

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Ordinary Shares of 5p each (‘Ordinary Shares’) in EPE Special Opportunities plc, (the ‘Company’) please immediately forward this document and accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

## **EPE SPECIAL OPPORTUNITIES PLC**

*(a company incorporated in the Isle of Man with registered number 108834C)*

*Directors:*

G O Vero (*Chairman*)  
R B M Quayle (*Non-executive Director*)  
C L Spears (*Non-executive Director*)  
N V Wilson (*Non-executive Director*)

*Registered Office:*

IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM1 1AP

18 February 2011

Dear Shareholder,

### **1. Introduction**

Pursuant to a resolution passed on 27 August 2010, the Shareholders authorised the Company to make market purchases of up to 7,722,915 Ordinary Shares, subject to certain restrictions. The Company had stated in its Circular to Shareholders of 4 August 2010 that any Ordinary Shares purchased under such authority would be treated as cancelled on purchase. A total of 88,750 Ordinary Shares have been purchased under that authority, all of which will be cancelled.

The Company is now seeking to renew that authority from Shareholders and allow the Company either to treat any Ordinary Shares purchased on the market as cancelled or hold them in treasury pending sale to existing Shareholders or new investors. The Company will seek to sell the Ordinary Shares at or above the cost of their original repurchase price. Should the Company not be able to sell the Ordinary Shares on satisfactory terms within a period of twelve months from the date of repurchase, the Ordinary Shares may be cancelled.

The purpose of this letter is to provide you with information about the background to and rationale for the proposal and explain why the Board considers the proposals to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the resolution to be proposed at the Extraordinary General Meeting convened for 15 March 2011.

### **2. Background to and rationale for the Proposals**

The Board considers the ability of the Company to purchase Ordinary Shares as an important mechanism for managing the capital efficiency of the Company. In particular, the Board may seek to take advantage of circumstances where Ordinary Shares may be purchased for cash at prices well below the net asset value per share and where the Board believes such purchases will enhance Shareholder value and/or earnings per Ordinary Share.

In accordance with the Circular to Shareholders dated 4 August 2010, the Company is required to treat any Ordinary Shares purchased by it as cancelled on purchase and the number of Ordinary Shares in issue reduced accordingly. However, in order to provide the Company with greater flexibility in the management

of its capital base, the Board believes it would be advantageous to be able to hold any Ordinary Shares which the Company purchases on the market in treasury. This would give the Company the ability to sell treasury shares quickly and cost-effectively for a cash consideration when there is market demand for such shares.

Once the Company decides to hold any Ordinary Shares in treasury, it will not be entitled to exercise any rights, including the right to attend and vote at meetings in respect of the Ordinary Shares. No dividend or other distribution of the assets of the Company may be made in respect of the treasury shares. Under Manx legislation, the number of shares held in treasury at any time must not exceed 10 per cent. of the nominal value of the issued share capital of the Company.

The ability to repurchase and sell Ordinary Shares has the dual benefit of improving liquidity in the Company's shares and allowing the shareholder register to be reconfigured towards more strategic, long-term investors, whilst simultaneously enabling the Company to retain the opportunity to enhance the net asset value per share through the cancellation of repurchased Ordinary Shares.

It is therefore proposed that the Board renew its authority to purchase in the market up to 7,722,915 Ordinary Shares, equivalent to up to 25 per cent. of the existing issued Ordinary Shares. In accordance with Section 13 of the Isle of Man Companies Act 1992, the authority granted by Shareholders must specify a maximum price payable. This has been specified in the resolution as being £5 per Ordinary Share. This would be on the basis that the Board also has the authority to sell the Ordinary Shares. Should the Company not be able to sell the Ordinary Shares on satisfactory terms within a period of twelve months from the date of repurchase, the Ordinary Shares may be cancelled.

