

Electra Private Equity PLC
Strategic Review – Phase III

October 2018



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Agenda

- Sale of certain co-investment assets
- Remaining Portfolio
- Outcome of Strategic Review Phase III
- Distribution Policy
- Proposed Investment Objective and Policy
- General Meeting

Realisation of Co-Investment Portfolio

- Successful sale of larger co-investment assets out of complex shareholder situations
 - Completion of Photobox expected in October
 - Completion of Knight Square subject to regulatory approval, expected in Q1 2019

£m	Carrying Value ⁽¹⁾	Sale Price	Premium
Photobox	95.3	98.0	3%
Knight Square	20.5	21.1	3%
Total	115.8	119.1	3%

- Realised attractive price for shareholders
 - 3% premium to Adjusted March 2018 NAV
 - Follows:
 - £13.3m Knight Square loan note repayment in August
 - £3.6m investment in Photobox for the acquisition of Greetz in August

(1) Carrying values as at 31 March 2018

Pro-forma Composition of Portfolio/NAV After Impact of Realisation and Resultant Proposed Dividends

- Following realisation of Photobox and Knight Square, and payment of the contingent dividends of £161m, the composition of the portfolio/NAV (at adjusted 31st March 2018 carrying values) will be:

(£ millions)	Pro-Forma Post-Transaction ⁽¹⁾	per share (p)	Last 12 Months to End August 2018 (unaudited)	
			Revenue	EBITDA
			TGI Fridays	149
Hotter Shoes	50	129	97	4 ⁽²⁾
Other Assets	15	39	n/a	n/a
Cash ⁽³⁾	28	74		
Other Net Assets/(Liabilities)	(4)	(10)		
Total Assets	238	622		

- TGI and Hotter last twelve months EBITDA of £31m
- Aggregate Net Debt of TGI (-£46m August 2018), Hotter (-£19m August 2018) and Electra (+£28m pro forma post-dividends) of £37m
- Other Assets include:
 - Sentinel, a UK based producer and international distributor of heating system related products with LTM EBITDA of £3m (March 2018 valuation: £6m);
 - SPC, a US based manufacturing business with LTM pre-exceptional EBITDA of \$2.5m (March 2018 valuation: £3m); and,
 - a number of other assets that are expected to be realised in the next 12 months

(1) Adjusted to reflect subsequent transactions at 31st March Value. Updated valuations as at our 30th September year end will be announced with our annual results in December

(2) Pre-exceptional costs

(3) Pro-forma based on realisation of the co-investment portfolio and both special dividends

Outcome of Strategic Review Phase III

- Remaining corporate investments represent opportunity for value creation within acceptable timeframe
- Reinvestment of excess cash and future proceeds unattractive
 - Structural inefficiency in reinvesting in listed private equity vehicle
- Resulting concentration of remaining portfolio and lack of investment would be incompatible with current investment policy
- The board therefore recommends:
 - That the investment policy be changed to allow for the ordered wind-down of the company
 - That excess cash be returned to shareholders
- The company will remain as a listed entity under Listing Rule 15, as an Investment Trust and under the name Electra Private Equity PLC

Distribution Policy

- Subject to approval of the proposed Investment Objective and Policy at the General Meeting on the 30th October 2018, it is the Directors intention to:
 - Distribute £140m in December (subject to prior completion of the sale of Photobox)
 - Distribute £21m on settlement of the Knight Square disposal, anticipated in Q1 2019, following regulatory approval.
 - Proposed distributions bring total amount distributed since February 2016 to £2.1 billion
- Pending further material disposals, the Directors then intend to distribute £10m per annum of generated cash

Proposed Investment Objective and Policy

- *Electra's investment objective is to follow a realisation strategy which aims to crystallise value for shareholders, through balancing the timing of returning cash to shareholders with maximisation of value.*
- *The Company will not make any new investments but will continue to support its existing investments to the extent required in order to optimise returns.*
- *The Company will retain sufficient cash to meet its obligations and to support its portfolio assets, with cash from realisations being invested in AAA rated money market funds pending utilisation or return to shareholders.*
- *Should it be appropriate to utilise gearing in order to optimise the balance between timing of returning cash to shareholders and maximisation of value the Company will maintain gearing below 40% of its total assets."*

General Meeting Information

- A notice convening a general meeting of the Company has been included in Part 3 of the recently distributed circular.
- This will be held at the offices of Allen & Overy LLP, One Bishops Square, London, E1 6AD
- It will take place at 10.00am on the 30th of October 2018
- The Board unanimously intends to vote in favour of the proposals with their 29.6% of the issued share capital.