

Interim Management Statement

8 May 2013

HgCapital Trust plc (the 'Trust'), today issues its Interim Management Statement in accordance with FCA Disclosure and Transparency Rule 4.3. This statement relates to the period from 1 January 2013 to 7 May 2013 and incorporates the Trust's calculation of its Net Asset Value (NAV) at 30 April 2013, in the same form as is issued following the end of each month. The NAV at 30 April 2013 is based on the valuations of unquoted investments as at 31 December 2012, as set out in the annual report issued on 8 March 2013, with any subsequent investment completed by the date of the announcement accounted for at cost; in addition, adjustments are made for realisations, exchange rates, changes in the value of quoted securities, dividends payable and net revenues during the period.

Activity during the period

Investment Environment

The Board and the Manager have held a cautious view of Western European economic prospects since 2009, assuming minimal levels of GDP growth and greater volatility, generally taking a more bearish stance than most economic commentators over the last four years. The views of the Board and the Manager on the current investment environment remain substantially unchanged:

- The macro-economic environment remains weak across Western Europe where the Manager invests, although world growth remains robust;
- We continue to see poor economic indicators and market sentiment across most of the regions in which our Manager, HgCapital, invests; and
- General economic indicators suggest there is more risk on the downside than opportunity on the upside.

However, the Board believes that macro-economic factors have relatively little bearing on the Trust's investment performance over the medium and long-term. This is because the Manager's investment strategy is focused on using its deep sector expertise to identify market niches that will exhibit strong secular growth despite a weak domestic economy and provide consistent opportunities to invest in multiple businesses that benefit from these fundamental growth trends.

The Manager uses its sector expertise to identify the highest quality, growth companies in market niches which are themselves growing at typically 2-3 times GDP, driven by fundamental long-term factors.

The Manager remains relatively cautious about new investment, although within its sectors of expertise it continues to find pockets of opportunity to acquire market leading businesses at reasonable prices, usually where it has had the opportunity to build relationships with such companies over many years before making an investment.

The Manager has taken the opportunity offered by strong credit markets to re-leverage a number of its lowly geared or de-geared investments in the last six months and returned over

£77 million to clients of which £11.6 million was returned to the Trust as a result. Both trade and financial buyers continue to express interest in acquiring a number of the Manager's portfolio companies, in recognition of their growth and market positions. The Manager will continue to consider realising its investments as it has done consistently over several years.

New Investments

The Trust has participated in further investments in the buy-out and Renewable Energy funds, totalling £3.2 million in the period since 1 January 2013.

Realisations

In January, RPP1's development assets of the UK onshore wind portfolio were sold to Blue Energy, a privately owned UK energy company, at a 1.6x money multiple and an IRR of 15% p.a. The sale was largely reflected in the 31 December 2012 valuation and, following completion, a cash distribution of £2.8 million was received by the Trust; when combined with the residual value of the investment retained, this represents an uplift of £0.6 million over the carrying value at 31 December 2012.

In March, Computer Software Holdings Ltd (CSH) was sold to Advanced Computer Software Plc, at an enterprise value of £110 million. The sale represents an investment multiple of 1.5x original cost and a gross IRR of 36% p.a. over an investment period of fourteen months. The Trust received proceeds of £7.3 million, representing an uplift of £1.6 million over the carrying value of £5.7 million at 31 December 2012 based on the Directors' valuation as at that date.

In addition, the Trust received proceeds of £11.6 million as a result of the refinancing of Manx Telecom and Epyx.

Commitment to the Manager's Hg 7 fund

On 5 March, the Board approved a commitment of £200 million alongside HgCapital 7, a new buyout fund to be managed by HgCapital. The fund will focus on mid-market buyouts in the UK and Continental Europe, following on from the successful strategy of the Manager's Hg6 fund. The Manager completed its fund-raising very quickly and, with substantial excess demand, held a final closing on 15 April 2013, with commitments from 74 institutional investors. Despite the heavy demand from investors, the Manager chose not to increase the size of the fund, including the Trust's commitment, beyond £2 billion, which is similar to its Hg6 fund. The Board endorses this decision, believing it to be in shareholders' and other investors' interest that the Manager raises funds of a size that are appropriate to the Manager's investment strategy in the sectors and geographies that it covers. With a commitment of £200 million, the Trust is, as before, comfortably the Manager's largest investor.

