

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek advice from your stockbroker, solicitor, accountant, bank manager or other appropriately authorised independent financial adviser authorised under the Financial Services & Markets Act 2000 (as amended) if you are in the United Kingdom or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document and the accompanying Form of Proxy (but not, if relevant, the personalised Tender Form) 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. However, this document should not be mailed, distributed, sent, forwarded to or transmitted in or into any Restricted Jurisdiction. If you have sold only part of your holding of your Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Tender Offer is not being made, directly or indirectly, in any Restricted Jurisdiction and neither this document nor the accompanying documents may be distributed or sent in or into or from any Restricted Jurisdiction and doing so may render invalid any purported tender. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation to forward this document and/or the accompanying documents should read the paragraph headed "Overseas Shareholders" in Part 2 of this document before taking any action.

Before making any decision in connection with the Tender Offer you are strongly advised to read the whole of this document.

TERRA CAPITAL PLC

*(incorporated and registered in the Isle of Man under the Isle of Man Companies Acts 1931 to 2004
with registered number 118202C)*

Tender Offer

to purchase up to 6,829,924 Ordinary Shares at the Tender Price

and

Notice of Extraordinary General Meeting

Notice of an Extraordinary General Meeting of the Company to be held at the offices of Galileo Fund Services Limited, Millennium House, 46 Athol Street, Douglas, Isle of Man, IM1 1JB on 27 February 2017 at 1.00 p.m. accompanies this document, together with a Form of Proxy for use at the EGM. Whether or not you propose to attend the Extraordinary General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and return it, duly signed, together with any power of attorney under which it is executed to the Company's registrars, Galileo Fund Services Limited, Millennium House, 46 Athol Street, Douglas, Isle of Man, IM1 1JB, as soon as possible but in any event, to be valid, it must be completed and returned so as to arrive not later than 1.00 p.m. on 25 February 2017.

The Tender Offer will close at 1.00 p.m. on 28 February 2017. The Record Date for participation in the Tender Offer is 5.30 p.m. on 30 December 2016 and the Tender Offer will only be available to Shareholders on the Register at that time and date who were also on the Register on 1 April 2016 being the Entitlement Date.

If you wish to tender Ordinary Shares for purchase by the Company pursuant to the Tender Offer and you hold your Ordinary Shares in certificated form, the Tender Form must be completed, signed and returned as soon as possible and, in any event, so as to be received by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) at the offices of the Company's receiving agent, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS13 8AE, not later than 1.00 p.m. on 28 February 2017.

If you wish to tender Ordinary Shares for purchase by the Company pursuant to this Tender Offer and you hold your Ordinary Shares in uncertificated form (that is, in CREST), you must make your tender electronically through CREST so that the relevant TTE instruction(s) settle(s) no later than 1.00 p.m. on 28 February 2017.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Entitlement Date*	1 April 2016
Record Date*	30 December 2016
Announcement of the Extraordinary General Meeting, publication of this document and Tender Offer opens	3 February 2017
Latest time and date for receipt of Forms of Proxy	1.00 p.m. on 25 February 2017
Extraordinary General Meeting	1.00 p.m. on 27 February 2017
Announcement of result of Extraordinary General Meeting	28 February 2017
Latest time and date for receipt of Tender Forms and TTE instructions	1.00 p.m. on 28 February 2017
Announcement of result of Tender Offer	1 March 2017
Creation of assured payment obligations for Tender Offer proceeds for uncertificated Ordinary Shares by	3 March 2017
Despatch of cheques for Tender Offer proceeds and balance share certificates for certificated Ordinary Shares	week commencing 6 March 2017

* In order to participate in the Tender Offer an Eligible Shareholder must have been on the Register on 1 April 2016. If that condition is satisfied the Shareholder is able to participate in the Tender Offer in respect of Ordinary Shares held on the Record Date, being 30 December 2016.

The dates and times specified are subject to change and will be notified by the Company through a Regulatory Information Service. All reference to time are to UK time.

PART 1

LETTER FROM THE CHAIRMAN

TERRA CAPITAL PLC

Dirk Van den Broeck (*Non-executive Chairman*)
Ian Dungate (*Non-executive Director*)
Peter Bartlett (*Non-executive Director*)

Registered Office:
Millennium House
46 Athol Street
Douglas
Isle of Man
IM1 1JB

3 February 2017

To the holders of Ordinary Shares

Dear Shareholder

Proposed Tender Offer to purchase up to 6,829,924 Ordinary Shares at the Tender Price and Notice of Extraordinary General Meeting

1. Introduction

As foreshadowed by the announcement made by the Company on 8 December 2016, during the last nine months of 2016 the Ordinary Shares traded at a discount in excess of 12 per cent. of the Net Asset Value per Ordinary Share. Pursuant to the discount control measures adopted by the Company in January 2016 this has triggered an obligation on the Company to implement a tender offer whereby each Eligible Shareholder (being a Shareholder on the Register on 1 April 2016) shall be offered the opportunity to tender up to 10 per cent. of the Ordinary Shares (if any) held by the Eligible Shareholder on 30 December 2016 (being the Record Date for the Tender Offer) at a price equal to 97 per cent. of the Net Asset Value per Ordinary Share as at 31 December 2016 less the direct costs (including any realisation costs) of making the Tender Offer.

The Net Asset Value of Ordinary Shares as at 31 December 2016 was US\$1.01 and this gives a Tender Price of US\$0.98. Accordingly the Tender Offer now being proposed is in respect of a total of 6,829,924 Ordinary Shares (representing 10 per cent. of the issued share capital of the Company) at a Tender Price of US\$ 0.98 per Ordinary Share. The Tender Price represents a premium of 14.62 per cent. to the middle market closing price of US\$0.85 per Ordinary Share on 2 February 2017 being the latest practicable date before the publication of this document. Shareholders should note that the NAV per Ordinary Share may have increased or decreased since 31 December 2016. It is currently anticipated that the next announcement by the Company of the NAV per Ordinary Share will be made on or around 9 February 2017.

