

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate financial adviser authorised under the Financial Services and Markets Act 2000 (“FSMA”) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares (other than ex-entitlement) held in certificated form before 8:00 a.m. on 12 March 2010 (the “**ex-entitlement date**”), you should send this document (the “**Prospectus**”) and the accompanying Form of Proxy and Application Form which, subject to certain exceptions, you may receive as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, except that such documents may not be sent to any jurisdiction where to do so might constitute a violation of local securities or regulations, including but not limited to any of the Excluded Territories. Please refer to paragraph 6 (“Overseas Shareholders”) of Part III: “Terms and Conditions of the Open Offer” of this Prospectus if you propose to send this Prospectus and/or the Application Form outside the United Kingdom. If you sell or have sold or otherwise transferred all or some of your Existing Ordinary Shares (other than ex-entitlement) held in uncertificated form before the ex-entitlement date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee through CREST. If you sell or have sold or otherwise transferred all or some of your holding of Existing Ordinary Shares (other than ex-entitlement) held in certificated form before the ex-entitlement date, you should immediately consult the stockbroker, bank or other agent through whom the sale or transfer is or was effected and refer to the instructions regarding split applications set out in the Application Form.

The distribution of this Prospectus and/or the Application Form and/or the transfer of the New Ordinary Shares or Subscription Shares through CREST or otherwise into jurisdictions other than the United Kingdom may be restricted by law. Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. In particular, subject to certain exceptions, neither this Prospectus nor the Application Form should be distributed, forwarded or transmitted to, or into, any Excluded Territory, or into any other jurisdiction where the extension or availability of the Offer and/or Bonus Issue would breach any applicable law.

HgCapital Trust plc }

(Incorporated in England and Wales with Company No 1525583 and registered as an investment company under section 833 of the Companies Act 2006)

Firm Placing of up to 4,154,088 New Ordinary Shares (with Subscription Shares attached) at 845 pence per New Ordinary Share and Placing and Open Offer of up to 1,763,072 New Ordinary Shares (with Subscription Shares attached) at 845 pence per New Ordinary Share, Bonus Issue of Subscription Shares and Notice of a General Meeting

Sponsor, Bookrunner and Broker
RBS Hoare Govett Limited

This Prospectus, which comprises: (a) a circular prepared in compliance with the Listing Rules of the UK Listing Authority for the purposes of the General Meeting convened pursuant to the Notice of General Meeting set out at the end of this Prospectus and (b) a prospectus relating to the Offer and Bonus Issue prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A of FSMA, has been approved by the FSA in accordance with section 85 of FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

The Existing Ordinary Shares are listed on the Official List and admitted to trading on the London Stock Exchange’s main market for listed securities. An application will be made to the UK Listing Authority and the London Stock Exchange for the New Ordinary Shares and the Subscription Shares to be admitted to the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange, respectively. Subject to certain conditions being satisfied, it is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Ordinary Shares and the Subscription Shares will commence at 8:00 a.m. on 7 April 2010.

RBS Hoare Govett, which is authorised and regulated by the Financial Services Authority, is acting for the Company in connection with the Bonus Issue and Offer and will not be responsible to anyone other than the Company for providing the protections afforded to customers of RBS Hoare Govett or for advising any such person in connection with the Bonus Issue and Offer.

The Directors of the Company, whose names appear on page 23, and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. For the avoidance of doubt, any reference in this Prospectus to advice received by the Directors or the Company does not qualify the acceptance of responsibility for the information contained in this Prospectus.

The Company's Existing Ordinary Shares are not, and neither the New Ordinary Shares nor Subscription Shares will be, registered under the US Securities Act 1933 or under the relevant laws of any state of the United States or any state, province or territory of Australia, Canada, Japan, New Zealand or the Republic of South Africa. Subject to certain exceptions, the New Ordinary Shares and Subscription Shares may not, directly or indirectly, be offered, sold, taken up, delivered or transferred in or into the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or to, or for the account or benefit of, US Persons (as defined in Regulation S of the US Securities Act). Neither the New Ordinary Shares nor the Subscription Shares have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. **The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of any country other than the United Kingdom is drawn to the sections of this document entitled "Important Notices" and "Information on the Company".**

The New Ordinary Shares and Subscription Shares are only suitable for investors (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, (ii) for whom an investment in the New Ordinary Shares and Subscriptions Shares is part of a diversified investment programme and (iii) who fully understand and are willing to assume the risks involved in such an investment programme.

The whole text of this document should be read. The attention of potential investors is drawn in particular to the section of this document entitled "Risk Factors".

Prospective investors should inform themselves as to: (a) the possible tax consequences; (b) the legal requirements; and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile, and which might be relevant to the subscription, holding, or disposal of Ordinary Shares and Subscription Shares.

Notice of a General Meeting of HgCapital Trust plc to be held at the Company's offices at 2 More London Riverside, London SE1 2AP on 6 April 2010 at 3:00 p.m. is set out at the end of this document. The Form of Proxy for use at the General Meeting accompanies this Prospectus and, to be valid, should be completed and returned whether or not you intend to attend the General Meeting in person in accordance with the instructions set out thereon as soon as possible but in any event so as to reach the Registrar by not later than 3:00 p.m. on 4 April 2010. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, if you so wish and are so entitled. Voting directions and proxy appointments may also be completed electronically and details are given in the Notice of General Meeting, set out at the end of this document.

The latest time and date for acceptance and payment in full under the Open Offer is expected to be 11:00 a.m. on 30 March 2010. The procedures for acceptance and payment are set out in Part III: "Terms and Conditions of the Open Offer" of this Prospectus and, for Qualifying Non-CREST Shareholders only, also in the Application Form.

Qualifying Non-CREST Shareholders will receive an Application Form. Qualifying CREST Shareholders (who will not receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements which will be enabled for settlement on 12 March 2010. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim arising out of a sale or transfer of Ordinary Shares prior to the date on which the Ordinary Shares were marked "ex" the entitlement by the London Stock Exchange.

If the Open Offer Entitlements are for any reason not enabled by 8:00 a.m. on 12 March 2010 or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this Prospectus and the Open Offer. The Application Form is personal to Qualifying Shareholders and cannot be transferred, sold, or assigned except to satisfy bona fide market claims.

Holdings of Existing Ordinary Shares in certified and uncertified form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different countries.

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SUMMARY

This summary section should be read as an introduction to the Prospectus which comprises the whole of this document. Any decision to acquire New Ordinary Shares (with Subscription Shares attached) should be based on a consideration of the Prospectus as a whole. Where a claim relating to the information contained in a prospectus is brought before a court, a plaintiff investor might, under national legislation of the EEA states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

The Company

The Company has been a listed investment trust since 1989 and has an investment objective of providing shareholders with long-term capital appreciation in excess of the FTSE All-Share Index by investing in unquoted companies. The Company provides investors with exposure to a diversified portfolio of private equity investments, primarily in the UK and Continental Europe.

The Company announced its 2009 annual results on 5 March 2010, the financial highlights of which are as follows:

- Positive net asset growth (assuming historic dividends are reinvested) of 3.6 per cent.;
- Increase in share price of 30 per cent.;
- £30 million of funds deployed during 2009 including £17.2 million in two new buyouts and £7.6 million invested in renewable energy projects through RPPI;
- Average annual EBITDA profit growth of 18 per cent. for the Company's top 10 investments over 2009;
- Ten year total return per annum of 14.4 per cent. versus 1.6 per cent. per annum from the FTSE All-Share Index; and
- > 3.8x growth in value of the Company's shares over 10 years.

At the same time, the Company also announced an unaudited NAV per Share as at 28 February 2010 of 926.6p which is net of an interim dividend of 25p per Share announced by the Company on 17 February 2010 and payable to Shareholders on the register on 26 February 2010. As at 28 February 2010, the Company held £91.8 million (representing 39 per cent. of net assets) in liquid assets (adjusted to take into account the dividend and proceeds received from the realisation of the Company's investment in Hoseasons on 1 March 2010) available for deployment in new investment opportunities as described in Part I of this document.

As shown above, the Company has delivered attractive returns to Shareholders over the medium to long term. Its total return (defined as share price growth with dividends reinvested) has outperformed the FTSE All Share Index in the periods of 5, 7 and 10 years to 31 December 2009 by approximately 9.3, 15.1 and 12.8 percentage points respectively (on an annual basis). The Board considers that one reason for this outperformance is that the Manager has taken a patient and long term approach to deploying capital and to creating and realising value within the portfolio, and has prudently taken account of economic cycles in planning both investments and realisations.

The Investment Opportunity

The Board believes that the Company is now in the early stages of the next significant cycle for deployment of capital, with the opportunity to make attractive new investments over the medium term. In 2009 the Company committed to invest alongside the Manager's latest buyout fund HgCapital 6 which is in the final stages of its fundraising programme with aggregate commitments (including the Company's) exceeding £1.88 billion. The Company's commitment to HgCapital 6 is now approximately £280 million and in 2009 the Company completed its first two investments under this commitment: a £5.9 million investment in Epyx, the UK based fleet management services business and a £7.9 million investment in Goldshield Group plc, the UK based pharmaceuticals company. The Board believes that market conditions promise to provide the best conditions for new investment for some time.

In addition, the Board is currently in discussions with the Manager with respect to making a commitment to HgCapital's second renewable energy fund, Hg Renewable Power Partners 2 LP, in addition to the Company's existing commitment of approximately £18.7 million in Hg Renewable Power Partners LP, the Manager's first dedicated renewable energy fund which is close to being fully invested.

The Company's investment strategy has consistently involved the retention of sufficient liquidity on-balance sheet through each investment cycle for deployment in new opportunities at attractive points in the cycle and to support the continued growth of the existing portfolio. Similarly, it seeks to ensure that investments offering potential for further growth in value do not need to be realised prematurely in order to raise liquid assets.

The Proposals

In order to allow the Company to take full advantage of new investment opportunities as they arise, the Company has today announced that it is proposing to raise up to £50 million through a Firm Placing and Placing and Open Offer of New Ordinary Shares (with Subscription Shares attached) and to issue Subscription Shares to existing Shareholders by way of a Bonus Issue.

The Offer

Up to 5,917,160 New Ordinary Shares, ranking *pari passu* with the Existing Ordinary Shares, will be issued under the Offer, at an Offer Price of 845 pence per New Ordinary Share. Subscription Shares will be attached to the New Ordinary Shares on a one for five basis. The rights attaching to such Subscription Shares are set out in Part V of this document. The Offer Price represents a 0.1 per cent. premium to the closing mid-market share price of the Existing Ordinary Shares as at 10 March 2010 and represents an 8.8 per cent. discount to the unaudited NAV as at 28 February 2010.

The Offer comprises a Firm Placing of 4,154,088 New Ordinary Shares (with Subscription Shares attached) and a Placing and Open Offer of up to 1,763,072 New Ordinary Shares (with Subscription Shares attached), in each case at the Offer Price of 845 pence per New Ordinary Share.

The Firm Placing provides the Company with flexibility to raise the target amount of equity from certain new investors, alongside existing Shareholders, which has the benefit of broadening the Company's investor base and facilitating secondary market liquidity. The Company has received commitments to subscribe for 4,154,088 New Ordinary Shares comprising the Firm Placing from a range of new investors and existing Shareholders.

The Open Offer allows Qualifying Shareholders to participate in the Offer by subscribing for their Open Offer Entitlements on a pre-emptive basis, alongside an ability to subscribe for an amount in excess of their Open Offer Entitlement under the Excess Application Facility where other Qualifying Shareholders do not take up their Open Offer Entitlements in full. To the extent that Qualifying Shareholders do not take up their Open Offer Entitlements and apply for further Open Offer Shares under the Excess Application Facility, such New Ordinary Shares will be available under the Placing.

The Company has received commitments from Conditional Placees to subscribe for 1,763,072 New Ordinary Shares under the Placing, subject to clawback to satisfy valid applications by existing Shareholders under the Open Offer.

The Bonus Issue

The Company is also proposing to issue to Qualifying Bonus Issue Shareholders, by way of the Bonus Issue, one Subscription Share for every five Ordinary Shares held. Qualifying Bonus Issue Shareholders are holders of Ordinary Shares whose names are on the Register as at the close of business on the Bonus Issue Record Date (with the exclusion of Excluded Shareholders).

Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share upon exercise of the Subscription Right and payment of the Subscription Price in cash. The first opportunity to exercise such right will be on 31 May 2011. Thereafter, exercise dates will arise on 31 May and 31 October in each year, with the final exercise date being 31 May 2013.

The Subscription Prices will be as follows:

- if exercised in 2011 or 2012 — a Subscription Price of £9.50 per Ordinary Share; and
- if exercised on 31 May 2013 — a Subscription Price of £10.25 per Ordinary Share.

After 31 May 2013, the Subscription Rights will lapse.

General Meeting

The Board is seeking Shareholder approval of the Resolutions at the General Meeting, in order to give effect to the Offer and Bonus Issue and, among other things, to adopt the New Articles to facilitate the issue of Subscription Shares and to make certain updates in respect of current legislation.

Reasons for the Offer and the Bonus Issue

The Board believes that the Company is now in the early stages of the next significant capital deployment cycle with the opportunity to make attractive new investments over the medium term. The funds raised under the Offer and upon exercise of the Subscription Shares are expected to provide the Company with flexibility to take full advantage of such opportunities as they arise, following the same investment approach as it has to date, with a view to continuing to deliver attractive returns to Shareholders.