The Board believes this substantial commitment, along with the Trust's existing commitments to the Manager's Mercury and Renewable Energy funds, will enable the Trust to deploy its capital efficiently across a range of attractive investments more rapidly than was possible when the Trust made only one periodic commitment. In addition, when opportunities arise the Trust will continue to manage its balance sheet by investing available funds into co-investments and secondary acquisitions, which can be relatively efficient in terms of cost and holding period before realisation.

Current trading

The Manager is represented on the board of every material investment in the portfolio and receives monthly management accounts from all the buyouts in which the Trust is invested. These are regularly discussed with the Board, together with other information about the trading environment, strategy, prospects and leadership of each business, and the actions that the Manager is taking to effect improvements. The latest available trading figures for companies in the portfolio are for the period ended 31 March 2013.

The top 20 companies in the buyout portfolio, representing 87% of the portfolio value, have seen average sales growth in the last twelve months, to March, of 9%, consistent with the growth as reported in the annual results. Of these investments, nine increased sales by greater than 10%, including three by more than 20%. One investment reported sales materially below the prior year.

During the last twelve months to March, average growth in EBITDA of the top 20 buyout investments increased by 6%, the same rate of growth as reported in the annual results. Of these investments, nine increased EBITDA by more than 10%, including three by more than 15%. Six investments have reported EBITDA materially below the prior year.

Most of the top 20 investments delivered cash flow that permitted reduction in debt. Three were refinanced at higher levels of debt, permitting cash to be returned to the Trust, with the ratio of net debt: EBITDA of the portfolio remaining at 3.7x, the same as at year-end.

Investment objective

The Trust gives investors access to a private equity portfolio run by an experienced and well-resourced Manager that makes investments in private companies primarily in Northern Europe in the Healthcare, Industrials, Services and TMT sectors. In addition, the Trust has made a £60 million commitment to invest in small-cap TMT deals, where the Manager has many years of experience, alongside HgCapital's Mercury fund. Finally, the Trust also holds investments in the Manager's two renewable energy funds. Undrawn commitments at 30th April 2013 totalled £349 million.

The objective of the Trust is to provide shareholders with long-term capital appreciation in excess of the FTSE All-Share Index by investing in unquoted companies. The Trust provides investors with exposure to a diversified portfolio of private equity investments primarily in the UK and Continental Europe.

Performance

The Manager's aim is to achieve returns in excess of the FTSE All-Share Index over the long term, but is not intended to reflect movements in the Index.

Between 1 January 2013 and 30 April 2013, the diluted NAV return (diluted NAV plus dividend) was 2.9%. The Trust's share price at 30 April 2013 was 1,150.0 pence, a discount of 6.8% against the diluted NAV of 1,233.8 pence and a discount of 7.6% against the basic NAV of 1,244.2 pence per share. The Trust's share price (on a total return basis) increased by 15.5% over the four months to 30 April 2013, in a period when the FTSE All-Share Index increased by 11.0%.

These calculations of NAV are based on valuations of the portfolio as at 31 December 2012, using market multiples at that date, and therefore do not reflect changes in the ratings of comparable listed companies between 1 January 2013 and 30 April 2013. The book value of the unquoted portfolio will next be reviewed, as usual, at 30 June 2013, taking account of each company's maintainable earnings and ratings of comparable businesses in the relevant listed markets at that time, in accordance with IPEV guidelines.

The table below represents the performance at month end with net income reinvested. All information is at 30 April 2013 and is unaudited.

	One month	YTD	One year	Three years p.a.	Five years p.a.	Ten years p.a.
NAV per Ordinary share (diluted)	0.7%	2.9%	18.1%	12.6%	6.4%	16.3%
NAV per Ordinary share (basic)	0.7%	2.9%	16.9%	13.2%	6.5%	16.4%
Ordinary Share price	(0.8%)	15.5%	23.3%	13.4%	7.9%	20.4%
FTSE All-Share Index	0.6%	11.0%	17.8%	9.5%	5.6%	9.7%

Sources: HgCapital, Factset

Subscription Shares

Holders of Subscription Shares are reminded that the final opportunity to exercise their right to subscribe for new Ordinary Shares, at a price of 1,025.0 pence per share, will occur on 31st May, 2013. On 25 April 2013 the Trust issued a circular setting out further details of this final exercise date and the circular can be found on the Trust's website, hgcapitaltrust.com.