Each Eligible Shareholder is entitled to tender up to ten per cent. of the Ordinary Shares held by the Eligible Shareholder on the Record Date (the "Basic Entitlement"). Eligible Shareholders are also entitled to tender a number of Ordinary Shares in excess of their Basic Entitlement (an "Excess Tender") if they so wish but any such Excess Tender shall only be satisfied to the extent that other Eligible Shareholders tender a number of Ordinary Shares that is less than their Basic Entitlement.

Eligible Shareholders are not obliged to tender any Ordinary Shares and if they do not wish to participate in the Tender Offer, they should not complete or return a Tender Form or submit a TTE Instruction in CREST.

The purpose of this document is to set out the terms of the Tender Offer and also to convene the Extraordinary General Meeting (notice of which is set out at the end of this document) at which a Resolution necessary to approve and implement the Tender Offer will be proposed.

2. Details of the proposed Tender Offer

2.1 General

Under the terms of the Tender Offer, Eligible Shareholders are entitled to tender up to 10 per cent. of the Ordinary Shares held by them on the Record Date. In addition Eligible Shareholders are entitled to tender a number of Ordinary Shares in excess of this Basic Entitlement if they so wish but any such Excess Tender shall only be satisfied to the extent that other Eligible Shareholders tender a number of Ordinary Shares that is less than their Basic Entitlement. Requests for the Excess Tender will be satisfied on a pro-rata basis and all tender applications will be rounded down to the nearest whole number of Ordinary Shares.

The Tender Price will be paid to Eligible Shareholders in US Dollars and will be effected by the despatch of cheques or the crediting of CREST accounts as appropriate.

The Tender Offer is conditional, *inter alia*, the Resolution necessary to implement the Tender Offer being duly passed at the EGM and the Company satisfying the distributable profits requirements under Isle of Man law at the time of the Tender Offer.

The terms and conditions of the Tender Offer are set out in Part 2 of this document.

Details of how an Eligible Shareholder is able to tender Ordinary Shares is set out in paragraph 4 below and in Part 2 of this document.

2.2 Overseas Shareholders

The Tender Offer is not be available to Shareholders with a registered address in a Restricted Jurisdiction. Overseas Shareholders should note that they should satisfy themselves that they have fully observed any applicable legal requirements under the laws of their relevant jurisdiction if they tender Ordinary Shares in the Tender Offer. The attention of Shareholders with registered addresses outside the United Kingdom is drawn to the paragraph headed "Overseas Shareholders" in Part 2 of this document.

2.3 Takeover Code

Following discussions between the Company and the Takeover Panel, the Takeover Panel has agreed that, under Rule 37.1 of the Takeover Code and the notes to that Rule, City of London should be treated as an "innocent bystander" in relation to any increase in its holding of Ordinary Shares as a result of the Tender Offer and will not therefore be required to make an offer under Rule 9 as a result of any increase in its holding created by the Tender Offer.

3. Extraordinary General Meeting

The authorisation of the implementation of the Tender Offer, requires, *inter alia*, the passing of the Resolution which will be proposed at the Extraordinary General Meeting pursuant to which Shareholders shall be asked to approve an ordinary resolution to seek authority to make market purchases of Ordinary Shares pursuant to the Tender Offer.

4. Action to be taken

4.1 Extraordinary General Meeting

Notice of the Extraordinary General Meeting of the Company to be held at the offices of Galileo Fund Services Limited, Millennium House, 46 Athol Street, Douglas, Isle of Man, IM1 1JB on 27 February 2017 at 1.00 p.m. is set out at the end of this document, together with a Form of Proxy for use at the meeting. Whether or not you propose to attend the Extraordinary General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and return it, duly signed, together with any power of attorney under which it is executed to, as soon as possible but in any event, to be valid, it must be completed and returned so as to arrive not later than 1.00 p.m. on 25 February 2017.

If you are a Shareholder but not an Eligible Shareholder (and therefore no Tender Form is enclosed) you are nevertheless entitled to attend and/or vote on the Resolution at the Extraordinary General Meeting.

4.2 **Tender Offer**

It is emphasised that implementation of the Tender Offer is conditional on the passing of the Resolution to be proposed at the Extraordinary General Meeting. The Tender Offer will close at 1.00 p.m. on 28 February 2017.

Eligible Shareholders who hold Ordinary Shares in certificated form will also find accompanying this document a personalised Tender Form for use in connection with the Tender Offer. Eligible Shareholders who wish to tender some or all of the Ordinary Shares registered in their name on the Record Date should complete the Tender Form in accordance with the instructions printed thereon and in Part 2 of this document and return it by post to Computershare, Corporate Actions Projects, Bristol BS99 6HA or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS13 8AE by no later than 1.00 p.m. on 28 February 2017. Shareholders who hold Ordinary Shares in certificated form should also return their share certificate(s) in respect of the Ordinary Shares tendered with the Tender Form.

Shareholders whose Ordinary Shares are held in uncertificated form who wish to participate in the Tender Offer should send the TTE instruction through CREST so as to settle by no later than 1.00 p.m. on 28 February 2017. Such Shareholders should comply with those procedures set out in Part 2 of this document in respect of transferring uncertificated Shares to escrow through CREST.

5. Taxation

A summary of certain tax considerations for Eligible Shareholders under English law in relation to the Tender is set out in Part 3 of this document.

Shareholders are strongly advised to obtain their own tax advice. If a Shareholder is in any doubt as to their tax position they should consult an appropriate financial, investment or taxation adviser.

6. Recommendation

The Board considers that the Tender Offer described in this document is in the best interests of Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolution, as they intend to do in respect of their own holdings of Ordinary Shares and Ordinary Shares under their control representing, in aggregate, approximately 1.34 per cent. of the issued share capital of the Company.