Market opportunity

The Board believes that a significant opportunity exists to make attractive new buyout investments over the next stage in the economic cycle. Experience of past business cycles demonstrates that the best returns are made by funds raised at the bottom of cycles and invested over the following three to four years. The availability of opportunities is expected to be driven by the continuing process of deleverage, especially from banks looking to divest attractive but overleveraged companies that have fallen under their control. A large volume of potential refinancings amongst private equity backed companies, particularly those reaching the end of their bank facilities' term, may also lead to opportunities for the Company. With some return in levels of business confidence, the Board expects the rate of corporate divestment to pick up, if the recovery follows the pattern of earlier cycles. An increase in divestments of owner managed businesses can also be expected as they recover from the downturn. In addition, possible changes to the fiscal regime may also encourage the sale of owner managed businesses. Such market conditions highlight the potential opportunities for further equity investment.

The Manager and its Investment Approach

The Company is managed by Hg Pooled Management Limited.

HgCapital has grown significantly since gaining its independence from Merrill Lynch Investment Managers in 2000 and currently has committed funds under management of approximately £3.0 billion. HgCapital's sector-focused, pan-European model is designed to acquire and apply superior sector knowledge to investment selection and origination. Its dedicated portfolio management team allows HgCapital to work closely with its portfolio companies in order to increase medium term value. Over the last 10 years, the total return to Shareholders (defined as share price growth with dividends reinvested) has grown by a compound rate of 14.4 per cent. per annum, out-performing the FTSE All Share Index by 12.8 percentage points per annum.

Summary of the Investment Policy

The principal policy of the Company is to invest in a portfolio of unlisted companies that are expected to grow organically or by acquisition.

The Company's maximum exposure to unlisted investments is 100 per cent. of gross assets. At the time of acquisition no single investment will exceed a maximum of 15 per cent. of gross assets.

The Company invests in companies operating in a range of countries and across a range of sectors.

Underlying investments or funds are typically leveraged to enhance value creation, but it is impractical to set a maximum for such gearing. The Company may over-commit to invest in underlying assets in order to maintain the proportion of gross assets that are invested at any time. The Company has the power to borrow against its portfolio, although it has no current intention of doing so.

The Company may use derivatives to hedge its exposure to interest rates, currencies, equity markets or specific investments for the purposes of efficient portfolio management.

The Board

The Directors are responsible for determining the Company's investment policy and have overall responsibility for the Company's activities.

The Board consists of six non-executive Directors, all of whom are considered to be independent of the Manager, including the Chairman.

Dividend policy

The Company's revenue varies from year to year in accordance with the structure of the underlying investments and the Company's holding of liquid funds available for reinvestment. Each year the Board recommends a dividend based on the revenue return that year, to maintain its status as an investment trust.

Risk factors

Investment in the Company carries a number of risks. A summary of some of these risks is set out below:

Risks relating to the Company and its investment strategy

- The past performance of the Company is not an indication of its future performance.
- Economic recessions and downturns and adverse market conditions have impaired the profitability of the Company and the value of the investments in its portfolio companies and may prevent the Company from increasing its investment base.
- Changes in the debt financing markets may negatively impact the ability of the Company's portfolio companies to obtain financing for their operations and may increase the cost of such financing if it is obtained.
- The Company is subject to various direct and indirect credit risks.
- The Company may follow an over-commitment strategy when making investments in private equity funds, which may result in the Company's contingent commitments exceeding its available capital.
- The Manager has broad discretion to manage the investments of the Company and will thus exercise substantial influence over the business of the Company.
- The Company operates in a highly competitive environment for investors and investment opportunities.
- The Company may invest in private equity investments with no or limited performance or operating history.
- Operational and reputational risks may disrupt the Company's businesses, result in losses or limit the Company's growth.
- Changes in laws or regulations governing the Company's operations may adversely affect its business.
- The Company may be exposed to currency fluctuations.
- Valuation methodologies for the Company's investments can be subject to significant subjectivity and there can be no assurance that the values of investments reported by the Company from time to time will in fact be realised.

Risks relating to the Manager

- The Company's financial condition and results of operations largely depend on the Manager's ability to manage future growth and effectively implement the Company's investment strategy.
- The departure or reassignment of some or all of the Manager's investment professionals could prevent the Company from achieving its investment objectives.
- There can be no assurance that the Directors of the Company will be able to find a replacement manager if the Manager resigns.
- The Manager may allocate some of its resources to activities in which the Company is not engaged, which could have a negative impact on the Company's ability to achieve its investment objectives.
- The Manager and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest in respect of its activities on behalf of the Company.

Risks relating to the Company's portfolio

- Investments in unquoted companies, which form the majority of the Company's investments, may not be as readily realisable as investments in quoted companies.
- Investments in small cap companies typically involve a high degree of business and financial risk and can result in substantial losses.
- The Company may be exposed to risks of investment in other investment funds.
- The Company is exposed to risks of investment in renewable energy funds.
- The success of any of the Company's investments is subject to numerous risks.

- The due diligence process that the Manager takes in connection with the Company's investments may not reveal all facts that may be relevant in connection with an investment.
- The use of leverage by companies in the Company's portfolio exposes the Company to additional risks, including fluctuations in interest rates.

Risks relating to the Shares

- The price of the Company's Shares may fluctuate significantly and investors could lose all or part of their investment.
- The Company is not, and does not intend to become, registered in the US as an investment company under the US Investment Company Act and related rules.
- The Ordinary Shares currently trade, and could in the future continue to trade at a discount to Net Asset Value.

Risks relating to the Offer, the issue of New Ordinary Shares at a discount to the prevailing Net Asset Value and the Bonus Issue

- The market price of the Company's Shares may fluctuate due to the Offer, the issue of New Ordinary Shares at a discount to the prevailing Net Asset Value and the Bonus Issue.
- If the Offer proceeds, Ordinary Shareholders will experience a dilution to the NAV attributable to their holding of Ordinary Shares as a result of the issue of New Ordinary Shares at a discount to the prevailing Net Asset Value.
- If the Offer proceeds, Ordinary Shareholders not subscribing in the Firm Placing will have their ownership and voting interest in the Company diluted and face further such dilution to the extent they do not subscribe in full for their Open Offer Entitlement.
- Shareholders outside the United Kingdom may not be able to acquire Open Offer Shares and may not be able to participate in the Bonus Issue.

Risks relating to Subscription Shares

- The Subscription Shares may expire worthless.
- The Subscription Shares have never been publicly traded. Even if the Company is successful in listing the Subscription Shares, an active and liquid trading market for those Subscription Shares may not develop.

Risks relating to taxation

- Changes in taxation legislation or practice may adversely affect the Company.

RISK FACTORS

Investment in the Company should be regarded as long-term in nature and involving a high degree of risk. Accordingly, investors should consider carefully all of the information set out in the Prospectus and the risks attaching to an investment in the Company, including, in particular, the risks described below.

The Directors believe that the risks described below are the material risks relating to the Shares at the date of this Prospectus. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the performance of the Company and the value of Shares. Investors should review the Prospectus carefully and in its entirety and consult with their professional advisers before making an application to participate under the Offer.

Risks relating to the Company and its investment strategy

The past performance of the Company is not an indication of its future performance

This document contains certain historical financial and other information in relation to the past performance of the Company. The past performance of the Company is not an indication of its future performance. While the Company intends to make investments that will create long-term capital appreciation for Shareholders, the investments made may not appreciate in value and, in fact, may decline in value. Moreover, the Company's historical financial performance, in particular its Net Asset Value, reflects unrealised gains on investments as of applicable measurement dates which may never be realised due to many factors, some of which are not in the Company's control, which in turn may adversely affect the ultimate value realised from the Company's investments. The success of any of the investments in the Company's portfolio will depend upon, among other things:

- the quality of its management and the management of the portfolio companies in which it invests;
- its ability to select successful investment opportunities;
- general economic conditions; and
- its ability to liquidate its investments.

An investor may not get back the amount originally invested. The Company can offer no assurance that its investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

Economic recessions and downturns and adverse market conditions have impaired the profitability of the Company and the value of the investments in its portfolio companies and may prevent the Company from increasing its investment base

The Company and its portfolio companies are materially affected by conditions in the global financial markets and economic conditions throughout the world, including, but not limited to, rising interest rates, inflation, business and consumer confidence, availability of credit, currency exchange rates and controls, changes in laws, trade barriers, commodity prices, terrorism and political uncertainty. These factors are outside the Company's control and may affect the level and volatility of securities prices, the amount of distributions received from investments in the Company's portfolio and the liquidity and the value of investments. The Company may be unable to or may choose not to manage its exposure to these conditions and any efforts to manage its exposure may or may not be effective. Recent market conditions have significantly deteriorated as compared to prior periods. Global financial markets have experienced considerable declines in the valuations of securities, an acute contraction in the availability of credit and the failure of a number of leading financial institutions, leading to a significantly diminished availability of credit and an increase in the cost of financing.

The Company expects that the lack of credit and declines in valuations of equity and debt securities, should they persist, will continue to place negative pressure on the Company's portfolio and, in turn, on the Company's results.

If conditions further deteriorate, the Company's investments may continue to be negatively affected. The Company is unable to predict when the economic and market conditions may become more favourable. Even if such conditions do improve broadly and significantly over the long-term, adverse conditions in particular sectors may cause the Company's performance to suffer further or limit the Company's opportunities to exit or realise value from its investments or result in decreased revenues, financial losses and credit rating downgrades. In addition, should financial and economic conditions continue to deteriorate, the Company's portfolio companies may also have difficulty in expanding their businesses and operations and may be unable to meet their debt service obligations

or other liabilities as they become due. Any of the foregoing could cause the value of the Company's investments to decline, which could adversely affect the Company's profitability, Net Asset Value and Share price.

In addition, while difficult market conditions may increase opportunities to make certain distressed asset investments, such conditions also increase the risk of default with respect to portfolio companies with debt investments. Such defaults would adversely affect the profitability of the Company's portfolio companies, and consequently, the profitability, Net Asset Value and Share price of the Company.

Changes in the debt financing markets may negatively impact the ability of the Company's portfolio companies to obtain financing for their operations and may increase the cost of such financing if it is obtained

Since the onset of the current financial crisis in the second half of 2007, the markets for debt financing have contracted significantly. Large commercial banks, which have traditionally provided such financing, are currently demanding higher rates, more restrictive covenants (e.g. lower interest coverage ratios and lower debt coverage ratios) and generally more onerous terms in order to provide financing, and in some cases are not providing financing at all in circumstances which they would have done previously. To the extent that the current credit markets have rendered such financing difficult to obtain or more expensive, this may negatively impact the operating performance of the Company's portfolio companies and, therefore, the investment returns on the Company's portfolio.

The Company is subject to various direct and indirect credit risks

Credit risk is the risk that an issuer or counterparty to a transaction entered into by the Company or one of the investments in the Company's portfolio will be unable or unwilling to meet a commitment that it has entered into with the Company or the investment in the Company's portfolio. In respect of credit risk arising from cash and cash equivalents, the Company's direct or indirect exposure (as appropriate) to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these investments.

The Company may follow an over-commitment strategy when making investments in private equity funds, which may result in the Company's contingent commitments exceeding its available capital

The Company invests in two principal ways: directly into underlying investments alongside the Manager's HgCapital 6 limited partnership and into limited partnerships such as the Manager's HgCapital 5 and Renewable Power Partners funds. The Company has entered into a commitment to invest up to £300 million alongside HgCapital 6, but has the benefit of a right to opt-out of any new investment, without penalty, which would cause the Company to lose its status as an investment trust, result in the Company not having the cash resources to meet any of its projected liabilities or expenses, or result in it not being able to pay dividends or undertake any intended share buy-back. The Manager is responsible for exercising this opt-out on behalf of the Company if circumstances appear to warrant it; while the Manager prepares regular cash flow forecasts for the Company, and reviews them with the Board, there is a risk that the forecasts may prove to be inaccurate or that the Manager may fail to exercise the opt-out. Where the Company invests into a private equity fund this will typically be structured as a limited partnership in which limited partners commit to fund a defined level of capital over a period of time. As and when commitments are honoured over a period of time, the return flow of cash from distributions by the funds typically results in net cash invested at any one time being less than total commitments. In planning the Company's commitments, the Company and the Manager will take into account expected cash flows to and from the private equity funds in the Company's portfolio. However, the Company may need to dispose of investments at unfavourable prices or at times when the holding of the investments would be more advantageous in order to fund capital calls made by private equity funds to which the Company has committed. In addition, under such circumstances, legal, practical, contractual or other restrictions may limit the flexibility that the Company has in selecting investments for disposal.

The Manager has broad discretion to manage the investments of the Company and will thus exercise substantial influence over the business of the Company

The Manager has, subject to compliance with the investment policy of the Company, substantial discretion in the management of the Company's portfolio. While the Board will review the Manager's compliance with the investment policy and direct the Manager to take certain actions in connection with the Company's portfolio decisions, the Manager retains significant influence over the Company's portfolio and the Board will rely on its advice when making decisions to buy and sell investments.

