option did not apply to the Special dividend paid on 5 May 2017.

Dividend Reinvestment Plan

A Dividend Reinvestment Plan (the "Plan") has been arranged with Equiniti, the registrar, whereby existing shareholders have the option of reinvesting any dividend payments to buy more fully paid ordinary shares in the Company.

For further details on the Plan please call the Equiniti helpline on 0371 384 2351* (or +44 121 415 7047 if calling from outside the United Kingdom).

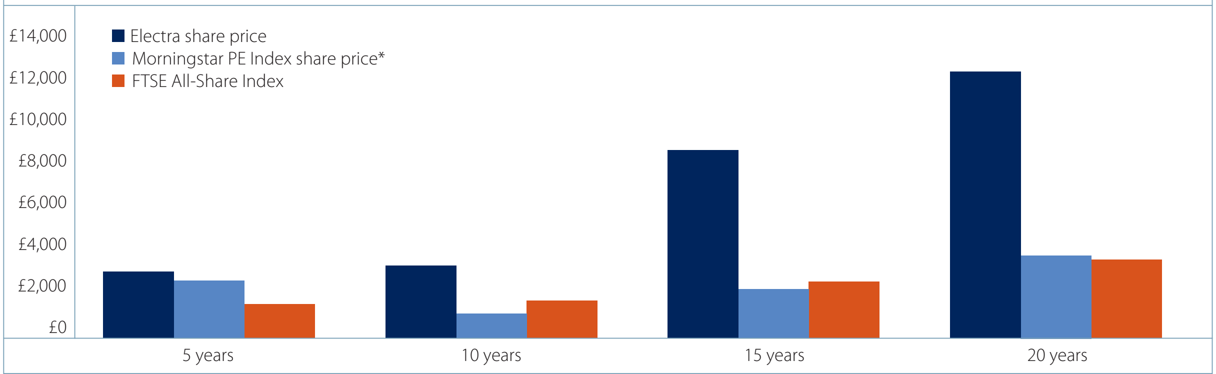
Dividends paid/declared since the distribution policy was revised in February 2015

Description	Dividend amount (pence per ordinary share)	Ex. dividend date	Record date	Payment date
Interim dividend 2015	38	04/06/2015	05/06/2015	24/07/2015
Final dividend 2015	78	21/01/2016	22/01/2016	26/02/2016
Interim dividend 2016	44	12/05/2016	13/05/2016	24/06/2016
Second interim dividend 2016**	110	15/12/2016	16/12/2016	19/01/2017
Special dividend**	2,612	06/04/2017	07/04/2017	05/05/2017
Second Special dividend**	914	08/06/2017	09/06/2017	14/07/2017

* Lines open 8.30am to 5.30pm (UK time), Monday to Friday, excluding UK bank holidays.

**Please note that the Dividend Reinvestment Plan ("DRIP") option did not apply to the second interim dividend paid on 19 January 2017 or the Special dividend paid on 5 May 2017 and will not apply to the Second Special dividend payable on 14 July 2017.

Shareholder total return performance for £1,000 invested As at 31 March 2017



* The above index, prepared by Morningstar UK Limited, reflects the performance of 21 private equity vehicles, excluding Electra, listed on the London Stock Exchange.

Trading Information – Ordinary shares

Listing	London Stock Exchange
ISIN	GB0003085445
SEDOL	0308544
Ticker/EPIC code	ELTA
Bloomberg	ELTALN
Reuters	ELTAL

Share Fraud Warning

We are aware that in the past a number of shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based brokers who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares. These operations are commonly known as Boiler Room scams.

Please be very wary of any such calls or correspondence. Ask for the name and organisation of the person calling you and check if they can be found on the FCA Register. If they are not listed, please report it directly to the FCA using their consumer helpline (0800 111 6768). You may also wish to advise us by telephoning 020 7214 4200 or emailing ir@epiris.co.uk.

It is very unlikely that either the Company or the Company's Registrars, Equiniti, would make unsolicited telephone calls to shareholders. Such calls would only relate to official documentation already circulated to shareholders and never be in respect of investment advice.

Please remember that if you use an unauthorised firm to buy or sell shares, you will not be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong.

Other Useful Websites

LPEQ

Electra is a founder member of LPEQ, a group of private equity investment trusts and similar vehicles listed on the London Stock Exchange and other major European stock markets, formed to raise awareness and increase understanding of listed private equity.

LPEQ provides information on private equity in general, and the listed sector in particular, undertaking and publishing research and working to improve levels of knowledge about private equity among investors and their advisers.