The Board is making no recommendation to Shareholders in relation to participation in the Tender Offer. Whether or not Shareholders decide to tender their Ordinary Shares will depend, amongst other things, on their own individual circumstances, including their own tax position. Shareholders are recommended to consult an appropriately authorised independent adviser in determining whether or not to participate in the Tender Offer and to the extent of such participation.

Yours faithfully

Dirk Van de Broeck

Independent Non-executive Director

PART 2

TERMS AND CONDITIONS OF THE TENDER OFFER

1. Terms and Conditions

- (a) The Tender Offer is conditional on:
 - (i) the Resolution being duly passed at the EGM; and
 - (ii) the Directors being satisfied, in the light of the number of Ordinary Shares tendered pursuant to the Tender Offer, that immediately following the payment of the Tender Price in respect thereof the Company will have sufficient distributable profits to satisfy payment of the aggregate Tender Price.
- (b) Each Eligible Shareholder is entitled, subject to the terms and conditions set out in Part 2, to tender up to 10 per cent. of the Ordinary Shares held by the Eligible Shareholder on the Record Date (the “**Basic Entitlement**”) Eligible Shareholders are permitted to submit Tender Forms or TTE Instructions in respect of Ordinary Shares that are in excess of their Basic Entitlement (“**Excess Tenders**”). To the extent that other Eligible Shareholders have not taken up their Basic Entitlement (thereby creating “**Excess Capacity**”) Eligible Shareholders will have their Excess Tenders satisfied in full to the extent that the Excess Capacity exceeds the aggregate Excess Tenders. To the extent that the aggregate Excess Tenders exceeds Excess Capacity, Excess Tenders shall be satisfied *pro rata* (by value) to the amount of the Eligible Shareholders Basic Entitlement.
- (c) To the extent that the total aggregate consideration payable to an Eligible Shareholder under the Tender Offer would require that Shareholder to be paid a fraction of a cent, the amount of that consideration shall be rounded down to the nearest whole cent.
- (d) Tender Forms which have been, or are deemed to be, validly and properly completed and received by the Receiving Agent prior to 1.00 p.m. on 28 February 2017 will become irrevocable at such time as they are received.
- (e) The Tender Offer will close at 1.00 p.m. on 28 February 2017 and no Tender Forms or TTE instructions received after that time will be accepted in whole or in part.
- (f) Ordinary Shares successfully tendered will be purchased by the Company fully paid and free from all liens, charges, equitable interests and encumbrances and with all rights attaching to the same and will not rank for any future dividends or other distributions.
- (g) All tenders in respect of Ordinary Shares held in certificated form must be made on the accompanying Tender Form duly completed in accordance with the instructions set out below and in the Tender Form. Share certificate(s) and/or other document(s) of title must be submitted with the Tender Form. If applicable, a balance certificate in respect of the remaining unsold Ordinary Shares will be sent to the Shareholder after completion of the Tender Offer.
- (h) All tenders in respect of Ordinary Shares held in uncertificated form (that is, in CREST) must be made by the input and settlement of a TTE instruction in CREST.
- (i) The Tender Offer and all tenders and Tender Forms will be governed by and construed in accordance with Isle of Man law. Delivery of a Tender Form or the input of a TTE instruction in CREST, as applicable, will constitute submission to the exclusive jurisdiction of the courts of the Isle of Man.
- (j) It is expected that the results of the Tender Offer will be announced on 1 March 2017.
- (k) The decision of the Directors as to the results of the Tender Offer shall be final and binding on all Eligible Shareholders.
- (l) All questions as to the number of Ordinary Shares tendered, and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Ordinary Shares will be determined

by the Company, in its sole and absolute discretion, which determination shall be final and binding on all of the parties (except as otherwise required under applicable law).

- (m) The Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of payment for which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right to waive any of the terms or conditions of the Tender Offer and any defect or irregularity in the tender of any particular Ordinary Shares. No tender of Ordinary Shares will be deemed to be validly made until all defects or irregularities (if any) have been cured or waived. In the event of a waiver, the consideration under the Tender Offer will not be despatched until after the Tender Form is complete in all respects and the share certificates and/or other document(s) of title satisfactory to the Company have been received or until after the relevant TTE instruction has settled (as the case may be).
- (n) Ordinary Shares will be purchased by the Company under the Tender Offer free of commissions and dealing charges.
- (o) The failure of any Eligible Shareholder to receive a copy of this document or, for a person who holds his Ordinary Shares in certificated form, the Tender Form shall not invalidate any aspect of the Tender Offer. None of the Company, Receiving Agent or any other person will incur any liability in respect of any person failing to receive this document and/or the Tender Form.

2. Tender Procedure

(a) *Ordinary Shares held in certificated form (that is, not in CREST)*

To tender your Ordinary Shares held in certificated form you must complete the Tender Form. The completed Tender Form should either be sent by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH or delivered by hand (during normal business hours only) to the offices of the Receiving Agent, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS13 8AE, as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on 28 February 2017. No tenders received after that time will be accepted subject to the absolute discretion of the Company. No acknowledgement of receipt of documents will be given. The completed and signed Tender Form should be accompanied, where possible, by the relevant share certificate(s) and/or other document(s) of title.

If your share certificate(s) and/or other document(s) of title is/are not readily available (for example, if they are with your stockbroker, bank or other agent) or are lost, the Tender Form should nevertheless be completed, signed and returned as described above so as to be received by the Receiving Agent, Computershare, not later than 1.00 p.m. on 28 February 2017, together with any share certificate(s) and/or documents(s) of title that you may have available with a note of explanation stating that you have lost one or more of your share certificate(s) and/or other document(s) of title.

In respect of those Ordinary Shares for which your share certificate(s) is/are lost, you should complete a letter of indemnity, which can be obtained by contacting the Receiving Agent by telephone on the helpline number below. This indemnity should be returned as described above so as to be received not later than 1.00 p.m. on 28 February 2017. Do not wait to receive your letter of indemnity before submitting your Tender Form. The Directors reserve the right to accept a tender of Ordinary Shares in respect of which neither share certificate(s) nor a letter of indemnity have been received.