The Company operates in a highly competitive environment for investors and investment opportunities

The execution of the Company's investment strategy is dependent primarily on the ability of the Manager to identify opportunities for the Company to invest in private equity companies and to co-invest in individual companies alongside private equity sponsors. A number of entities compete with the Company for investors and investment opportunities, including public and private investment funds, commercial and investment banks, commercial finance companies, business development companies and operating companies acting as strategic buyers. The Company believes that competition for investors is based primarily on investment performance, business reputation, the duration of relationships with investors, the quality of services provided to investors, pricing and the relative attractiveness of the types of investments that have been or are to be made. The Company believes that competition for investment opportunities is based primarily on pricing, terms and structure of a proposed investment and certainty of execution. Some of the Company's competitors may have access to funding sources that are not available to the Company. In addition, some of the Company's competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Company. The competitive pressures faced by the Company may prevent the Manager from identifying investments on behalf of the Company that are consistent with its investment objective or that generate attractive returns for the Shareholders. The Company may lose investment opportunities in the future if it does not match investment prices, structures and terms offered by competitors. Alternatively, the Company may experience decreased rates of return and increased risks of loss if it matches investment prices, structures and terms offered by competitors. The Company can offer no assurance that competitive pressures will not have a material adverse effect on its profitability, Net Asset Value and Share price.

The Company may invest in private equity investments with no or limited performance or operating history

The Company invests in private equity investments in operating companies. Some or all of these investments may be in operating companies with no or limited operating history upon which the Manager and the Company will be able to evaluate their likely performance. The Company's investments in companies with no or limited operating history are subject to all of the risks and uncertainties associated with a new business, including the risk that such companies will not achieve target returns. Consequently, the Company's profitability, Net Asset Value and Share price could be adversely affected.

Operational and reputational risks may disrupt the Company's businesses, result in losses or limit the Company's growth

The Company relies heavily on the Manager's and the Administrator's financial, accounting and other data processing systems. If any of these systems do not operate properly or are disabled, the Company could suffer financial loss, a disruption of its businesses, liability to its funds, regulatory intervention or reputational damage. In addition, the Company may invest in businesses that are highly dependent on information systems and technology. A disaster or a disruption in the infrastructure that supports the Company's portfolio companies, including a disruption involving electronic communications or other services used by the Manager or third parties with whom the Company conducts business, or directly affecting its principal offices, could have a material adverse impact on its ability to continue to operate the Company's business without interruption. The disaster recovery programs used by the Manager or third parties with whom the Company conducts business may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse the Company for its losses, if at all. It is also possible that, from time to time, the Manager or the Company will be named as parties to litigation, which could cause substantial reputational damage to the Company or disrupt its investment strategy, businesses or potential growth.

Changes in laws or regulations governing the Company's operations may adversely affect its business

Legal and regulatory changes could occur that may adversely affect the Company. The regulatory environment for investment funds is evolving, and changes in the regulation of investment funds may adversely affect the ability of the Company to pursue successfully its investment strategy. The effect of any future regulatory change on the Company could be substantial and adverse.

Exposure to currency fluctuations

Foreign exchange risk arises from the possibility that fluctuations in foreign exchange rates will affect the value of the Company's assets and liabilities and the market price of the Shares. As the Company invests in Continental Europe and in companies that trade internationally, the value of its shares may be affected by changes in rates of exchanges.

Valuation methodologies for the Company's investments can be subject to significant subjectivity and there can be no assurance that the values of investments reported by the Company from time to time will in fact be realised

The Company invests in unquoted companies and renewable energy projects and although great care is taken in their valuations, such valuations cannot, by their nature, be exact and are liable to change. The aggregate value of the Company's investments may therefore fluctuate and, furthermore, there can be no assurance that the values of investments reported by the Company from time to time will in fact be realised. This may have an adverse effect on the Share price.

Risks relating to the Manager

The Company's financial condition and results of operations largely depend on the Manager's ability to manage future growth and effectively implement the Company's investment strategy

The Company's ability to achieve its investment objectives depends on its ability to grow its investment base, which depends, in turn, on the Manager's ability to identify, invest in and monitor a suitable number of investments and implement the various aspects of its investment strategy. Achieving growth on a cost-effective basis is largely a function of the Manager's structuring of the investment process, its ability to provide competent, attentive and efficient services under the Management Agreement and the Company's ability to reinvest its capital and to obtain additional capital on acceptable terms. The Manager's investment professionals have substantial responsibilities under the Management Agreement. Any failure to manage the future growth of the Company or to effectively implement the Company's investment strategy could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The departure or reassignment of some or all of the Manager's investment professionals could prevent the Company from achieving its investment objectives

The Company depends on the diligence, skill, judgment and business contacts of the Manager's investment professionals and the information and deal flow they generate during the normal course of their activities. The Company's future success depends on the continued service of these individuals, who are not obligated to remain employed with the Manager, and the Manager's ability to strategically recruit, retain and motivate new talented personnel. However, the Manager may not be successful in its efforts to recruit, retain and motivate the required personnel as the market for qualified investment professionals is extremely competitive.

There can be no assurance that the Directors of the Company will be able to find a replacement manager if the Manager resigns

Under the terms of the Management Agreement, the Manager may at any time but with effect from the following 30 June or 31 December (as appropriate), give notice to terminate the Management Agreement. The Manager shall, from the date such notice takes effect, cease to make investments on behalf of the Company. Unless otherwise agreed, the Management Agreement will terminate on the second anniversary of the date that the notice was deemed to be given. The Directors would, in these circumstances, have to find a replacement manager to the Company and there can be no assurance that such a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company. In this event, the Directors would have to formulate and put forward to Shareholders proposals for the future of the Company, which may include its merger with another investment company, reconstruction or winding-up.

The Manager may allocate some of its resources to activities in which the Company is not engaged, which could have a negative impact on the Company's ability to achieve its investment objectives

The Manager is not required to commit all of its resources to Company affairs. Insofar as the Manager devotes resources to its responsibilities to other business interests, its ability to devote resources and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objectives, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The Manager and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest in respect of its activities on behalf of the Company

The Manager and its affiliates are involved in other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. In particular, the Manager manages funds other than the Company and may provide investment management, investment advisory or other services in relation to these funds or future funds which may have similar investment policies to that of the Company.

The Manager and its affiliates may carry on investment activities for their own accounts and for other accounts in which the Company has no interest. The Manager and its affiliates also provide management services to other clients, including other collective investment vehicles. The Manager and its affiliates may give advice and recommend securities to other managed accounts or investment funds which may differ from advice given to, or investments recommended or bought for, the Company, even though their investment policies may be the same or similar.

Risks relating to the Company's portfolio

Investments in unquoted companies

Investments in unquoted companies, which form the majority of the Company's investments, may not be as readily realisable as investments in quoted companies. Such illiquidity may affect the Company's ability to vary its portfolio or dispose of or liquidate part of its portfolio, in a timely fashion (or at all) and at satisfactory prices in response to changes in economic or other conditions. If the Company were required to dispose of or liquidate an investment on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded, which could result in a decrease in Net Asset Value. This could have an adverse effect on the Company's financial condition and results of operations, with a consequential adverse effect on the market value of the Shares.

Investment in smaller cap companies

The Company invests in a portfolio of small and medium cap companies, with enterprise values between £50 million and £500 million, the performance of which can fluctuate. Investments in small cap companies typically involve a high degree of business and financial risk and can result in substantial losses due to special risk factors. For example, such companies are typically subject to a greater degree of change in earnings and business prospects than are companies with larger, more diversified businesses.

Investment in other investment funds

The Company may make investments in other listed or unlisted vehicles for collective investment. The Company is unlikely to be able to influence significantly, or at all, the management of those vehicles. The Company is, therefore, reliant upon the skills of the investment manager of the funds in which it invests and may not be in a position to remove any such manager or to exit its investment in the event of under performance by those funds and/or managers.

Investment in renewable energy funds

The Company has in the past and may in the future invest in renewable energy funds and projects. The success of the Company's renewable energy investments will be dependent on a number of factors, including, among other things:

- the future development of the renewable power industry and environmentally preferred energy sources;
- different resource specific factors, for example, weather conditions and hydrological events;
- compliance with changes in the legislative framework and environmental and safety standards imposed by relevant national regulatory bodies, which could require significant expenditure;
- the use of and reliability of specialised equipment, which may be at risk of failure due to wear and tear, design error or operator error; and
- the prices paid for energy sold in the open market.

The Company's renewable energy investments may underperform or fail as a result of adverse future events related to these factors, which could negatively impact the Company's profitability, Net Asset Value and Share price.

The success of any of the Company's investments is subject to numerous risks

The success of the Company's investments will depend in large part upon the success of its portfolio companies. Companies in which private equity and other similar investments are made are subject to significant risks, including the following:

- such companies may be highly leveraged and could be subject to significant debt service obligations, stringent operating and financial covenants and risks of default under financing and other contractual arrangements, which would trigger severe adverse consequences for any such company and the value of the investment in such company if a default were to occur;
- such companies may have limited financial resources and may be unable to meet their debt or other obligations, which may be accompanied by a deterioration in the value of their equity securities or any collateral or guarantees provided with respect to their debt;
- such companies may be in an early stage of development, have little or no operating history and may lack fully developed product lines or a proven market for their products, which tend to render them more vulnerable to competitors' actions and market conditions, as well as economic downturns;
- such companies may be more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of those persons could have a material adverse impact on their business and prospects and the investment made;
- such companies may be operating at a loss or have substantial variation in operating results from period to period, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;
- such companies may be in a state of distress or be undergoing restructuring or turnarounds, including changes in management, and there can be no assurances that such efforts will be successful;
- such companies may have substantial debt obligations, and thus their access to sources of further investment funding, may be significantly restricted;
- executive officers, directors and employees of an equity sponsor may be named as defendants in litigation involving a company in which a private equity investment is made; and
- generally, little public information exists about companies in which private equity investments are made and investors in those companies generally must rely on the ability of the Manager to obtain adequate information for the purposes of evaluating potential returns and making a fully informed decision.

The materialisation of one or more of these risks could cause any of the Company's investments to underperform or fail, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The due diligence process that the Manager takes in connection with the Company's investments may not reveal all facts that may be relevant in connection with an investment

Before making investments, the Manager conducts due diligence it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Manager will be expected to evaluate a number of important business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with an investment. Outside consultants, legal advisors, accountants and investment banks are expected to be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Manager will be required to rely on resources available to them, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence process may at times be subjective, especially with respect to newly organised companies for which only limited information is available. Accordingly, there can be no assurance that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by the Manager to identify relevant facts through the due diligence process may lead to inappropriate investment decisions, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The use of leverage by companies in the Company's portfolio exposes the Company to additional risks, including fluctuations in interest rates

Many of the companies in the Company's portfolio may have highly leveraged capital structures, including leverage resulting from the structuring of the investment by the Manager. For example, indebtedness may constitute a significant portion of a portfolio company's total debt and equity capitalisation, including debt that may be incurred in connection with the investment. In addition, portfolio companies that are not or do not become highly leveraged at the time an investment is made may increase their leverage after the time of investment, including in connection with an expansion into additional or different markets. The highly leveraged capital structures of such companies will increase the exposure of these companies to adverse economic factors such as rising interest rates, reduced cash flows, fluctuations in exchange rates, inflation, downturns in the economy or deterioration in the condition of the company or its industry. In addition, the incurrence of a significant amount of indebtedness by a company may, because of an obligation to make mandatory prepayments or otherwise, among other things:

- limit the company's ability to adjust to changing market conditions, thereby placing it at a competitive disadvantage compared to its competitors who have relatively less debt;
- limit the company's ability to engage in strategic acquisitions that could generate attractive returns or lead to growth;
- limit the company's ability to obtain additional financing or increase the cost of obtaining such financing, including for capital expenditures, working capital or general corporate purposes; and
- cause a greater percentage of the company's assets to be subject to superior claims by lenders in the event of bankruptcy or liquidation.

In addition, to the extent that a portion of the Company's capital is invested in portfolio companies whose capital structures have a significant degree of indebtedness, it may be subject to additional risks associated with changes in prevailing interest rates.

Investments in highly leveraged companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates, adverse economic, market and industry developments. A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would otherwise be the case if money had not been borrowed. As a result, the risk of loss associated with a leveraged company is generally greater than for companies with less leveraged capital structures.

Risks relating to the Shares

The price of the Company's Shares may fluctuate significantly and investors could lose all or part of their investment

The market price of the Shares may fluctuate significantly and Shareholders may not be able to resell their Shares at or above the price at which they purchased them. Factors that may cause the price of the Shares to vary include:

- changes in the Company's financial performance and prospects or in the financial performance and prospects of companies engaged in businesses that are similar to the Company's business;
- the termination of the Management Agreement or the departure of some or all of the Manager's investment professionals;
- changes in laws or regulations, or new interpretations or applications of laws and regulations, that are applicable to the Company's business or to the private equity funds or companies in which the Company makes investments;
- sales of Shares by Shareholders;
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events;
- poor performance in any of the Manager's other activities or any event that affects the Manager's reputation; and
- speculation in the press or investment community regarding the Company's business or investments or factors or events that may directly or indirectly affect the Company's business or investments.

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. Any broad market fluctuations may adversely affect the trading price of the Shares. Furthermore, investors should be aware that a liquid secondary market in the Shares cannot be assured.

The Company is not, and does not intend to become, registered in the US as an investment company under the US Investment Company Act and related rules

The Company has not, does not intend to, and may be unable to, become registered in the United States as an investment company under the US Investment Company Act. The US Investment Company Act provides certain protections to US investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, and does not intend to register, none of these protections or restrictions is or will be applicable to the Company.

The Ordinary Shares currently trade, and could in the future continue to trade, at a discount to Net Asset Value

The Ordinary Shares have periodically traded at a discount to Net Asset Value and could do so in the future for a variety of reasons, including due to market conditions or an imbalance between supply and demand for the Company's Shares. The price at which the Company's Shares trade is not the same as their Net Asset Value (although they are related) and therefore investors may realise returns that are lower or higher than NAV performance.