For further information visit www.lpeq.com

Association of Investment Companies (AIC)

Electra is a member of the AIC, the trade organisation for closed-ended investment companies. The AIC represents a broad range of closed-ended investment companies, including investment trusts, offshore investment companies and venture capital trusts which are traded on the London Stock Exchange, Alternative Investment Market, Special Financials Market, Euronext and the Channel Islands Stock Exchange.

For further information visit www.theaic.co.uk

British Private Equity & Venture Capital Association (BVCA)

Electra is a member of the BVCA, the industry body and public policy advocate for the private equity and venture capital industry in the UK. The BVCA's aim is to aid understanding around the activities of its members, promote the private equity and venture capital industry to entrepreneurs and investors as well as to Government, the EU, trade unions, international media and the general public. They communicate the industry's impact and reinforce the crucial role its members play in the global economy as a catalyst for change and growth.

For further information visit www.bvca.co.uk

Glossary

AIF
Alternative Investment Fund. Electra Private Equity PLC is an AIF.

AIFM
Alternative Investment Fund Manager. Epiris Managers LLP is the AIFM for Electra Private Equity PLC until 31 May 2017.

AIFMD
Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament.

Carried interest
The incentive arrangements, which are similar to arrangements found elsewhere in the private equity industry, are designed to align Epiris' interests with those of Electra's shareholders. These arrangements are typically referred to as "carried interest".

The carried interest payable to the members of Epiris is based on three year pools of investments. Under the terms of this arrangement all qualifying investments in a three year period are aggregated into a separate pool. Electra must first receive back the aggregate cost of all the investments in the pool, plus related priority profit share (see below) and an 8% compound return (this is often referred to as the "hurdle"). Once Electra has received sufficient cash to pay the amounts as described above the members of Epiris will be entitled to a carried interest of 18% of the profits. Consequently, they will receive the next 18/82 of the hurdle so that they will have an amount equal to 18% of the profits on the pool up to that point (this is referred to as a "catch up"). Thereafter, Electra and the members of Epiris will share future cash flows in the ratio of 82:18.

Below is an example to illustrate in principle how the above described arrangements work:

	£m	Assumptions
Amount invested	500	Amount invested and priority profit share
Amount realised	1,000	Realised after year five
Pool profit	500	
Hurdle	(210)	8% per annum compound
Catch up	46	18/82 of the hurdle
Balance	44	The amount over the hurdle to get to an aggregate 18% of the pool profit
Total carry	90	18%
Electra	410	82%

At 31 May 2017, when the contract with Epiris terminates, any provision on post 2006 Pools, which is unpaid at that date and any future uplift to it will be reduced by 20% which will revert back to the Company.

CLO
A Collateralised Loan Obligation, or "CLO", is a securitisation vehicle which invests in a portfolio of corporate loans and is funded with a number of tranches of rated debt and a small (typically around 10% of the capital structure) equity tranche. The equity tranche benefits from the yield arbitrage between the return on the loan portfolio and the cost of the capital structure.

Commitments
Legal obligation to provide capital for future investment in a private equity fund or in relation to a single investment.

Discount
Investment trust shares frequently trade at a discount to NAV. This occurs when the share price is less than the NAV. In this circumstance, the price that a shareholder would pay or receive for a share would be less than the value attributable to it by reference to the underlying assets. Traditionally expressed as a percentage.

Distributions to Paid-In Capital (DPI)
DPI, or realisation multiple, is defined by the Global Investment Performance Standards published by the CFA Institute and is the ratio of Distributions to Paid-In capital. It measures, since inception, the cash received by a fund's investors relative to the amount contributed to the fund by those investors. DPI below and on page 7 comprises cumulative realisations net of investment management fees (PPS and carried interest) in the numerator and original investment cost in the denominator in respect of each fund.

	2006 Pool	2009 Pool	2012 Pool
Amount distributed (£m)	798	834	1,368
Notional PPS (£m)	(32)	(25)	(40)
Carried interest paid (£m)	(59)	(81)	(98)
	707	728	1,230
Amount invested (£m)	436	359	785
DPI	1.6x	2.0x	1.6x

Earnings Multiple
This is normally referred to as a price earnings (P/E) ratio. It is the ratio of a company's valuation compared to its earnings.

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortisation. Often used to compare the profitability of similar companies.

EBITDA Margin
EBITDA expressed as a percentage derived by dividing EBITDA by net sales.

Epiris Managers LLP
On 5 December 2016 Electra Partners LLP announced that it had changed its name to Epiris Managers LLP.