Where you have returned a letter of indemnity in respect of unavailable share certificate(s) and you subsequently find or obtain the relevant share certificate(s), you should immediately send the share certificate(s) by post or (during normal business hours only) by hand to the Receiving Agent, as described above.

If an Eligible Shareholder does not deliver his share certificate(s) by 1.00 p.m. on 28 February 2017, the Company may deem (in its absolute discretion) that such Eligible Shareholder has only tendered the number of Ordinary Shares in respect of which share certificate(s) have been received.

After the completion of the Tender Offer, new share certificates will be issued to each Eligible Shareholder who, following their participation, in the Tender Offer, continues to hold Ordinary Shares to reflect their reduced holding of Ordinary Shares. If the Tender Offer does not become unconditional

and lapses, Tender Forms, share certificate(s) and other document(s) of title will be returned to Eligible Shareholders by post not later than 14 days after the date of such lapse.

If you hold Ordinary Shares in certificated form but under different designations, you should complete a separate Tender Form, as appropriate, in respect of each designation. If you require additional Tender Forms please contact the Receiving Agent by telephone on the helpline number below.

If you are in any doubt as to the procedure for tendering Ordinary Shares please contact the Receiving Agent, Computershare on 0370 707 4040 from within the UK or on +44 (0)370 707 4040 if calling from outside the UK. Calls to the helpline number cost approximately 8 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday.

Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

(b) **Ordinary Shares held in uncertificated form (that is, in CREST)**

If you hold Ordinary Shares in uncertificated form (that is, in CREST) you may tender such Ordinary Shares by submitting a TTE instruction in accordance with the procedure set out in sub-paragraph 2(c) below and, if those Ordinary Shares are held under different member account IDs, you should send a separate TTE instruction and Tender Form for each member account ID.

To tender Ordinary Shares in uncertificated form you should not submit a Tender Form but you should take (or procure the taking of) the action set out below to transfer (by means of a TTE instruction) the number of Ordinary Shares which you wish to tender under the Tender Offer to the appropriate escrow account, specifying the Receiving Agent (in its capacity as a CREST participant under the relevant participant ID(s) and member account ID(s) referred to below) as the Escrow Agent, as soon as possible and in any event so that the TTE instruction settles by no later than 1.00 p.m. on 28 February 2017. Please note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure you time the input of any TTE instructions accordingly.

An Electronic Tender shall constitute an offer to sell the number of Ordinary Shares at the Tender Price on the terms of the Tender Offer, by transferring such shares to the escrow account detailed at sub-paragraph (c) below.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Ordinary Shares are held. In addition, only your CREST sponsor will be able to send the TTE instruction to Euroclear in relation to the Ordinary Shares which you wish to tender.

After settlement of a TTE instruction, you will not be able to access in CREST for any transaction or charging purposes the Ordinary Shares the subject of such TTE instruction, notwithstanding that they will be held by Receiving Agent as the Escrow Agent until completion or lapsing of the Tender Offer. If the Tender Offer becomes unconditional and the relevant tender is accepted, the Escrow Agent will transfer the Ordinary Shares to the Company for cancellation or to be held in treasury.

You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined below. This can be found on the Euroclear website at www.euroclear.com.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Ordinary Shares to settle prior to 1.00 p.m. on 28 February 2017. In this

connection you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

(c) **Electronic Tenders**

To tender Ordinary Shares in uncertificated form you should send (or if you are a CREST sponsored member, procure your sponsor sends) to Euroclear a **TTE instruction** in relation to such Ordinary Shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following additional details:

- (i) the number of Ordinary Shares in respect of which you wish to tender and which are to be transferred to an escrow account;
- (ii) your member account ID;
- (iii) your participant ID;
- (iv) the participant ID of the Escrow Agent, Computershare, Corporate Action Projects, Bristol BS99 6AH, in its capacity as a CREST receiving agent. This is 3RA38;
- (v) the member account ID of the Escrow Agent, Computershare, Corporate Action Projects, Bristol BS99 6AH. For the purposes of the Tender this is TERTENO1;
- (vi) the corporate action ISIN, which is IM00B1GJR404;
- (vii) the intended settlement date. This should be as soon as possible and, in any event, not later than 1.00 p.m. on 28 February 2017;
- (viii) input with standard delivery instruction of priority 80;
- (ix) the corporate action number for the Tender Offer. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST; and
- (x) the contact name and telephone number inserted in the shared note field.

You are recommended to refer to the CREST Manual for further information on the CREST procedures outlined above.

An appropriate announcement through a Regulatory Information Service will be made if any of the details contained in this paragraph are altered.

(d) **Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST**

Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Ordinary Shares or otherwise). Eligible Shareholders who are proposing to convert any such Ordinary Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Ordinary Shares as a result of the conversion to take all necessary steps in connection with such person's participation in the Tender Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 28 February 2017.

If you are in any doubt as to how to complete the Tender Form or as to the procedure for making an Electronic Tender, please contact the Receiving Agent, Computershare, Corporate Action Projects, Bristol BS99 6AH on 0370 707 4040 from within the UK or on +44 (0)370 707 4040 if calling from outside the UK. Calls to the helpline number cost approximately 8 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

Eligible Shareholders should note that once tendered, Ordinary Shares may not be sold, transferred, charged or otherwise disposed of.