Risks relating to the Offer, the issue of New Ordinary Shares at a discount to the prevailing Net Asset Value and the Bonus Issue

The market price of Company's Shares may fluctuate due to the Offer, the issue of New Ordinary Shares at a discount to the prevailing Net Asset Value and the Bonus Issue

The Company's share price is generally subject to fluctuation and, in addition, could be subject to significant fluctuation due to a change in market sentiment specifically regarding the Offer and the Bonus Issue. Such risk will depend in part on the market's response to the Offer and the Bonus Issue.

If the Offer proceeds, Ordinary Shareholders will experience a dilution to the NAV attributable to their holding of Ordinary Shares

If the Offer proceeds, Ordinary Shareholders will experience a dilution to the NAV attributable to their holding of Ordinary Shares as a result of the issue of New Ordinary Shares at a discount to the prevailing Net Asset Value.

If the Offer proceeds, Ordinary Shareholders not subscribing in the Firm Placing will have their ownership and voting interest in the Company diluted and face further such dilution to the extent they do not subscribe in full for their Open Offer Entitlement

The Firm Placing may result in existing Shareholders having a diluted proportionate ownership and voting interest in the Company (to the extent such existing Shareholders do not participate in the Firm Placing). If a Qualifying Shareholder does not subscribe in full for his entitlement under the Open Offer his proportionate ownership and voting interests in the Company may be reduced further.

Furthermore, if the Subscription Rights attaching to Subscription Shares are exercised, a Qualifying Shareholder may have his proportionate ownership and voting interest further diluted as a result of the Bonus Issue.

Shareholders outside the United Kingdom may not be able to acquire Open Offer Shares and may not be able to participate in the Bonus Issue

Securities laws of certain jurisdictions (such as the United States and other Excluded Territories) may restrict the Company's ability to allow participation by Shareholders in the Open Offer and the Bonus Issue. In particular, Shareholders who are US Persons or are located in the United States will not be able to exercise their rights to participate in the Open Offer and the Bonus Issue. The Ordinary Shares and the Subscription Shares will not be registered under the US Securities Act and the Company has not been and will not be registered under the US Investment Company Act. Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of Shares carried out by the Company.

Risks relating to Subscription Shares

The Subscription Shares may expire worthless

The Subscription Shares will have a limited life and will expire after the final Subscription Date. After this date, Subscription Shares can no longer be traded or exercised. Holders of Subscription Shares should note that

Subscription Shares experience time decay, or erosion of their value over time, throughout their life. This rate of decay accelerates as the Subscription Shares near expiry and the Subscription Shares may expire worthless.

The Subscription Shares have never been publicly traded. Even if the Company is successful in listing the Subscription Shares, an active and liquid trading market for those Subscription Shares may not develop

There has not been an active market for the Subscription Shares. The Company has applied for the Subscription Shares to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities. The Company cannot predict the extent to which, even if the Subscription Shares are admitted to trading, investor interest will lead to the development of an active and liquid trading market for those Subscription Shares or, if such a market develops, whether it will be maintained.

The Company cannot predict the effects on the price of the Subscription Shares if a liquid and active trading market for those Subscription Shares does not develop. In addition, if such a market does not develop, relatively small sales may have a significant negative impact on the price of the Subscription Shares, and sales of a significant number of those Subscription Shares may be difficult to execute at a stable price.

The market price of the Subscription Shares may rise or fall rapidly. Holders of Subscription Shares should carefully consider, among other things, the following factors before dealing in Subscription Shares:

- the prevailing trading price of the Subscription Shares;
- the subscription price;
- the value and volatility of the underlying Ordinary Shares;
- the time remaining to the final subscription date;
- the liquidity of the underlying Ordinary Shares;
- any related transaction costs; and
- the Company's creditworthiness.

In addition, general movement in local and international stock markets, prevailing and anticipated economic conditions and interest rates, investor sentiment and general economic conditions could all affect the market price of the Subscription Shares.

Risks relating to taxation

Changes in taxation legislation or practice may adversely affect the Company

Any change in the Company's tax status, or in taxation legislation or practice in the United Kingdom or elsewhere, could affect the value of the investments in the Company's portfolio and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders.

Existing and potential investors should consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in the Company.

IMPORTANT NOTICES

General

The distribution of this document in jurisdictions other than the UK may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any New Ordinary Shares (with Subscription Shares attached) by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment, or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption, or other disposal of New Ordinary Shares and Subscription Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of New Ordinary Shares and Subscription Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of New Ordinary Shares and Subscription Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investments or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

The New Ordinary Shares (with Subscription Shares attached) are being offered and the Subscription Shares are being issued outside of the United States in reliance on Regulation S under the US Securities Act. Neither the New Ordinary Shares nor the Subscription Shares have been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States. In addition, the Company has not registered and will not register under the US Investment Company Act. Neither the New Ordinary Shares nor the Subscription Shares have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares (with Subscription Shares attached) or the issue of the Subscription Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and the re-offer or resale of any of the New Ordinary Shares and Subscription Shares in the United States may constitute a violation of US law.

Each applicant for New Ordinary Shares and Subscription Shares will be required to certify that, among other things, the offer of New Ordinary Shares and the issue of Subscription Shares were made to it, and at the time its buy order was originated it was located, outside the United States and that it is not a US Person (within the meaning of Regulation S under the US Securities Act).

Notice to prospective investors in the European Economic Area

In relation to Relevant Member State other than the United Kingdom, an offer to the public of the New Ordinary Shares (with Subscription Shares attached) may only be made once a prospectus has been passported in accordance with the Prospectus Directive as implemented by the Relevant Member State. This document has not been passported into any Relevant Member State; therefore, an offer of the New Ordinary Shares (with Subscription Shares attached) to the public in a Relevant Member State other than the United Kingdom may only be made pursuant to the following exemption under the Prospectus Directive, if it has been implemented in that Relevant Member State:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) and subject to obtaining the prior consent of RBS Hoare Govett for any such offer; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Ordinary Shares (with Subscription Shares attached) shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of New Ordinary Shares (with Subscription Shares attached) in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any New Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the New Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

During the period up to but excluding the date on which the Prospectus Directive is implemented in member states of the European Economic Area, this document may not be used for, or in connection with, and does not constitute, any offer of New Ordinary Shares (with Subscription Shares attached) or an invitation to purchase or subscribe for any New Ordinary Shares (with Subscription Shares attached) in any member state of the European Economic Area in which such offer or invitation would be unlawful.

Forward-looking statements

This document contains forward-looking statements including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variation or similar expressions. Such forward-looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from future results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations, the Company expressly disclaims any obligation to update or revise any forward-looking statement contained herein to reflect changes in expectations with regard thereto or any change in events, conditions, or circumstances on which any statement is based, unless required to do so by law or any appropriate regulatory authority, including FSMA, the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules.

EXPECTED TIMETABLE OF KEY EVENTS

<u>Event</u>	<u>2010</u>
Record Date for the Open Offer	close of business on 10 March
Announcement of the Offer	11 March
Publication of Prospectus and despatch of the Prospectus, Forms of Proxy and Application Forms to Qualifying Non-CREST Shareholders	11 March
Ex-entitlement date for the Open Offer	8.00 a.m. on 12 March
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders	8.00 a.m. on 12 March
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 24 March
Latest time and date for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 25 March
Latest time and date for splitting Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 26 March
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of the CREST instructions (as appropriate)	11.00 a.m. on 30 March
Announcement of results of the Offer	1 April
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments by registered Shareholders for the General Meeting	3.00 p.m. on 4 April
General Meeting	3.00 p.m. on 6 April
Announcement of results of the General Meeting	6 April
Bonus Issue Record Date	close of business on 6 April
Admission and commencement of dealings in New Ordinary Shares and Subscription Shares, fully paid, on the London Stock Exchange	8.00 a.m. on 7 April
New Ordinary Shares and Subscription Shares credited to CREST stock accounts (uncertificated holders only)	8.00 a.m. on 7 April
Despatch of definitive share certificates for the New Ordinary Shares and Subscription Shares in certificated form (to Qualifying Non-CREST Shareholders only)	By 14 April

Notes:

- (1) References to time in this document are to London time unless otherwise stated.
- (2) If you have any queries on the procedure for acceptance and payment or on the procedure for splitting Application Forms, you should contact Computershare on 0870 707 1037 (calls cost may vary) or +44 (0)870 707 1037 if calling from overseas. Calls to the helpline from outside the UK will be charged at applicable international rates. For legal reasons, the Shareholder Helpline will not be able to provide advice on the merits of the Offer or to provide financial, tax or investment advice. Calls may be recorded and monitored for security and training purposes.
- (3) The times and dates set out in the expected timetable of key events above and mentioned throughout this document and set out in any accompanying Application Form may be adjusted by the Company in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, Qualifying Shareholders.

OFFER AND BONUS ISSUE STATISTICS

Number of Ordinary Shares in issue at 10 March 2010 (being the latest practicable date prior to publication of this Prospectus)	25,186,755
Maximum number of New Ordinary Shares to be issued under the Placing and Open Offer	1,763,072
Total number of New Ordinary Shares to be issued under the Firm Placing	4,154,088
Percentage of Enlarged Issued Ordinary Share Capital represented by the Offer	19.0%
Unaudited Net Asset Value per Ordinary Share at 28 February 2010	926.6p
Offer Price per New Ordinary Share	845.0p
Dilution to NAV per Ordinary Share if Offer is fully subscribed	2.0%
Gross proceeds of the Offer*	£50.0 million
Estimated net proceeds of the Offer to be received by the Company*	£49.1 million
ISIN for Ordinary Shares	GB0003921052
ISIN for Subscription Shares	GB00B62CQW90

* Assuming the Offer is fully subscribed. The maximum number of New Ordinary Shares and Subscription Shares available under the Offer should not be taken as an indication of the number of New Ordinary Shares and Subscription Shares finally to be issued, or the amount of net proceeds that the Company will receive.

DIRECTORS, MANAGER AND ADVISERS

Directors	Roger Mountford (<i>Chairman</i>) Peter Gale (<i>Deputy Chairman</i>) Timothy Amies Piers Brooke Richard Brooman Andrew Murison
Registered Office	2 More London Riverside London SE1 2AP
Manager	Hg Pooled Management Limited 2 More London Riverside London SE1 2AP
Sponsor, Bookrunner and Broker	RBS Hoare Govett Limited 250 Bishopsgate London EC2M 4AA
Legal Advisers to the Company	Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS
Legal Advisers to the Sponsor, Bookrunner and Broker	Stephenson Harwood One St. Paul's Churchyard London EC4M 8SH
Secretary and Administrator	Hg Pooled Management Limited 2 More London Riverside London SE1 2AP
Auditors and Reporting Accountants	Deloitte LLP 2 New Street Square London EC4A 3BZ
Registrar and Receiving Agent	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY
Custodian	Hg Investment Managers Limited 2 More London Riverside London SE1 2AP

PART I

LETTER FROM THE CHAIRMAN

HgCapital Trust plc }

(incorporated in England and Wales with Company number 1525583 and registered as an investment company under section 833 of the Companies Act 2006)

Non- executive Directors:

Roger Mountford (*Chairman*)
Peter Gale (*Deputy Chairman*)
Timothy Amies
Piers Brooke
Richard Brooman
Andrew Murison

Registered Office:

2 More London Riverside
London
SE1 2AP

11 March 2010

Dear Shareholder,

I. Introduction

The Company has been a listed investment trust since 1989 and has an investment objective of providing shareholders with long-term capital appreciation in excess of the FTSE All-Share Index by investing in unquoted companies. The Company provides investors with exposure to a diversified portfolio of private equity investments primarily in the UK and Continental Europe.

The Company announced its annual 2009 results on 5 March 2010, the financial highlights of which are as follows:

- Positive net asset growth (assuming historic dividends are reinvested) of 3.6 per cent.;
- Increase in share price of 30 per cent.;
- £30 million of funds deployed during 2009 including £17.2 million in two new buyouts and £7.6 million invested in renewable energy projects through RPPI;
- Average annual EBITDA profit growth of 18 per cent. for the Company's top 10 investments over 2009;
- Ten year total return per annum of 14.4 per cent. versus 1.6 per cent. per annum from the FTSE All-Share Index; and
- > 3.8x growth in value of the Company's shares over 10 years.

At the same time, the Company also announced an unaudited NAV per Share as at 28 February 2010 of 926.6p which is net of an interim dividend of 25p per Share announced by the Company on 17 February 2010 and payable to Shareholders on the register on 26 February 2010. As at 28 February 2010, the Company held £91.8 million (representing 39 per cent. of net assets) in liquid assets (adjusted to take into account the dividend and proceeds received from the realisation of the Company's investment in Hoseasons on 1 March 2010) available for deployment in new investment opportunities as described in Part I of this document.

As shown above, the Company has delivered attractive returns to Shareholders over the medium to long term. Its total return (defined as share price growth with dividend reinvested) has outperformed the FTSE All Share Index in the periods of 5, 7 and 10 years to 31 December 2009 by approximately 9.3, 15.1 and 12.8 percentage points respectively (on an annual basis). The Board considers that one reason for this outperformance is that the Manager has taken a patient and long term approach to deploying capital and to creating and realising value within the portfolio, and has prudently taken account of economic cycles in planning both investments and realisations.

The Board believes that the Company is now in the early stages of the next significant cycle for deployment of capital, with the opportunity to make attractive new investments over the medium term. In 2009 the Company committed to invest alongside the Manager's latest buyout fund HgCapital 6, and this commitment is described on page 25 below. In 2009 the Company completed its first two investments under this commitment: a £5.9 million investment in Epyx, the UK based fleet management services business and a £7.9 million investment in Goldshield Group plc, the UK based pharmaceuticals company. The Board believes that market conditions promise to provide the best conditions for new investment for some time.