EV (enterprise value)
This is the aggregate value of a company's entire issued share capital and net debt.

Gearing
This is the level of a company's debt related to its equity capital and is usually expressed in percentage form. It shows the extent to which a company is funded by lenders as opposed to shareholders.

Hedging
Hedging is an investment technique designed to offset a potential loss on one investment by purchasing a second investment that is expected to perform in the opposite way.

Investment Return
This is the aggregate of income and capital profits and losses from the Investment Portfolio. This is sometimes disclosed as portfolio return. This is a common measure used by investment companies.

IPO (initial public offering)
An offering by a company of its share capital to the public with a view to seeking an admission of its shares to a recognised stock exchange.

IRR (internal rate of return)
The IRR is the annualised return on an investment calculated from the cash flows arising from that investment taking account of the timing of each cash flow. It is derived by computing the discount rate at which the present value of all subsequent cash flows arising from an investment are equal to the original amount invested. Where an IRR is stated to be net, this denotes that it has been calculated net of investment management fees (PPS and carried interest).

Listed Company
Any company where the shares are freely tradable and are listed or traded on a recognised stock exchange.

LTM
Last twelve months.

NAV
This is the value of all the Company's assets minus current and long-term liabilities. Can also be referred to as 'shareholders' funds'.

NAV per share
This is the value of the Company's assets attributable to one Ordinary share. It is calculated by dividing 'shareholders' funds' by the total number of Ordinary shares in issue. This is a common measure used by investment companies.

NAV Total Return
The total return to shareholders is the aggregate of income and capital profits of the investment portfolio for the year less all costs. It can be expressed as a percentage of the opening position. This is a common measure used by investment companies.

	2017	2016
NAV at 31 March (pence)	5,544	4,405
Dividends paid in the six months ended 31 March (pence)	110	116
	5,654	4,521
Opening NAV (pence)	5,149	3,914
NAV total return	10%	15%

NAV per share at 19 May 2017
The unaudited NAV per share at 19 May 2017 was calculated on the basis of the NAV at 31 March 2017 adjusted to reflect purchases and sales of investments, currency movements and bid values on that day in respect of listed investments.

Permanent Capital
An investment entity that manages capital for an unlimited time horizon.

Priority Profit Share
This is a share of profits equivalent to a management fee. It is calculated at 1.5% of the gross value of the Company's core investment portfolio and 1% of the gross value of the Company's Non-Core Listed and Primary Fund Investments, no fee is paid on cash. Following the Board's decision to serve notice of termination of the management agreement in May 2016, the management fee reverts back to the structure in place prior to 1 April 2015, whereby the Company pays the Manager 1.5% on assets held in cash (rather than nil) and 1.5% is paid on non-core investments (rather than 1%) as well as 1.5% on core assets.

Return on Equity (ROE)
This is the total return divided by opening shareholder funds. Electra's ROE has been calculated by taking the percentage change in NAV per share and adding back dividends paid per share. This is a common measure used by investment companies.

Share Price Total Return
This is expressed as a percentage and is calculated by dividing the sum of the closing share price and dividends paid in the year by the opening share price. This is a common measure used by investment companies.

	2017	2016
Share price at 31 March (pence)	4,951	3,465
Dividends paid in the six months ended 31 March (pence)	110	116
	5,061	3,581
Opening share price (pence)	4,310	3,265
Share price total return	18%	9%

Termination Payment
On 26 May 2016 the Company served notice of termination of the Management and Investment Guideline Agreement on Epiris. This termination becomes effective on 31 May 2017. Under the terms of their contract Epiris are entitled to compensation based on priority profit share received in the year to 31 May 2017.

Total Value to Paid-In Capital (TVPI)
TVPI, or investment multiple, is defined by the Global Investment Performance Standards published by the CFA Institute and is the ratio of Total Value to Paid-In capital. It measures, since inception, the aggregate of the cash received by and the residual value attributable to a fund's investors relative to the amount contributed to the fund by those investors. TVPI below and on page 8 comprises cumulative realisations and fair value net of investment management fees (PPS and carried interest) in the numerator and original investment cost in the denominator in respect of each pool.

	2006 Pool	2009 Pool	2012 Pool
Amount distributed (£m)	798	834	1,368
Remaining valuation (£m)	11	36	401
Notional PPS (£m)	(32)	(25)	(40)
Carried interest paid and provision (£m)	(61)	(87)	(170)
	716	758	1,559
Amount invested (£m)	436	359	785
TVPI	1.6x	2.1x	2.0x

Unlisted Company
Any company whose shares are not listed or traded on a recognised stock exchange.

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