3. Effect of Tender

Each Eligible Shareholder by whom, or on whose behalf, a Tender Form or TTE instruction is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and the Receiving Agent (so as to bind him, his personal or legal representatives, heirs, successors and assigns) that:

- (a) in respect of a Eligible Shareholder:
 - (i) by whom, or on whose behalf, a Tender Form is executed, the execution of the Tender Form and submission of valid share certificate(s) or document(s) that shall constitute an offer to sell to the Company at the Tender Price, the number of Ordinary Shares specified on the Tender Form (or deemed to be inserted) in each case on and subject to the terms and conditions set out and referred to in this document and that, once lodged, such offer shall be irrevocable;
 - (ii) by whom, or on whose behalf, a Tender Form is executed, the execution of the Tender Form shall constitute an offer to sell to the Company at the Tender Price, the number of Ordinary Shares specified on the Tender Form (or deemed to be inserted) in each case on and subject to the terms and conditions set out and referred to in this document and that, once lodged, such offer shall be irrevocable notwithstanding that valid share certificate(s) or documents have not been submitted; and an appropriate indemnity in favour of the Company shall be completed and executed by or on behalf of the Shareholder (or by an attorney pursuant to sub-paragraph 3(c));
 - (iii) by whom, or on whose behalf an Electronic Tender is made, the input of the TTE instruction shall constitute an offer to sell to the Company at the Tender Price, the number of Ordinary Shares specified on the TTE instruction (or deemed to be inserted) in each case on and subject to the terms and conditions set out and referred to in this document and that once the TTE instruction has been received and the TTE instruction has settled, such tender shall be irrevocable;
- (b) such Eligible Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and when the same are purchased under the Tender Offer the Company will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature together with all rights attaching thereto;
- (c) the execution of the Tender Form or the input of the TTE instruction (as appropriate) will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of the Company, or other person(s) nominated by the Company, as such Eligible Shareholder's attorney and/or agent ("**attorney**") and an irrevocable instruction and authorisation for the attorney to complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to the Ordinary Shares being tendered by that Eligible Shareholder (including any indemnity for share certificate(s) which should have been submitted with the Tender Form) and to deliver such instrument(s) of transfer and/or other documents at the discretion of the attorney, together with the share certificate(s) and/or any other document(s) relating to such Ordinary Shares, for registration on the Tender Offer becoming unconditional and to do all such other acts and things as may, in the opinion of such attorney, be necessary or expedient for the purpose of, or in connection with, the Tender Offer;
- (d) such Eligible Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by such attorney and/or by the Company or any of its directors in the proper exercise of its or his or her powers and/or authorities hereunder;
- (e) such Eligible Shareholder shall do all such things and acts as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable to complete the Company's purchase of Ordinary Shares pursuant to the Tender Offer and/or to perfect any of the authorities expressly given hereunder;
- (f) the creation of an assured payment obligation in favour of an Eligible Shareholder's payment bank in accordance with the CREST assured payment arrangements as referred to in paragraph 4 (headed "Purchase of Ordinary Shares and Settlement") in this Part 2 will, to the extent of the obligations so created, discharge fully any obligation of the Company to pay to such Eligible Shareholder the cash consideration to which he is entitled pursuant to the Tender Offer;
- (g) on execution each Tender Form takes effect as a deed;
- (h) in respect of Ordinary Shares held in uncertificated form, the input of a TTE instruction constitutes the irrevocable appointment of Computershare as the Eligible Shareholder's attorney and/or agent (with power to delegate to any director of Receiving Agent) and an irrevocable instruction and authority to

the attorney and/or agent: (i) subject to the Tender Offer becoming unconditional, to transfer to itself by means of CREST the Ordinary Shares in respect of which the Tender Offer has been accepted (but not exceeding the number of Ordinary Shares which have been tendered pursuant to the Tender Offer); and (ii) if the Tender Offer does not become unconditional and lapses or has been terminated, or there are Ordinary Shares which have not been accepted under the Tender Offer, to give instructions to Euroclear, as promptly as practicable after the lapsing of the Tender Offer, to transfer all such Ordinary Shares to the original available balances from which those Ordinary Shares came;

- (i) that, subject to the Tender Offer becoming unconditional, the execution of a Tender Form or the inputting of a TTE instruction (as appropriate), constitutes an irrevocable authorisation and request:
 - (i) if the Ordinary Shares concerned are in certificated form, to the Company to procure the despatch by post of a cheque drawn in US dollars at a branch of a UK clearing bank for the cash consideration to which a tendering Eligible Shareholder is entitled, at the risk of such Shareholder, to the registered holder(s); and
 - (ii) if the Ordinary Shares are in uncertificated form, to the Company to procure the creation of an assured payment obligation in favour of the payment bank of the tendering Shareholder in accordance with the CREST assured payment arrangements in respect of the cash consideration to which such Eligible Shareholder is entitled;
- (j) such Eligible Shareholder, if an Overseas Shareholder, has fully observed and complied with any applicable legal requirements so that the invitation under the Tender Offer may be lawfully made to him under the laws of the relevant jurisdiction;
- (k) such Eligible Shareholder is not a resident of any Restricted Jurisdiction, does not hold any Ordinary Shares which he has tendered on behalf of a resident of any Restricted Jurisdiction and has not received or sent copies or originals of this document, the Tender Form or any related document in, into or from any Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer directly or indirectly, the mails of or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone and Internet) of interstate or foreign commerce of, or any facility of a national securities exchange of, any Restricted Jurisdiction, the Tender Form has not been mailed or otherwise been sent in, into or from any Restricted Jurisdiction and such Eligible Shareholder is tendering Ordinary Shares pursuant to the Tender Offer from outside the Restricted Jurisdiction and such Eligible Shareholder is not an agent or fiduciary acting on a non-discretionary basis for the principal who has given any instructions with respect to such Ordinary Shares;
- (l) that the execution of a Tender Form or the input of the TTE instruction (as appropriate) constitutes such Eligible Shareholder's submission to the jurisdiction of the courts of the Isle of Man in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form;
- (m) the execution of the Tender Form constitutes a warranty by such Eligible Shareholder that the information given by or on behalf of the Eligible Shareholder in the Tender Form will be true in all respects at the time the Company purchases the Ordinary Shares referred to in sub-paragraph 3(a) above as if it had been given afresh at such time and shall not be extinguished by such purchase;
- (n) a reference to a "Eligible Shareholder" includes a reference to the person or persons executing the Tender Form or inputting the TTE instruction and, in the event of more than one person executing a Tender Form or inputting the TTE instruction, will apply to them jointly and severally; and
- (o) all documents and payments sent to, from, by or on behalf of an Eligible Shareholder are sent entirely at their own risk.