In addition, the Board is currently in discussions with the Manager with respect to making a commitment to HgCapital's second renewable energy fund, Hg Renewable Power Partners 2 LP, in addition to the Company's existing commitment of approximately £18.7 million in Hg Renewable Power Partners LP, the Manager's first dedicated renewable energy fund which is close to being fully invested.

The Company's investment strategy has consistently involved the retention of sufficient liquidity on-balance sheet through each investment cycle for deployment in new opportunities at attractive points in the cycle and to support the continued growth of the existing portfolio. Similarly, it seeks to ensure that investments offering potential for further growth in value do not need to be realised prematurely in order to raise liquid assets.

In order to allow the Company to take full advantage of new investment opportunities as they may arise, the Company has today announced that it is proposing to raise up to £50 million through a Firm Placing and Placing and Open Offer of New Ordinary Shares (with Subscription Shares attached) and to issue Subscription Shares to existing Shareholders by way of a Bonus Issue.

The Board is seeking Shareholder approval of the Resolutions at the General Meeting, in order to give effect to the Offer and Bonus Issue, among other things.

The purpose of this document is to explain the proposed Offer and Bonus Issue and to set out the terms of the Offer.

2. The Offer

Up to 5,917,160 New Ordinary Shares, ranking *pari passu* with the Existing Ordinary Shares, will be issued under the Offer, at an Offer Price of 845 pence per New Ordinary Share. Subscription Shares will be attached to the New Ordinary Shares on a one for five basis. The rights attaching to such Subscription Shares are summarised in paragraph 3 below and set out in Part V of this document. The Offer Price represents a 0.1 per cent. premium to the closing mid-market share price of the Existing Ordinary Shares as at 10 March 2010 and represents an 8.8 per cent. discount to the unaudited NAV as at 28 February 2010.

The Offer comprises a Firm Placing of 4,154,088 New Ordinary Shares (with Subscription Shares attached) and a Placing and Open Offer of up to 1,763,072 New Ordinary Shares (with Subscription Shares attached), in each case at the Offer Price of 845 pence per New Ordinary Share.

The Firm Placing provides the Company with flexibility to raise the target amount of equity from certain new investors, alongside existing Shareholders, which has the benefit of broadening the Company's investor base and facilitating secondary market liquidity. The Company has received commitments to subscribe for 4,154,088 New Ordinary Shares comprising the Firm Placing from a range of new investors and existing Shareholders.

The Open Offer allows Qualifying Shareholders to participate in the Offer by subscribing for their Open Offer Entitlements on a pre-emptive basis, alongside an ability to subscribe for an amount in excess of their Open Offer Entitlement under the Excess Application Facility where other Qualifying Shareholders do not take up their Open Offer Entitlements in full. To the extent that Qualifying Shareholders do not take up their Open Offer Entitlements and apply for further Open Offer Shares under the Excess Application Facility, such New Ordinary Shares will be available under the Placing.

The Company has received commitments from Conditional Placees to subscribe for 1,763,072 New Ordinary Shares under the Placing, subject to clawback to satisfy valid applications by existing Shareholders under the Open Offer.

As evidence of their commitment to the Company's strategy, partners and employees of HgCapital have committed to subscribe for 639,835 New Ordinary Shares representing an aggregate commitment of £5.4 million at the Offer Price. The Directors have also confirmed their intention to subscribe for 3,275 New Ordinary Shares at the Offer Price, representing their combined Open Offer Entitlement.

The Offer is conditional, among other things, upon Admission taking place by no later than 8.00 a.m. on 7 April 2010 (or such later date and time as the Company, the Manager and RBS Hoare Govett agree, not being later than 8.00 a.m. on 30 April 2010) and the passing of the Resolutions at the General Meeting or any adjournment thereof. The Placing and Offer Agreement contains provisions entitling RBS Hoare Govett to terminate the Placing and Offer Agreement at any time prior to Admission in certain circumstances, in which event the Placing and Firm Placing will lapse and the Offer will not proceed.

3. The Bonus Issue

The Company is also proposing to issue to Qualifying Bonus Issue Shareholders, by way of the Bonus Issue, one Subscription Share for every five Ordinary Shares held. Qualifying Bonus Issue Shareholders are holders of

Ordinary Shares whose names are on the Register as at the close of business on the Bonus Issue Record Date (with the exclusion of Excluded Shareholders). The Bonus Issue is conditional on completion of the Offer and is subject to Shareholder approval of Resolution 2 at the General Meeting. The Subscription Shares will be issued free of subscription cost to Qualifying Bonus Issue Shareholders on the basis of the terms and conditions of the Bonus Issue set out in Part VI of this document. Subscription Shareholders are not entitled to attend or vote at meetings of Shareholders but any of the rights attached to the Subscription Shares may be altered or abrogated with the sanction of a special resolution of the Subscription Shareholders.

Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share upon exercise of the Subscription Right and payment of the Subscription Price in cash. The first opportunity to exercise such right will be on 31 May 2011. Thereafter, exercise dates will arise on 31 May and 31 October in each year, with the final exercise date being 31 May 2013.

The Subscription Prices will be as follows:

- if exercised in 2011 or 2012 — a Subscription Price of £9.50 per Ordinary Share; and
- if exercised on 31 May 2013 — a Subscription Price of £10.25 per Ordinary Share.

In setting the Subscription Price at each exercise date, the Board has balanced its confidence in the Company's prospects for continuing growth in NAV against the advantages of securing further funds for deployment into what the Board believes will continue to be an attractive market for investment, while providing holders of Subscription Shares with opportunities to acquire Ordinary Shares on favourable terms. A more detailed explanation of the rights of the Subscription Shares is set out in Part V of this document.

The Directors believe the Bonus Issue of Subscription Shares will have the following advantages:

- at no additional cost, Qualifying Bonus Issue Shareholders will receive readily tradable securities with financial value which they may either convert into Ordinary Shares from time to time in order to benefit from the Company's future growth or realise for cash; and
- Shareholders will receive securities that have similar characteristics to warrants but, unlike warrants, are qualifying investments for the purposes of an existing PEP and for the stocks and shares component of an ISA, and should be eligible for inclusion in a UK SIPP or a UK SSAS.

4. Reasons for the Offer and the Bonus Issue and use of proceeds

As set out below in the section headed "Market Opportunity", the Board believes that the Company is now in the early stages of the next significant cycle for deployment of capital with the opportunity to make attractive new investments over the medium term. The funds raised under the Offer and upon exercise of Subscription Shares are expected to provide the Company with flexibility to take full advantage of such opportunities as they arise, following the same investment approach as it has to date, with a view to continuing to deliver attractive returns to Shareholders.

The following provides some specific examples of how the Company expects such funds to be deployed over the medium term:

HgCapital 6

Shareholders were advised in late 2008 of the Company's commitment to invest a minimum of £250 million alongside HgCapital 6 and approved such commitment in January 2009. Following the success of HgCapital 6's fundraising programme, which is in the final stages of its fundraising programme with aggregate commitments exceeding £1.88 billion, the Company's commitment is now approximately £280 million.

In making its commitment to invest alongside HgCapital 6 the Board sought to avoid the implied leverage of making unfunded commitments to invest on the assumption that proceeds from realisations will meet future capital calls. Accordingly, the Company negotiated the right, without penalty, to opt out of any new investment made alongside HgCapital 6 if the Company does not have sufficient funds available.

In 2009 the Company completed its first two investments under this commitment: a £5.9 million investment in Epyx, the UK based fleet management services business and a £7.9 million investment in Goldshield Group plc, the UK based pharmaceuticals company. The Board believes that market conditions promise to provide the best conditions for new investment for some time.

Hg Renewable Power Partners 2 LP

The Board has recently been advised by the Manager of HgCapital's intention to raise a second renewable energy fund, Hg Renewable Power Partners 2 LP, and is in discussions with the Manager with a view to making a commitment to that fund. In June 2006, the Company made a commitment of €21 million (approximately £18.7 million) to RPP1, a dedicated renewable energy fund managed by HgCapital. The €303 million fund was, at the date of closing, one of the largest raised for renewable energy investments in Europe and is focused on long term investments in power generating projects across Europe diversified by geography, technology, equipment supplier and regulatory regime. The investment class has lower case by case target returns (10-15 per cent. net targeted returns driven by yield and capital gains) than buyouts but similar risk adjusted returns. A higher proportion of returns are expected to be received during the lifetime of the investment in the form of income and opportunities will arise for recapitalising individual or groups of assets. This return profile is attractive to an investor such as the Company, as it complements the more cyclical cash flows arising from investing in buyouts.

The RPP1 portfolio is close to being fully invested with all construction projects to date completed on time and on budget, operating assets performing within the expected range and one realisation completed ahead of original plan. Principal operating platforms are for onshore wind in the UK and Sweden and solar energy in Spain; these assets are performing well with yield on a clear and strong upward trend.

Existing portfolio companies and further new investment opportunities

The Company has consistently retained sufficient liquidity through each investment cycle for deployment in new opportunities at attractive points in the cycle and to support the continuing growth of the existing portfolio. Similarly, it seeks to ensure that investments offering further growth in value do not need to be realised prematurely in order to raise funds.

While the Company may from time to time make use of temporary borrowing to cover its short term cash flow needs, the Board would not wish to fund investments through long term borrowings, as the Manager seeks to achieve an appropriate level of leverage for each underlying investment. The Board considers that such an investment approach does not, therefore, lend itself to significant structural leverage at the Company level and that Shareholders' interests are best served by maintaining liquidity available for investment at those times in the economic cycle when conditions are especially favourable for investment.

In addition to the investment opportunities noted above, the Directors believe that the Offer and the Bonus Issue will have the following additional benefits for Shareholders and the Company:

- the Offer will allow those investors who would not otherwise have been able to invest or increase their investment in the Company to the extent they wish, to make or increase an investment;
- the Offer will create a larger company with a more broadly diversified shareholder base, facilitating secondary market liquidity in the Shares; and
- the Offer and Bonus Issue may, in due course, lead to the Company's admission to the FTSE 250 Index, thereby potentially leading to further institutional demand for the Shares and enhanced secondary market liquidity for Shareholders.

In the Board's view, the expected medium term benefits to Shareholders derived from the Company's increased capital base more than outweigh the modest short term dilutive effect of the Offer and conversion of the Subscription Shares on the Company's Net Asset Value.

The Board intends that the net proceeds of the Offer will be invested in accordance with the Company's investment policy. A proportion of such proceeds, together with the Company's existing cash resources, will be used to meet the Company's commitment to HgCapital 6. Pending such investment, any proceeds not invested will be held in cash or short term money-market instruments (including gilts). The Company pays no management fees to HgCapital in respect of its holdings of cash or liquid assets.

5. Market opportunity

The Manager pursues a clearly defined strategy of focusing on five sectors, covered by separate specialist investment teams. These sectors are TMT (Telecoms, Media and Technology), Industrials, Healthcare, Business Services and Renewable Energy. Within these sectors the investment teams identify sub-sectors of interest from time to time in order to research and identify businesses with the most attractive prospects. The first four sectors thus provide opportunities for investment by way of buyout that are taken into the Manager's core buyout funds; the Company invests in these funds and as a co-investor with these funds on substantially identical terms to other investors. The fifth

sector, Renewable Energy, is analysed by the Manager in a similar way to its buyout business, using the skills it has developed over many years; however, given that renewable energy forms a different asset class, the Manager makes these investments through a separate specialist fund, RPPI, to which the Company has subscribed.

The Board believes that a significant opportunity exists to make attractive new buyout investments over the next stage in the economic cycle. Experience of past business cycles demonstrates that the best returns are made by funds raised at the bottom of cycles and invested over the following three to four years. The availability of opportunities is expected to be driven by the continuing process of deleverage, especially from banks looking to divest attractive but overleveraged companies that have fallen under their control. A large volume of potential refinancings amongst private equity backed companies, particularly those reaching the end of their bank facilities' term, may also lead to opportunities for the Company. With some return in levels of business confidence, the Board expects the rate of corporate divestment to pick up, if the recovery follows the pattern of earlier cycles. An increase in divestments of owner managed businesses can also be expected as they recover from the downturn. In addition, possible changes to the fiscal regime may also encourage the sale of owner managed businesses. Such market conditions highlight the potential opportunities for further equity investment.

The Board anticipates a progressive increase in transaction volumes and somewhat more attractive valuations for assets, particularly when measured against long term averages. The Board does not expect to see a uniform pick-up in activity across each of the investment sectors and principal geographies to which the Company has exposure, but does see some scope for assets to be revalued as earnings growth begins to accelerate. In this context the Board believes that as financing conditions gradually ease, particularly for sponsors like HgCapital with a strong track record, this will leave the Company well positioned to exploit opportunities in the buyout market.

6. Current investments and prospects

The Company's current top 10 buyout investments (which represented 78 per cent. of the invested portfolio as at 31 December 2009) continue to perform well, with average value weighted sales growth exceeding UK GDP growth by approximately 4x over 2008. Although the recession slowed sales growth in 2009, it did not prevent the companies from growing revenues in 2009.

In terms of current valuation benchmarks, the average value weighted multiple of EV / EBITDA of the Company's top 10 buyout investments was 7.7 at the 31 December 2009 valuation, compared with a corresponding valuation of 14.3 for the FTSE All Share Index at the same date. Accordingly, the Board believes that existing portfolio valuations may imply a store of potential value that may be recognised in future revaluations or on realisation. The Company's top 10 buyout investments are described in Part II of this document.