The authority to purchase Ordinary Shares will expire 18 months after the date on which the authorising resolution is passed. The Company may seek renewal of the authority to purchase its Ordinary Shares at the Annual General Meeting of the Company in 2011 or at any earlier General Meeting of the Company. Ordinary Shares cannot be purchased by the Company in the two month period immediately preceding the announcement of the Company's interim and annual results or, if shorter, the period from the end of the Company's financial period up to and including the time of the relevant announcement, unless a dispensation to deal has been granted by the London Stock Exchange. The Company may seek to obtain a dispensation in each such close period if circumstances allow.

### **3. Extraordinary General Meeting**

Set out at the end of this document is the Notice convening the Extraordinary General Meeting to be held at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP on 15 March 2011 at 10.00 a.m. at which a special resolution will be proposed to grant the Company authority to make market purchases of up to 7,722,915 Ordinary Shares (representing approximately 25 per cent. of the existing issued share capital of the Company).

The quorum for the Extraordinary General Meeting is two persons entitled to attend and to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member. On a show of hands, each holder who is present in person or (being a corporation) by a duly authorised representative has one vote. On a poll, each holder who is present in person or by proxy or (being a corporation) by a duly authorised representative has one vote for each Ordinary Share held. In order to be passed, the special resolution must be passed by a majority consisting of not less than three-quarters of the total number of votes cast for and against such resolution.

### **4. Action to be taken in respect of the Extraordinary General Meeting**

A Form of Proxy for use at the Extraordinary General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Registrars at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 13 March 2011. The completion and return of a Form of Proxy will not preclude a Shareholder from attending the Extraordinary General Meeting and voting in person should he or she so wish.

## **5. Recommendation**

The Directors consider the proposal to be fair and reasonable insofar as the Shareholders are concerned and in the best interests of the Company and, accordingly, unanimously recommend Shareholders to vote in favour of the resolution to be proposed at the Extraordinary General Meeting.

Mr. Wilson and I intend to exercise our voting rights in favour of the special resolution in respect of our shareholdings in the Company totalling 60,000 Ordinary Shares representing approximately 0.2 per cent. of the Company's existing issued ordinary share capital.

Yours faithfully

**Geoffrey Vero**  
*Chairman*

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## EPE Special Opportunities plc

*(a company incorporated in the Isle of Man with registered number 108834C)*

**NOTICE IS HEREBY GIVEN THAT** an EXTRAORDINARY GENERAL MEETING of EPE Special Opportunities plc (the “Company”) will be held at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP at 10.00 a.m. on 15 March 2011 to consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

### SPECIAL RESOLUTION

**THAT** the Company generally be and is hereby authorised for the purposes of Section 13 of the Isle of Man Companies Act 1992 to make market purchases (as defined in the aforementioned section) of up to 7,722,915 Ordinary Shares of 5 pence each in the capital of the Company (“**Ordinary Shares**”) provided that:

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 25 per cent. of the issued share capital;
- (b) the minimum price which may be paid for such shares is 5 pence per Ordinary Share;
- (c) the maximum price (exclusive of expenses) which may be paid for such shares shall be £5 per Ordinary Share;
- (d) the authority hereby conferred shall (unless previously varied, revoked or renewed) expire 18 months after the date of this resolution; and
- (e) under the authority hereby conferred and prior to the expiry or revocation of such authority, the Company may make a contract to purchase its own shares which will or may be executed wholly or partly after the revocation of such authority and, pursuant to the contract, the Company may make such purchase after the authority has expired.

By order of the Board

Philip Scales

Date: 18 February 2011

*Registered Office:*

IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM1 1AP

#### Notes:

1. Only shareholders of EPE Special Opportunities plc are entitled to attend and vote at this meeting. Any such shareholder is entitled to appoint a proxy (or proxies) to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company.
2. Completion and return of a form of proxy will not prevent a shareholder from subsequently attending the Extraordinary General Meeting and voting in person if he/she so wishes.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company’s Registrars, not less than 48 hours before the time for holding the meeting or adjourned meeting.