4. Purchase of Ordinary Shares and settlement

Unless the Tender Offer is terminated, the outcome of the Tender Offer is expected to be announced by no later than 8.00 a.m. on 1 March 2017.

To the extent that the total aggregate consideration payable to a Eligible Shareholder under the Tender Offer would require that Shareholder to be paid a fraction of a cent, the amount of that consideration shall be rounded down to the nearest whole cent.

The payment of any consideration for Ordinary Shares pursuant to the Tender Offer will be made only after the relevant TTE instruction has settled (in the case of CREST transfers) or (as may be the case) timely

receipt by the Receiving Agent of share certificate(s) and/or other documents of title, a properly completed and duly executed Tender Form and any other documents required by the Tender Form (in the case of Ordinary Shares held in certificated form).

Delivery of cash for the Ordinary Shares to be purchased by the Company pursuant to the Tender Offer will be made by the Receiving Agent, who will act as agent for tendering Shareholders for the purpose of receiving the cash and transmitting such cash to tendering Shareholders. Under no circumstances will interest be paid on the cash to be paid by the Company notwithstanding any delay in making such payment.

If any tendered Ordinary Shares are not purchased by the Company pursuant to the terms of the Tender Offer, in the case of Ordinary Shares held in certificated form relevant share certificates evidencing any such Ordinary Shares and/or other documents of title will be returned or sent as promptly as practicable without expense to, but at the risk of, the Eligible Shareholders tendering their Ordinary Shares or in the case of Ordinary Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all such Ordinary Shares held in escrow balances by TFE instruction to the original available balances from which those Ordinary Shares came.

Settlement of the consideration to which any Eligible Shareholder is entitled pursuant to valid tenders accepted by the Company will be made as follows:

(a) **Ordinary Shares in uncertificated form (that is, in CREST)**

Where an accepted tender relates to Ordinary Shares held by Eligible Shareholders in uncertificated form, the consideration will be paid in US dollars through CREST by the Receiving Agent (on behalf of the Company) procuring the creation of an assured payment obligation by 3 March 2017 in favour of the payment banks of tendering Eligible Shareholders in accordance with the CREST assured payment arrangements.

The Company reserves the right to settle all or any part of the consideration referred to in this sub-paragraph 4(a), for all or any tendering Eligible Shareholder(s), in the manner referred to in sub-paragraph 4(b) below if, for any reason, it wishes to do so.

(b) **Ordinary Shares in certificated form**

Where an accepted tender relates to Ordinary Shares held by Eligible Shareholders in certificated form, cheques for the consideration will be despatched on during the week commencing 6 March 2017 by the Receiving Agent (on behalf of the Company) by first class post, at the risk of registered holder(s). All payments will be made in US dollars by cheque, drawn on a branch of a UK clearing bank at the risk of the person(s) entitled thereto.

5. Overseas Shareholders

(a) The making of the Tender Offer in, or to persons resident in, jurisdictions outside the United Kingdom or custodians, nominees or trustees for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom may be prohibited or affected by the laws of the relevant overseas jurisdiction. Eligible Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any such Eligible Shareholder wishing to tender Ordinary Shares to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction. Any such Eligible Shareholder will be responsible for any such issue, transfer or other taxes by whomsoever payable and the Company and any person acting on their behalf shall be fully indemnified and held harmless by such Eligible Shareholder for any such issue, transfer or other taxes such person may be required to pay. No steps have been taken to register or qualify the Tender Offer or to authorise the extending of this Tender Offer or the distribution of this document, the Tender Form and any related documents in any territory outside the United Kingdom.

(b) In particular, the Tender Offer is not being made, directly or indirectly, in or into, or by the use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or any facility of a

national securities exchange of the United States or in or into Canada, Australia, South Africa or Japan (the “**Restricted Jurisdictions**”), and Ordinary Shares cannot be tendered by any such use, means, instrumentality or facility or from within the United States. This includes, but is not limited to, post, facsimile transmission, telex, electronic mail and telephone. Accordingly, copies of this document, the Tender Form and any related documents are not being and must not be mailed or otherwise distributed or sent in, into or from any of the Restricted Jurisdictions, including to Eligible Shareholders with registered addresses in any of the Restricted Jurisdictions or to persons who are custodians, nominees or trustees holding shares for person in any of the Restricted Jurisdictions. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from, any of the Restricted Jurisdictions or use such mails or any such means, instrumentality or facility, in connection with the Tender Offer, and so doing may render invalid any purported tender under the Tender Offer. Persons wishing to tender under the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to any tender under the Tender Offer. Envelopes containing Tender Forms should not be postmarked in any of the Restricted Jurisdictions or otherwise despatched from any of the Restricted Jurisdictions and all tendering Shareholders must provide addresses outside the Restricted Jurisdictions for the remittance of cash or return of any documents.