The Board believes that its valuation policies are rigorous, consistently applied and conform fully to industry guidelines (IPEV Guidelines). In particular, detailed valuations are prepared by the Manager, using multiples for a range of selected comparator companies; the Board's Audit & Valuation Committee then scrutinises these valuations in detail, raising questions or calling for further evidence if appropriate, before the valuations are adopted by the Board and the Manager. Furthermore, historic earnings are used for valuation purposes when earnings are increasing, while forecast earnings are used if they are declining. The prudence of the Company's approach to valuation is shown by its achievement of an average uplift over book value on exit of nearly 1.9x on 30 exits since mid 2005.

A small number of investments have been written down at the enterprise value level with the result that, after taking account of borrowing, the value of the equity held by the Company has been written down to zero. However, the Manager's portfolio management team continues to work with the management of most of these companies to add value; in the event that earnings are restored, or multiples improve, sufficient value may be added at the enterprise value level that there can be a material write-back of value in the Company's accounts.

7. Share issues and authority

The Company is proposing (subject to the passing of Resolution 2 at the General Meeting) to authorise the Directors to allot New Ordinary Shares (with Subscription Shares attached) up to an aggregate nominal amount of £1,491,124.32 (such New Ordinary Shares representing approximately 23.5 per cent. of the Existing Ordinary Share Capital) pursuant to the Offer without regard to statutory pre-emption rights, to allot Subscription Shares to Qualifying Bonus Issue Shareholders pursuant to the Bonus Issue up to an aggregate nominal amount of £50,373.51 and to allot Ordinary Shares in connection with the exercise of Subscription Rights attaching to the Subscription Shares up to an aggregate nominal amount of £1,555,195.75 (such Ordinary Shares representing approximately 24.7 per cent. of the Existing Ordinary Share Capital).

Resolution 2(iii) seeks Shareholder approval of the Offer Price of 845 pence per New Ordinary Share (with Subscription Shares attached) representing an Offer Price below the Net Asset Value per Ordinary Share. Such

approval is required by the Listing Rules because the Offer Price is below the Net Asset Value per Ordinary Share and the New Ordinary Shares are not first offered pro rata to holders of Existing Ordinary Shares.

Resolution 3 (which is conditional on the approval of Resolutions 1 and 2) seeks Shareholder approval to give the Company authority to buy back, if issued, its Subscription Shares in the market as permitted by the Companies Act 2006. The authority limits the number of Subscription Shares that could be purchased to a maximum of 932,495 Subscription Shares and sets minimum and maximum prices.

Such authority will be exercised only if the Directors believe that to do so would be in the interests of Shareholders generally. Any purchases of Subscription Shares would be by means of market purchases through the London Stock Exchange.

8. New Articles of Association

The Company proposes to adopt New Articles (subject to the passing of Resolution 1 at the General Meeting), which will provide for the rights attaching to the Subscription Shares and other matters connected with the Offer and Bonus Issue. Furthermore, the New Articles incorporate amendments to the current articles of association to reflect the changes in company law brought about by the Companies Act which came into effect on 1 October 2009 and also changes made to the Companies Act in August 2009 to implement the EU Shareholder Rights Directive in the UK, as well as some minor technical or clarifying changes.

The principal changes in the New Articles relate to shareholder meetings and resolutions, the Company's constitution and share capital.

In August 2009, changes were made to the provisions in the Companies Act on company meetings by the Shareholders' Rights Regulations to implement the EU Shareholder Rights Directive in the UK. The New Articles incorporate amendments in relation to meetings to ensure consistency with the Companies Act (as amended by the Shareholders' Rights Regulations).

Under the Companies Act, as amended, all provisions of the Company's memorandum, but most significantly the objects clause, were deemed to form part of the Company's articles of association from 1 October 2009. However, it is not necessary under the Companies Act for a company to set out its objects as the Companies Act provides that, unless the articles state otherwise, a company's objects will be unrestricted. It is therefore possible for the objects clause to be removed or amended by amending the articles by special resolution.

One of the other key provisions of the memorandum which is deemed to form part of the Company's articles from 1 October 2009 is the restriction created by the existing authorised share capital. The Companies Act removes the requirement for a company to place limits on its authorised share capital.

By adopting the New Articles, which do not contain an objects clause or an authorised share capital statement, the Company will remove these provisions from its articles.

For a more detailed explanation of these and other amendments please refer to Part IX of this document.

9. Costs of the Proposals

On the basis that the Offer is fully subscribed, the total expenses in connection with the Proposals payable by the Company are estimated to be approximately £0.94 million, representing 1.9 per cent. of the gross proceeds of the Offer.

10. Overseas Shareholders

The issue of the New Ordinary Shares and Subscription Shares to persons who have a registered or mailing address in countries other than the United Kingdom may be affected by the law or regulatory requirements of the relevant jurisdiction. No person receiving a copy of this document in any country other than the United Kingdom may treat the same as consisting an invitation, offer or issue to them, unless, in the relevant country, such invitation, offer or issue could lawfully be made to them without compliance with any registration or other legal or regulatory requirements.

The New Ordinary Shares and the Subscription Shares will not be issued to persons who have a registered or mailing address in those countries in which it would or might involve a breach of the relevant securities laws or regulations to make such an invitation, offer or issue. In those circumstances, this document will be sent for information only and should not be copied or redistributed.

Persons receiving a copy of this document should not distribute or send the same to any person in, or citizen or resident of, or into any country where to do so would or might involve a breach of the local securities laws or regulations. If a copy of this document is received by any person in any such territory, or by their agent or nominee in any such territory, they must not seek to acquire New Ordinary Shares or Subscription Shares. Any person who does forward this document into any such countries (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph.

Any Shareholder who is in any doubt as to their position should consult an appropriate professional adviser without delay.

The attention of Overseas Shareholders is drawn to paragraph 6 of Part III of this document.

11. Taxation

The attention of prospective investors is drawn to the summary of United Kingdom tax matters set out in paragraph 1 of Part VIII of this document. Any prospective investor who is in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional adviser.

12. General Meeting

Set out at the end of this document is a notice convening the General Meeting to be held at the offices of HgCapital, 2 More London Riverside, London SE1 2AP at 3:00 p.m. on 6 April 2010 at which the Resolutions will be proposed.

13. Action to be taken

Action to be taken by Shareholders in respect of the General Meeting

Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, so as to arrive no later than 3:00 p.m. on 4 April 2010. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the General Meeting, should you so wish.

Action to be taken by Shareholders in respect of the Open Offer

The latest time for acceptance by Qualifying Shareholders under the Open Offer is expected to be 11:00 a.m. on 30 March 2010. The procedure for acceptance and payment are set out in Part III (Terms and Conditions of the Open Offer). Further details will also appear in the Application Form that will be sent to all Qualifying Non-CREST Shareholders.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

If you are in any doubt as to the action you should take, you should seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate financial adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

14. Recommendation

The Board considers the Resolutions are in the best interests of the Company and its Shareholders as a whole. The Directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings, which amount in aggregate to 46,803 Shares representing approximately 0.2 per cent. of the Existing Ordinary Share Capital of the Company.

Yours faithfully

Roger Mountford

Chairman

PART II

INFORMATION ON THE COMPANY

I. Introduction

The Company's Ordinary Shares are listed on the Official List and traded on the main market of the London Stock Exchange and are currently the only Shares of the Company in issue. Following the Offer and Bonus Issue, the Company will also have in issue a class of Subscription Shares, which will give their holders the right to convert their Subscription Shares into Ordinary Shares on a twice-yearly basis following the first anniversary of issue.

The Company is publishing this document in order that it can issue the New Ordinary Shares and the Subscription Shares.

2. The Manager and its Investment Approach

The Company is managed by Hg Pooled Management Limited.

HgCapital has grown significantly since gaining its independence from Merrill Lynch Investment Managers in 2000 and currently has committed funds under management of approximately £3.0 billion. HgCapital's sector-focused, pan-European model is designed to acquire and apply superior sector knowledge to investment selection and origination. Its dedicated portfolio management team allows HgCapital to work closely with its portfolio companies in order to increase medium term value. Over the last 10 years, the total return to Shareholders (defined as share price growth with dividends reinvested) has grown by a compound rate of 14.4 per cent. per annum, out-performing the FTSE All Share Index by 12.8 percentage points per annum.

Strategy

HgCapital focuses on middle market buyouts with enterprise values of between £50 million and £500 million. The middle market offers a high volume of companies with proven, consistent financial performance and defensible market positions. Such companies are small enough to provide opportunities to drive operational improvements, yet large enough to attract quality management and to offer multiple exit options across market cycles without being overly dependent on capital markets for returns, financing or exits. Companies offer multiple value creation levers giving the potential to effect material operational improvements. HgCapital focuses on investments in Western Europe, with the majority of activity taking place in the UK, Benelux, German speaking countries and the Nordic region. Offices and expertise in London and Germany, combined with a common culture and consistent processes, underpin HgCapital's ability to produce strong performance.

HgCapital seeks to take sole and lead control positions in companies with protected business models and predictable revenues, which offer a platform for growing market share or have the potential for significant performance improvement. HgCapital applies a rigorous and commercial investment approach when evaluating all investment opportunities, seeking to ensure that only the most attractive investments are completed with conservative capital structures. Most importantly a clear value creation plan is always developed which is then tested through the due diligence programme.

The investment approach is research driven and supported by a strong team ethos. Sector teams seek to identify the most attractive sub-segments within their sector using top down sector research. In doing so HgCapital seeks to make multiple investments within a subsector thereby benefiting from the "learning effect" across multiple investments. The process is designed to optimise effective investment selection by combining the expertise and industry networks of sector teams with a rigorous review and challenge process.

Tactics

HgCapital's core tactical advantages are derived from a combination of the following:

Sector Focus — Over the past 12 years HgCapital has invested significantly in developing its investment capability through its dedicated sector teams. These currently cover TMT (Telecoms, Media and Technology), Industrials, Healthcare, Business Services and Renewable Energy and provide investors with access to the substantial majority of private equity activity within HgCapital's target size range and across relevant geographies.

Intensive Portfolio Management — HgCapital has developed over the last 10 years an experienced in house portfolio management team, currently comprising seven professionals. This team works closely with the sector teams to help drive growth in portfolio companies, monitor progress and plan and optimise exits.

Highly Resourced Model — HgCapital has a favourable ratio of staff to current transactions and to assets under management. HgCapital has over 75 partners and employees with 19 active current investments and approximately £3.0 billion under management.

Key Individuals

The biographies of the key individuals at HgCapital are as follows:

Ian Armitage — Partner, Chairman

Aged 54, Ian Armitage joined HgCapital in 1988 and assumed responsibility for the business in 1990. In December 2000, he successfully led HgCapital's independence from Merrill Lynch and became full-time Chairman of HgCapital in 2007. Prior to HgCapital, he spent nine years with 3i plc in Reading and Dublin. His investments at HgCapital have included NTL, Luminar and Paddy Power. He is currently a member of HgCapital's Investment Committee and Valuation Committee.

Nic Humphries — Partner, CEO, Head of the TMT Team

Aged 42, Nic Humphries joined HgCapital in 2001 and became CEO in 2007. He has over 17 years of private equity experience and has spent the past 12 years focusing specifically on technology investments, currently as the Head of the TMT Team. Prior to joining HgCapital, he was a Partner in Geocapital's European business, and before that was Head of Barclays Private Equity's IT and Telecoms Team. His investments at HgCapital have included Sitel (Elite Holding), Rolfe and Nolan, Addison, IRIS, Visma and Xyratex. He is currently a member of HgCapital's Executive Committee, Portfolio Review Committee and Investment Committee.

Frances Jacob — Partner, CIO

Aged 50, Frances Jacob joined HgCapital in 1988. Following Mercury Private Equity's independence from Merrill Lynch in December 2000, she became HgCapital's Chief Investment Officer responsible for investment activities and the management of the firm's investment resources. Prior to joining HgCapital, she worked at 3i as an Investment Director responsible for executing and managing investments. Her investments at HgCapital have included NTL, Luxfer, Belfast Airport and PII. She is currently a member of HgCapital's Investment Committee, Portfolio Review Committee and Valuation Committee.

Stephen Bough — Partner, Head of Finance / Administration

Aged 40, Stephen Bough joined HgCapital in 1998. He is responsible for managing HgCapital's Finance, Fund Administration, Human Resources and IT functions. Prior to joining HgCapital, he spent 10 years at Prudential Assurance, during which time he held various financial and management accounting roles within their general and life insurance divisions, tax department and fund accounting business. He is currently a member of HgCapital's Executive Committee and Valuation Committee.

Craig Donaldson — Partner, Head of Client Services / Head of Marketing and Origination

Aged 44, Craig Donaldson joined HgCapital in 2000 and has overall responsibility for fundraising, Client Services, coordinating co-investment opportunities and overseeing the firm's Marketing / Origination activities. He has over 18 years of experience in advising institutional investors on global alternative investment strategies and has been involved in acquisitions and disposals, portfolio management, financial analysis, fundraising and client services. He is currently a member of HgCapital's Executive Committee, Portfolio Review Committee and Valuation Committee.

Martin Block — Partner, Head of the Munich Office

Aged 48, Martin Block joined HgCapital in 2001 and now manages the Munich Office. Prior to joining HgCapital, he spent six years at the Royal Bank of Scotland working in leveraged finance where he became a founding member of their German team, focused on cross-border transactions including the provision of both senior debt and mezzanine finance. His investments at HgCapital have included Hirschmann, FTE, Mondo Minerals, Schenck, SLV and WET. He is currently a member of HgCapital's Executive Committee and Investment Committee.