Results at 30 April 2013

NAV per share: ^{(1), (2)}

- Diluted ⁽³⁾	1,233.8p
- Basic	1,244.2p
Share price – ordinary shares:	1,150.0p
Ordinary share price discount to NAV (diluted):	(6.8%)
Ordinary share price discount to NAV (basic):	(7.6%)
Share price – subscription shares:	115.0p
Total net assets: ⁽¹⁾	£442.5m
Net yield:	2.0%
Gearing:	Nil%
Ordinary shares in issue:	35,564,185

Subscription shares in issue: 1,760,513

Ticker codes:

Ordinary Shares HGT

Subscription shares HGTS

- (1) Post a dividend provision of 23.0 pence per share announced on 8 March 2013, with an ex-dividend date of 3 April 2013, and payable on 15 May 2013
- (2) Includes net revenue of 18.5p over the four month period
- (3) The diluted NAV per share calculation is based on the assumption that all Subscription shares in issue are exercised at the price of 1,025.0 pence per share, which is the exercise price applicable in May 2013 (the last date for exercise).

Unaudited NAV per Share

The investment portfolio has not been revalued at 30 April 2013. The unaudited NAV at 30 April 2013 is based on the NAV at 31 December 2012, adjusted to reflect purchases and sales of investments, currency movements, market prices (at bid) in respect of listed investments and any dividends payable.

The Trust has a significant exposure to euro denominated assets. As at 30 April 2013, the appreciation of the euro against sterling, by 4.3% since 31 December 2012, has resulted in an increase in the valuation of that portion of the portfolio of £5.8 million (15.7 pence diluted NAV per share). Similarly, other non-sterling denominated assets appreciated against sterling, resulting in an increase of £0.8 million (2.1 pence diluted NAV per share) on the portfolio.

Balance Sheet

At 30 April 2013 the Trust's summary balance sheet was as follows:

	£m	%
Total investment portfolio	323.7	73.1
Cash and other liquid assets	126.1	28.5
Other net liabilities	(7.3)	(1.6)
NAV	442.5	100.0

After adjusting for the impact of the dividend payable in May 2013, liquid resources are estimated to be £117.9million (26.6% of the 30 April 2013 NAV). In addition, the Trust has a £40 million undrawn loan facility to utilise if needed. The Trust's undrawn commitments, to invest in or alongside the Manager's Hg7, Hg6, Hg5, Mercury, RPP and RPP2 funds, were £349.3 million at 30 April 2013.

Portfolio

The portfolio of investments at 30 April 2013 (at valuation including accrued interest) consisted of the following, with the twenty largest primary buy-out investments listed in detail:

	Investment	% of Total Assets	Sector
1	Visma	7.5	TMT
2	TeamSystem	6.0	TMT
3	Iris Software Group	6.0	TMT
4	Lumesse	4.8	TMT
5	ATC	4.5	Services
6	Achilles	4.3	TMT
7	JLA	3.9	Services
8	NetNames	3.4	TMT
9	Voyage	3.3	Healthcare
10	SimonsVoss	3.0	Industrials
11	Qundis	2.7	Industrials
12	Epyx	2.5	TMT
13	Atlas	2.0	Services
14	Frosunda	2.0	Healthcare
15	Schleich	1.7	Consumer & Leisure
16	Sporting Index	1.5	Consumer & Leisure
17	Investments in UK Parts Alliance	1.5	Services
18	Manx Telecom	1.5	TMT
19	Teufel	0.8	Industrials
20	Mainio Vire	0.8	Healthcare
	Total Top 20	63.7	
	Other primary mid-cap buy-out	1.7	
	Primary small-cap buy-out		
	HgCapital Mercury D	0.5	
	Secondary mid-cap buy-out		
	HgCapital 6 E	2.3	
	Total buy-out investments	68.2	
	Renewable Energy investments		
	Hg RPP 1	2.1	
	Hg RPP 2	2.8	
	Total investment portfolio	73.1	

The sector analysis of the total assets is listed below:

Sector	% of Total
	Assets
TMT	36.4
Services	11.9
Industrials	7.4
Healthcare	6.7
Renewable Energy	5.0
Consumer & Leisure	3.5
Fund Investments	2.3
Cash and other liquid assets	26.8
Total	100.0%

This statement is a general description of the financial position and performance of the Trust for the period from 1 January 2013 to 7 May 2013. It does not contain any profit forecast or forward looking information. Future performance and share price are likely to be affected by a number of factors, including (but not limited to) general economic and market conditions and specific factors affecting the financial performance or prospects of individual investments within the Trust's portfolio.