- (c) An Eligible Shareholder will be deemed not to have tendered Ordinary Shares pursuant to the Tender Offer if: (i) such Eligible Shareholder is unable to make the representations and warranties set out in paragraph 3 (headed “Effect of Tender”) in this Part 2; (ii) such Eligible Shareholder completes Box 1 of a Tender Form with an address in any of the Restricted Jurisdictions or has a registered address in any of the Restricted Jurisdictions or (iii) the Tender Form received from him is in an envelope postmarked in, or which otherwise appears to the Company or its agents to have been sent from any of the Restricted Jurisdictions. The Company and its agents reserve the right, in their absolute discretion, to investigate in relation to any acceptance, whether the representations and warranties referred to in sub-paragraphs (i) and (k) of paragraph 3 (headed “Effect of Tender”) in this Part 2 given by any Eligible Shareholder are correct and, if such investigation is undertaken and as a result the Company determines (for any reason) that such representation and warranty is not correct, such acceptance shall not be valid. If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Tender Form or any related documents in, into or from any of the Restricted Jurisdictions, such person should:
- (i) inform the recipient of such fact;
 - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - (iii) draw the attention of the recipient to this paragraph 5 headed “Overseas Shareholders” in this Part 2.
- (d) The provisions in this paragraph 5 headed “Overseas Shareholders” and/or any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards a specific Eligible Shareholder or on a general basis by the Company in its absolute discretion but only if the Company is satisfied that such waiver, variation or modification will not constitute or give rise to breach of applicable securities or other laws. Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.

6. Additional provisions

All powers of attorney and authorities conferred by or referred to in this document or the Tender Form are given by way of security for the performance of the obligations of the Eligible Shareholders concerned and irrevocable in accordance with section 3 of the Powers of Attorney Act 1987.

Any changes to the terms, or any extension or termination of the Tender Offer will be followed as promptly as practicable by a public announcement thereof by no later than 1.00 p.m. on the Business Day following the date of such changes. In this case, the definitions, times and dates mentioned throughout this document shall be deemed to be adjusted accordingly. Such an announcement will be released to an RIS. References

to the making of an announcement by the Company includes the release of an announcement on behalf of the Company to the press and delivery of, or telephone or facsimile or other electronic transmission of, such announcement to an RIS.

Except as contained in this document, no person has been authorised to give any information or make any representations with respect to the Company or the Tender Offer and, if given or made, such other information or representations should not be relied on as having been authorised by the Company. Under no circumstances should the delivery of this document or the delivery of any consideration pursuant to the Tender Offer create any implication that there has been no change in the assets, properties, business or affairs of the Company since the date of this document.

The terms of the Tender Offer (including, without limitation, the times and dates referred to in this document) may be varied, amended or modified by the Company if the Company believes (in its sole discretion) that any such variation, amendment or modification is either non-material in nature, correcting what it believes to be a manifest error or is otherwise in the interests of all Shareholders. Any such variation, amendment or modification will be publicly announced as soon as practicable by way of an RIS.

7. Further information

Your attention is drawn to the information contained in the rest of this document and the Tender Form and Form of Proxy which accompany this document.

PART 3

TAXATION

1. United Kingdom Taxation

The information below, which is of a general nature and which relates only to UK taxation, is applicable to persons who are resident and ordinarily resident in the UK, who hold Ordinary Shares as an investment and not as an asset of a financial or other trade and who do not hold their Ordinary Shares by reason of an employment or office. It is based on the law and practice of HM Revenue and Customs as at the date of this document and is subject to subsequent changes therein.

Any change in the place of the Company's tax residence or domicile, or any other change in the Company's tax status, or in taxation legislation in the UK or any other tax jurisdiction affecting shareholders, could affect the value of the investments held by the Company or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post-tax returns to Eligible Shareholders.

Any Eligible Shareholders who are in any doubt as to the tax implications of the Tender Offer should consult their own professional adviser without delay.

The Tender Offer

UK Taxation

Disposal of Ordinary Shares under the Tender Offer

The disposal of Ordinary Shares to the Company under the Tender Offer would potentially be subject to the application of the UK Offshore Fund Rules. However, these rules only apply to entities that meet the definition of a "mutual fund" in section 356 of the Taxation (International and Other Provisions) Act 2010. The Company should not meet the conditions for being classed as a mutual fund on the basis of HM Revenue and Customs published guidance that a buy-back at a small discount to Net Asset Value should not on its own mean that a fund constitutes a "mutual fund" unless it was clear to a reasonable investor at the time they invested that there were arrangements intended to ensure that such buy-back was at or very close to Net Asset Value.

Individual Shareholders

The disposal of Ordinary Shares under the Tender Offer by an individual resident or ordinarily resident in the UK should constitute a disposal for capital gains tax purposes and any chargeable gain may be liable to capital gains tax. The liability to tax and the rate of tax will depend on the Eligible Shareholder's circumstances and the availability of exemptions or allowable losses. Broadly, capital gains are taxed either at a rate of 10 per cent., or if any part of the taxpayer's income is taxed at the higher rate or dividend upper rate, at a rate of 20 per cent., to the extent that the taxpayer has exceeded their annual exemption from capital gains (which is £11,100 for the year 2016/2017).

Corporate Shareholders

Eligible Shareholders that are bodies corporate within the charge to UK corporation tax will be charged to corporation tax on any chargeable gain arising as a result of disposal of the Ordinary Shares under the Tender Offer subject to the availability of any allowable losses to set off against the chargeable gain or indexation allowances to reduce any chargeable gain arising.

DEFINITIONS

In this document and the Tender Form the following definitions apply unless the context requires otherwise:

“1931 Act”	the Isle of Man Companies Act 1931 (as amended)
“Administrator”	Galileo Fund Services Limited or such other administrator as may be appointed by the Company from time to time
“AIM”	the market of that name operated by the London Stock Exchange plc
“AIM Rules”	the AIM Rules for Companies of the London Stock Exchange
“Articles”	the existing articles of association of the Company
“Basic Entitlement”	ten per cent. of the Ordinary Shares held by an Eligible Shareholder on the Record Date
“Board” or “Directors”	the board of directors of the Company from time to time
“certificated” or “in certificated form”	an Ordinary Share which is not in uncertificated form
“City of London”	City of London Investment Group PLC and its subsidiaries and to include funds managed or advised by City of London Investment Group PLC or its subsidiaries
“Company”	Terra Capital PLC
“Computershare”	Computershare Investor Services PLC
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
“CREST regulations”	the Uncertificated Securities Regulations 2005 of the Isle of Man (as amended)
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor being a sponsoring system-participant (as defined in the CREST Regulations)
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member
“Directors”	the directors of the Company
“EGM” or “Extraordinary is General Meeting”	the extraordinary general meeting of the Company notice of which set out at the end of this document
“Eligible Shareholder”	a Shareholder on the Register on the Entitlement Date