Lindsay Dibden — Partner, Head of the Healthcare Team

Aged 47, Lindsay Dibden joined HgCapital in 1989. In 1997 he was responsible for founding the Healthcare Team and HgCapital's franchise in the healthcare sector. Prior to HgCapital, he spent five years at Coopers & Lybrand where he advised on private equity transactions within its corporate finance department. He has been responsible

for over 20 investments including Castlebeck, Tunstall and The Voyage Group. He is currently a member of HgCapital's Executive Committee and Investment Committee.

Matthew Rourke — Partner, Head of the Services team

Aged 38, Matthew Rourke joined HgCapital in 2009. Previously he was a partner at Deloitte. After gaining his ACA qualification at Deloitte, he spent 14 years advising private equity firms transacting in Europe and Asia. His last role at Deloitte was Head of Transaction Services in Hong Kong.

Lisa Stone — Partner, Head of Portfolio Management Team

Aged 47, Lisa Stone joined HgCapital in 1999 to develop and strengthen HgCapital's post-transaction investment support and business planning capabilities. Leveraging her extensive experience in strategy consulting, she leads and co-ordinates HgCapital's Portfolio Management activities. Prior to joining HgCapital, she was Head of Strategy for Lucas Varsity. Prior to this, she spent over ten years as a management consultant and industry executive, much of this with Bain & Co. Her investments at HgCapital have included SHL and Visma. She is currently a member of HgCapital's Executive Committee, Investment Committee and Portfolio Review Committee.

Tom Murley — Director, Head of the RPP Team

Aged 52, Tom Murley joined HgCapital in 2004 as head of the RPP Team. He has 18 years' experience in providing equity finance to the US and European power sectors. He was formerly co-head of Allianz Private Equity's RPP Team. Prior to that he worked at EIF Group, the first private equity fund manager for the power generation industry. He chairs the British Venture Capital and Private Equity Association's committee on Sustainable Energy, Environment and Technologies and sits on Economics and Markets Committees of the British and Swedish Wind Energy Associations. He was also general counsel of a renewable energy company and worked as a lawyer in Boston and New York for 8 years, focusing on M&A and finance.

3. The Company's Investment Policy

The principal policy of the Company is to invest in a portfolio of unlisted companies that are expected to grow organically or by acquisition. Any material change to the Company's investment policy will be made only with the approval of Shareholders.

The Company's maximum exposure to unlisted investments is 100 per cent. of gross assets. At the time of acquisition no single investment will exceed a maximum of 15 per cent. of gross assets. The Company may invest in assets other than companies where the Manager believes that its expertise in private equity investment can be profitably applied. The Company may invest in unlisted funds, whether managed by the Company's Manager or not, up to a maximum at the time of acquisition of 15 per cent. of gross assets. The Company may invest in other listed investment companies, including investment trusts, up to a maximum at the time of acquisition of 15 per cent. of gross assets, although it has no current intention to do so. The Company invests its liquid funds in government or corporate securities, or in bank deposits, in each case with an investment grade rating, or in managed funds with a similar investment policy.

Range and diversification

The Company invests primarily in companies whose operations are headquartered or substantially based in or which serve markets in Europe. The Company invests in companies operating in a range of countries, but there is no policy of making allocations to specific countries or markets. The Company invests across a range of sectors, but there is no policy of making allocations to sectors.

Gearing

Underlying investments or funds are typically leveraged to enhance value creation, but it is impractical to set a maximum for such gearing. The Company may over-commit to invest in underlying assets in order to maintain the proportion of gross assets that are invested at any time. The Company has the power to borrow against its portfolio, although it has no current intention of doing so (save in respect of temporary borrowing to cover its short term cash flow needs). The Articles currently restrict the Company's ability to borrow no more than, broadly, twice the aggregate of the Company's paid up share capital and reserves (without shareholder approval).

Hedging

The Company may use derivatives to hedge its exposure to interest rates, currencies, equity markets or specific investments for the purposes of efficient portfolio management.

4. The Company's Portfolio

This section sets out a comprehensive and meaningful analysis of the Company's investment portfolio up to the date of this document. The Company's portfolio consists of 34 buyout investments (of which 19 are active current investments), one investment in RPP1 and 3 hedge instruments. The top ten buyout investments account for approximately 80.8 per cent. of the invested portfolio⁽¹⁾ with the next 10 buyout investments accounting for approximately a further 11.2 per cent. of the invested portfolio⁽¹⁾. The balance predominantly comprises the Company's investment in Hg Renewable Power Partners LP.

The following tables summarise the Company's portfolio:

	<u>£('000)⁽¹⁾</u>	<u>Percentage of Portfolio⁽¹⁾</u>
Asset class		
Unquoted	139,833	60%
Cash and other net assets	93,540	40%
Total	233,373	100%
Valuation basis		
Earnings	96,557	68%
Written down	11,891	8%
Cost	19,116	14%
Net assets	13,069	9%
Other	536	1%
Quoted	96	0%
Total	141,265	100%
Sector by value		
TMT	43,753	31%
Healthcare	39,569	28%
Consumer & Leisure	24,224	16%
Industrials	18,017	13%
Renewable Energy	12,046	9%
Services	2,633	2%
Fund	1,023	1%
Total	141,265	100%
Geographic spread by value		
UK	69,029	49%
Nordic Region	39,477	28%
Germany	18,478	13%
Europe	12,046	8%
Benelux	1,212	1%
North America	982	1%
Ireland	41	0%
Total	141,265	100%

	<u>£('000)⁽¹⁾</u>	<u>Percentage of Portfolio⁽¹⁾</u>
Deal Type by value		
Buyout	126,955	89%
Renewable Energy	12,046	9%
Expansion	1,241	1%
Fund	1,023	1%
Total	141,265	100%
	<u>£('000)⁽¹⁾</u>	<u>Percentage of Portfolio⁽¹⁾</u>
Vintage by value		
Pre 2005*	25,856	18%
2005	9,366	7%
2006	57,010	40%
2007	26,582	19%
2008	8,465	6%
2009	13,986	10%
Total	141,265	100%

* of which 17% is attributable to Pulse Staffing

Source: HgCapital (unaudited)

The Company's top ten buyout investments are set out below. Details of the top 20 investments as at 28 February 2010 are included in paragraph 14 of Part X of this document.

#	<u>Company</u>	<u>Description</u>	<u>Residual Cost (£'000)</u>	<u>Valuation (£'000)⁽¹⁾⁽²⁾</u>	<u>% of portfolio⁽³⁾</u>	<u>% of net assets⁽⁴⁾</u>
1.	VISMA	SME business software	14,609	28,748	20.5%	12.3%
2.	Pulse Staffing	Healthcare staff agency	6,131	24,597	17.5%	10.5%
3.	Mondo Minerals	Talc mining and processing	7,004	10,729	7.7%	4.6%
4.	Sporting Index	Sports spread betting book maker	7,186	8,154	5.8%	3.5%
5.	Schleich	Toy figurines manufacturer	4,634	8,128	5.8%	3.5%
6.	Goldshield	Niche pharmaceuticals and consumer health	7,948	7,948	5.7%	3.4%
7.	SLV	Lighting systems and decorative lighting solutions	5,999	7,175	5.1%	3.1%
8.	Americana	Branded clothing and accessories	4,625	6,701	4.8%	2.9%
9.	Epyx	Electronic market for automotive fleet services	5,942	5,942	4.2%	2.5%
10.	Achilles	Data management and validation services	5,226	5,226	3.7%	2.2%
Top 10 Investments . . .			69,304	113,348	80.8%	48.5%

Notes:

(1) Valuation based on the unaudited management accounts as at 28 February 2010

(2) Valuation including interest receivable on fixed assets of £18.6 million

(3) Total portfolio of £113.3 million as at 28 February 2010

(4) Unaudited net assets of £233.4 million as at 28 February 2010

Source: HgCapital (unaudited)

The Company's top ten buyout investments grew revenue at above 4 times UK GDP in 2008 and, while sales growth slowed with the recession in 2009, it did not prevent the companies from growing revenues. The 2009 recession has been used to streamline the portfolio companies' operations which is illustrated by a weighted average debt/EBITDA multiple for the top ten buyout investments of 3.1 times as at 31 December 2009.

i. VISMA (www.visma.com)

Business Description

- VISMA is the number one provider of business software and other related services to small and medium-sized enterprises in the Nordic region.
- The company provides solutions for financial, procurement, HR and other back office processes to a customer base of over 200,000 companies.

Investment Rationale

- Strong organic growth in revenue, with good visibility from a highly recurring and predictable customer base.
- Significant potential to improve margins to industry standard levels.
- Country specific markets with high barriers to entry driven by local regulatory requirements: highly fragmented market with significant potential for acquisition-led growth.

Portfolio Management

- Plan: Grow through acquisition and integration of smaller competitors across the Nordics and Benelux. Grow organically by selling new services/products. Improve EBITDA margins to industry standard levels through process change.
- Initiatives: Supported management in making and integrating 16 bolt-on acquisitions to date. Implemented operational improvements driving margin expansion from 14 per cent. to 20 per cent. since HgCapital's investment.

Performance

- Current trading: Performance in the year remained strong, with significant growth in both sales and EBITDA.
- Exit strategy: An IPO is planned for 2011.

ii. Pulse (www.pulsejobs.com)

Business Description

- Pulse is a market leader in the placement of doctors, allied health professionals and nurses into flexible and permanent roles in the UK and abroad.
- The company also has a growing presence in the scientific, social care and qualified social work markets.

Investment Rationale

- Pulse is one of the top two players in the UK healthcare staffing sector. It benefits from a diversified revenue base covering all disciplines, providing staff on a spot basis and via framework agreements to both NHS Trusts and to the private sector.
- HgCapital believes that growth is possible through the further penetration of Pulse's target sectors.
- Industry-leading management team, with a proven track record of value creation.
- These strong features encouraged HgCapital to accept the risks posed by the policy choices of central government, an ever present feature of serving the NHS.

Portfolio Management

- Plan: To use surplus cash flow to return capital, pay dividends and to grow organically by building private care revenues.
- NHS-derived profit stands at 50 per cent. compared to 65 per cent. at the beginning of 2007.
- Management has been strengthened. The firm was voted 'Staffing Agency of the Year' in 2009.

Performance

- Since HgCapital took over this investment, EBITDA has risen to £13.5 million on sales of £164 million (unaudited).
- Exit strategy: An IPO is being considered for 2010.

iii. Mondo (www.mondominerals.com)

Business Description

- Mondo is the world number two in talc mining and processing.
- Mondo is a longstanding and trusted supplier of talc for paper producers in the Nordic region and Northwestern Europe. Mondo's high quality products also hold a strong market position in the paint, plastic, cosmetics and ceramics industries where Mondo's quality, reliability of supply and technical support are pivotal to its success.

Investment Rationale

- Mondo's core customer base provides sustainable long-term demand. The product is a critical, but relatively low cost, technical component of the customers' manufacturing process.
- Due to the specific chemical characteristics of talc, there exists an opportunity to push into other high margin applications and increase the size of the non-paper business.
- Opportunity for margin improvement through changes in processes.

Portfolio Management

- Plan: Grow sales in higher margin applications, reduce costs through better procurement and process change and enter new expanding BRIC geographies through acquisition and joint ventures.
- Initiatives: Increasing sales in higher margin, non-paper applications, the implementation of process improvements, switching of milling operations from oil to electricity, and expanding alongside Mondo's customers to serve their global needs.

Performance

- Current trading: Strong performance through the recession with margins holding up due to strict cost control and operational improvements.
- Mondo's business and financial characteristics make it an attractive target for both private equity and trade buyers.

iv. Sporting Index (www.sportingindex.com)

Business Description

- Sporting Index ("SPIN") is the largest sports spread betting firm in the world. It offers more markets, in larger size than its competitors, serving a niche market, which is currently largely limited to the UK. It also uses its unrivalled pricing ability to offer other betting firms "in running" prices on a range of sports, thereby helping them serve their fastest growing market segment.

Investment Rationale

- The core business is robust, cash generative and provides a base from which to expand the group by launching new products and services and attacking new geographies.

Portfolio Management

- Plan: Develop new distribution channels for SPIN's spread betting product through the sale of pricing to fixed-odds bookmakers, lottery operators and online casinos. Expand SPIN's proprietary trading capability via betting exchanges. Develop its online marketing abilities and customer database to increase retention and usage.
- Initiatives: Four accounts for SPIN's pricing service have been won and a strong pipeline built. A new IT platform under development will deliver significant productivity improvements.

Performance

- In spite of the downturn that has adversely affected SPIN's customer base, sales and profit are level with last year as it wins share from smaller competitors.
- Exit strategy: The company will be positioned for a sale to an international gaming firm or system provider.

v. Schleich (www.schleich-s.com)

Business Description

- Schleich is the leading producer of classic low price plastic toy figurines, such as farm and wildlife animals, historical characters and The Smurfs in Germany.
- It has international distribution in over 30 countries, with market leading positions in Germany, France and a growing presence in the USA and the UK.

Investment Rationale

- Schleich's figurines are attractive to retailers, given their low seasonality, high sales and attractive margins.
- The company benefits from relatively high barriers to entry, given its wide product range, brand, established retailer network and a high quality, low cost supply base.
- Revenue growth is supported by continual innovation in the product range.