“Electronic Tender”	the inputting and settlement of a TTE instruction in accordance with the procedures set out in Part 2 of this document which constitutes or is deemed to constitute a tender of Ordinary Shares pursuant to, and on the terms of, the Tender Offer as set out in this document
“Entitlement Date”	1 April 2016
“Escrow Agent”	Computershare
“Euroclear”	Euroclear UK & Ireland Limited
“Excess Capacity”	the aggregate number of Ordinary Shares in respect of which Eligible Shareholders do not take up their Basic Entitlement
“Excess Tender”	a number of Ordinary Shares tendered by an Eligible Shareholder in excess of his Basis Entitlement
“Form of Proxy”	the enclosed form of proxy for use by Shareholders in connection with the EGM
“member account ID”	the identification code or number attached to any member account in CREST
“Net Asset Value”	the net asset value of the Company
“Net Asset Value per Share”	the NAV divided by the number of Ordinary Shares in issue
“Ordinary Shares” or “Shares”	ordinary shares of US\$0.10 each in the capital of the Company
“Overseas Shareholders”	Eligible Shareholders who are citizens or nationals of, or resident in, jurisdictions outside the Isle of Man and the United Kingdom
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Receiving Agent”	Computershare
“Record Date”	5.30 p.m. on 30 December 2016
“Register”	the register of members of the Company
“Registrar”	Computershare Investor Services (Jersey) Limited
“Resolution”	the resolution to be proposed at the Extraordinary General Meeting
“Restricted Jurisdiction”	has the meaning given to that term in paragraph 5(b) of Part 2 of this document
“RIS” or “Regulatory Information Service”	a regulatory information service
“Rule”	rules contained in the Takeover Code
“Shareholders”	holders of Ordinary Shares
“Takeover Code”	the UK City Code on Takeovers and Mergers
“Takeover Panel”	the UK Panel on Takeovers and Mergers
“Tender Form”	the tender form accompanying this document for use by Eligible Shareholders in connection with the Tender Offer

“Tender Offer”	the invitation by the Company to Eligible Shareholders to tender Ordinary Shares for conditional purchase by the Company on the terms and subject to the conditions set out in this document and the Tender Form
“Tender Price”	US\$0.98 per Ordinary Share
“TFE Instruction”	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear)
“TTE instruction”	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear)
“uncertificated” or “in uncertificated form”	recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“UK”	the United Kingdom of Great Britain and Northern Ireland
“US\$” or “US Dollars”	United States Dollar being the currency of the United States of America.

NOTICE OF EXTRAORDINARY GENERAL MEETING

TERRA CAPITAL PLC

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the members of Terra Capital plc (the “**Company**”) will be held at the offices of Galileo Fund Services Limited, Millennium House, 46 Athol Street, Douglas, Isle of Man, IM1 1JB on 27 February 2017 at 1.00 p.m. for the purpose of considering and, if thought fit passing the following resolution which will be proposed as ordinary resolution:

ORDINARY RESOLUTION

1. **THAT** the Company be and is hereby authorised to make market purchases (within the meaning of Section 13 of the Isle of Man Companies Act 1992) of ordinary shares of US\$0.10 in the Company (“Ordinary Shares”) pursuant to the Tender Offer (as described in the circular to Shareholders dated 3 February 2017) provided that:
 - (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 6,829,924 Ordinary Shares in issue at the time of the passing of this resolution;
 - (ii) the maximum price and the minimum price which may be paid for any Ordinary Share is US\$0.98; and
 - (iii) this authority shall expire at the conclusion of the next annual general meeting of the Company or 18 months after the passing of this resolution (whichever is earlier).

3 February 2017

Registered Office
Millennium House
46 Athol Street
Douglas
Isle of Man
IM1 1JB

By order of the Board

Ian Dungate
Company Secretary

Notes to the Notice of Extraordinary General Meeting

1. A Form of Proxy is enclosed for your use if desired. To be valid, a Form of Proxy, together with a power of attorney or other authority, if any, under which it is executed, or a notorially certified copy thereof, must be deposited at the Company’s administrators, Galileo Fund Services Limited, Millennium House, 46 Athol Street, Douglas, Isle of Man IM1 1JB not less than 48 hours before the time for holding the meeting or adjourned meeting.
2. A member of the Company entitled to attend and vote at the above EGM is entitled to appoint a proxy to attend and on a poll vote in his or her place. A proxy need not be a member of the Company. A proxy of a member’s own choice may be appointed by inserting the proxy’s name on the Form of Proxy in the space provided. If you do not use another name on the form, the Chairman of the EGM will act as your proxy.
3. A member may appoint more than one proxy in relation to this EGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her. To appoint more than one proxy please photocopy the Form of Proxy. If you do so please indicate the name of the proxy and the number of Ordinary Shares in relation to which they are authorised to act as your proxy.
4. If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. When two or more valid but differing appointments of proxy are delivered in respect of the same share for use at the same meeting and in respect of the same matter, the proxy which is last validly delivered shall be treated as replacing and revoking the other or others as regards that share.
5. The appointment of a proxy will not preclude a member from attending and voting at the EGM in person should he subsequently decide to do so.
6. In the case of joint holders of Ordinary Shares, the vote of the senior shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
8. The ordinary resolution will be passed either (i) on a show of hands by a majority of not less than 50 per cent. of such members as are present and voting at the EGM respectively; or (ii) on a poll of members of the Company holding not less than 50 per cent. of voting rights attributable to the shares held by the member or members present and voting at the EGM respectively.