Portfolio Management

- Plan: Drive sales growth organically in existing markets and through international expansion. Penetrate large key accounts. Capture margin improvement through increased scale.
- Initiatives: Revise in-store displays and pricing structure. Reposition manufacturing and logistics for future growth.

Performance

- Current trading: Continued growth in both revenues and EBITDA during the year despite the impact of the financial crisis. North America sales grew approximately 8 per cent. on a constant currency basis as per December 2009.
- Exit strategy: Several multi-national toy makers represent natural trade buyers; stable profits and risk profile could also support an IPO or a secondary buyout.

vi. Goldshield (www.goldshield-pharmaceuticals.com)

Business Description

- Goldshield is a profitable niche pharmaceutical company with a small consumer health division.
- The pharmaceutical division sells mature branded products and niche generics, typically re-formulating them to extend their lives. It is primarily focused on serving the UK, where demand for its products benefit from attempts to reduce prescription costs.
- The consumer health division sells a range of weight management and consumer health products.

Investment Rationale

- The niche pharma business has a good record of organic growth and prospects are sound.
- It benefits from having a lean operating model which delivers attractive margins and strong cash conversion. The Company believes that surplus cash can be used to acquire new products and to finance in-licensing deals that will extend the product and deliver continued growth.

Portfolio Management

- Plan: Simplify activities by withdrawing unprofitable activities. Acquire/in-license more products in the pharmaceutical business.

Performance

- The post-acquisition plan focused on Goldshield's financial reporting and on continuing to streamline the business and its supply chain. In the course of its review, the Manager discovered evidence suggesting that Goldshield may have understated its reported profits over a number of years, prior to the acquisition by HgCapital. The Manager believes that no adjustment to the book value of this investment is necessary.
- The most likely exit route is a trade sale to a larger pharmaceutical company.

vii. SLV (www.slv.com)

Business Description

- SLV is a fast growing German designer and supplier of decorative and technical lighting products and systems.
- The company has established a unique business model focused on the B2B market with sales made via catalogues backed by a well-invested global logistics function, best-in-class service levels and a highly competitive pricing strategy.

Investment Rationale

- SLV's fast, profitable growth, strong cash flow and competitive business model give it the clear potential to increase market share in Germany to grow strongly in other European countries and to enter other markets.

Portfolio Management

- Plan: Grow sales and gain market share in existing European markets, professionalise co-operation with partners, enter new markets and reduce leverage quickly.
- Initiatives: Strengthened management team. Developed US market entry strategy and implementation plan. Redefined relationship with partners and added new partners in Europe to support growth.

Performance

- Current trading: In spite of a declining market, SLV managed to grow sales and profits in 2009 and thereby gained significant market share. EBITDA has improved significantly since the business was acquired and cash flow generation has been ahead of plan
- Exit strategy: SLV has the size, growth and potential to make a viable IPO candidate. It is also an attractive target for both private equity and trade buyers.

viii. Americana (www.bench.co.uk)

Business Description

- Americana is a branded apparel business, designing and marketing the Bench casual clothing brand targeted at the youth market.
- The company achieves UK-wide distribution through multiple UK retailers as well as its own small UK retail presence. It has entered the German market successfully, employing a wholesale distribution strategy.

Investment Rationale

- Bench is a strong brand that can be developed internationally.
- A high margin, cash generative business underpinned by a strong supply chain based in China.

Portfolio Management

- Plan: Build Bench's brand equity and value by growing revenues internationally, both in Germany and in less established territories, whilst at the same time refreshing its credentials in the mature UK market. Success in both areas will increase profits as well as improve the rating that can be attained on exit.
- Initiatives: Substantially strengthened management team; improved management reporting and business planning. Entering Germany and built a small but highly profitable and growing business.

Performance

- The UK market has been tough but this has been compensated for by German performance. Higher investment in brand building being covered by increased sales, leaving profits broadly flat year-on-year.
- Exit strategy: Interest is anticipated from both trade buyers and private equity.

ix. Epyx (www.epyx.co.uk)

Business Description

- Epyx provides a private electronic marketplace serving the vehicle contract hire and leasing market. The Epyx service enables both customers and suppliers to reduce costs and increase efficiency across multiple business processes.
- The Epyx marketplace connects over 60 of the UK's vehicle fleet operators and 9,000+ suppliers of critical services to these fleets. The company is very well established in the UK and is now investing in European growth.

Investment Rationale

- HgCapital invests in companies which possess resilient growth characteristics and high levels of revenue visibility, which operate in business-critical niche markets, and which have the potential to generate high cashflow margins. Epyx fits this model perfectly.
- The company's applications are embedded in its customers' business processes, offering a low-cost and highly reliable method of administering the servicing, relicensing, hire and disposal of fleet vehicles.
- The company uses this high level of cash generation to continually invest in growth. Epyx provides its customers with a stream of innovative products, and is further investing in development and sales to win new business in Europe.

Portfolio Management

- Value is being created by selling more services to the existing customer base and by expanding internationally.

Performance

- A strategic business review has been implemented to decide on core focus areas in a highly selective manner. HgCapital is working to identify and approach potential acquisition targets.
- The company completed 2009 on plan. Sales grew 15 per cent. and EBITDA and cashflow grew 25 per cent. on an organic basis. The outlook for 2010 remains sound.
- Exit strategy: Epyx will make a viable IPO candidate but it will also attract significant trade interest.

x. Achilles (www.achilles.com)

Business Description

- Achilles is a global leader in buyer-sponsored supplier data management and validation services.
- The company has 22 offices worldwide and has more than 40,000 customers, with focus on industries with "high cost of supplier failure" (e.g. oil & gas, construction).

Investment Rationale

- Achilles is a global market leader in a market with high barriers to entry.
- The company enjoys high visibility of future earnings and shows strong organic growth rates.
- The market offers multiple expansion opportunities both into new industries and new geographies.

Portfolio Management

- Plan: Extract more value from existing schemes through product additions, roll out existing schemes in new geographies and industries and drive margin expansion.
- Initiatives: Implementation of best practice review across business and rolled out across geographies. Strengthened management team.

Performance

- Current trading: performance in the first seven months of year ending April 2010 was strong with significant growth on prior year in both sales and EBITDA.
- Exit strategy: Another attractive IPO candidate or target for a business process outsourcer or business-to-business exchange.

Hg Renewable Power Partners LP (RPP1)

The fund has investments in eight wind projects in construction or operation totaling 262MW, four biogas projects that are in operation totaling 1.4MW, and seven operational solar projects totaling 61MW. The fund's investments have been in France, Germany, Ireland, Italy, Sweden, Spain and the United Kingdom. The Renewable Power Partners' portfolio is performing well with all construction projects to date completed on time and on budget, operating assets performing within the expected range and one realisation completed ahead of original plan. To date, the fund is 81 per cent. committed, of which 75 per cent. has been drawn. As described above, the portfolio is performing well with portfolio yield on an upward trend.

5. Historic performance

The Company has outperformed its benchmark index, the FTSE All Share Index over 1, 3, 5 and 10 years. Over 10 years the Company has out performed the FTSE All Share Index by 12.8 percentage points, delivering a compound annual return of 14.4 per cent. against 1.6 per cent. for the FTSE All Share Index over the same period. The Company has also out performed its listed peer group, consisting of 3i Group, Candover, Electra, Graphite, SVG Capital, by 17 percentage points over the same period. A summary of the Company's performance is set out below.

	<u>6 months to 31 December 2009</u>	<u>1 year 31 December 2009</u>	<u>3 years to 31 December 2009 ⁽¹⁾</u>	<u>5 years to 31 December 2009 ⁽¹⁾</u>	<u>10 years to 31 December 2009 ⁽¹⁾</u>
Net asset value	6.7%	3.6%	10.6%	16.5%	12.8%
Share price	7.4%	30.2%	7.7%	15.8%	14.4%
FTSE All-Share Index	29.1%	30.1%	(1.3%)	6.5%	1.6%

(1) Performance data is annualised

In recognition of the companies outstanding performance it has won the Investment Week Private Equity Trust of the Year award for each of the last five years.

6. The Board

The Directors are responsible for determining the Company's investment policy and have overall responsibility for the Company's activities.

The Board consists of six non-executive Directors, all of whom are considered to be independent of the Manager, including the Chairman.

The Directors of the Company are as follows:

Roger Mountford (Chairman of the Board)

Aged 61, Roger Mountford was appointed to the Board in 2004 and became Chairman in April 2005. He spent 30 years as a merchant banker in the City of London and in the Far East, latterly as Managing Director in the Corporate Finance Department of SG Hambros, leading the Bank's practice in the private equity market. He now serves on several boards, including the Civil Aviation Authority, where he is chairman of the CAA Pension Scheme. He is Chairman of The Housing Finance Corporation, the Dover Harbour Board and LSE Enterprise Limited, the commercial subsidiary of the London School of Economics.

Timothy Amies

Aged 71, Timothy Amies was appointed to the Board in 1991. He is a chartered accountant with over 30 years' experience of working in the City. He was a partner at Laurie Milbank & Co, stockbrokers for 16 years prior to its acquisition by Chase Manhattan Bank. He then became a director of Chase Investment Bank involved in mergers and acquisitions.

Piers Brooke

Aged 69, Piers Brooke was appointed to the Board in 2001. He worked for 38 years in both commercial and merchant banking, holding a variety of general management positions in the UK, Continental Europe, the Far East and North America. Most recently he was Director of Financial Strategy at National Westminster Bank. He has been a director of a number of companies. He is currently a non-executive director of Lothbury Property Trust plc.

Richard Brooman

Aged 54, Richard Brooman was appointed to the Board in 2007. He is a chartered accountant and is Deputy Chairman and Chairman of the Audit Committee of Invesco Perpetual UK Smaller Companies Investment Trust plc, and a non-executive Director of the Camden & Islington NHS Foundation Trust. He was formerly Chief Financial Officer of Sherwood International plc and Group Finance Director of VCI plc. Prior to this, he served as CFO of the global Consumer Healthcare business of SmithKline Beecham and held senior financial and operational positions at Mars after qualifying with Price Waterhouse. He is Chairman of the Audit and Valuation Committee of the Company.

Peter Gale

Aged 54, Peter Gale was appointed to the Board in 1991 and is Deputy Chairman of the Company. He has worked in many divisions of National Westminster Bank, specialising in investment management. In 1990 he became responsible for the investment management of National Westminster Bank Group Pension Funds, which subsequently became RBS Pension Trustee Ltd. Upon the purchase of Gartmore Investment Management plc in 1996, he became a principal of the enlarged fund management company and in 2003 became Managing Director of Gartmore Private Equity. He is a non-executive director of Lothbury Property Trust plc and advisor to the West Midlands Metropolitan Authorities Pension Fund as well as several other large pension and investment funds.

Andrew Murison

Aged 61, Andrew Murison was appointed to the Board in 2004. He was Senior Bursar of Peterhouse, Cambridge for nine years and spent the previous twelve years as a principal in private equity partnerships in the USA. Prior to that he was a fund manager, financial journalist and investment banker in the City of London. He now serves on the boards of Aberdeen Growth Opportunities Venture Capital Trust plc, Brandeaux Student Accommodation Fund Limited and Brandeaux US Dollar Fund Limited and is Chairman of JPMorgan European Investment Trust plc.

7. Dividend policy

The Company's revenue varies from year to year in accordance with the structure of the underlying investments and the Company's holding of liquid funds available for reinvestment. Each year the Board recommends a dividend based on the revenue return that year, to maintain its status as an investment trust.

8. Share repurchases

The Directors' authority to buy back up to 14.99 per cent. of the Existing Ordinary Shares will be used where the Directors consider it to be in the best interest of Shareholders.

Current Listing Rule 12.4.1 provides that, unless a tender offer is made to all the holders of the relevant class of Shares, the maximum price to be paid per Share pursuant to a general authority granted by Shareholders must not be more than the higher of (i) 5 per cent. above the average of the market value of the Shares for the five business days before the purchase is made; and (ii) the higher of (a) the price of the last independent trade and (b) the highest current independent bid on the regulated market where the purchase is carried out.

Purchases of Shares will only be made through the market for cash at prices below the prevailing Net Asset Value per Share. The minimum price that may be paid will be 25p per Share (being the nominal value of an Existing Ordinary Share). Any Shares purchased under this authority will be cancelled. In making purchases, the Company will deal only with member firms of the London Stock Exchange.

9. Management and Administration

The management of the investment portfolio has been delegated to HgCapital. In respect of HgCapital's management services, the Company pays a fee of 1.5 per cent. per annum to HgCapital on the current value of its private equity portfolio, excluding its investments in HgCapital 6 and in Hg RPP1. Furthermore, the Company pays no management fees to HgCapital in respect of its holdings of cash or liquid assets.

The Company pays a charge of 1.75 per cent. per annum in respect of its commitment to co-invest with HgCapital 6. This charge is the same as that payable by all institutional investors in the fund and will be payable on the commitment during the investment period of the fund, which is expected to last for between four and five years. The charge will then reduce to 1.5 per cent. per annum calculated on the basis of the original cost of the assets, less the original cost of any assets which have been realised or written off.

HgCapital has also been appointed as secretary and administrator to the Company for an annual fee equal to 0.1 per cent. of NAV. Certain of its corporate secretarial duties have been delegated to Capita Company Secretarial Services Limited and certain of its fund administration duties have been delegated to Capita Financial Group Limited who have teams specialising in providing secretarial and accounting services to investment trusts. Custody and settlement services are undertaken by Hg Investment Managers Limited (Company Number 01579496), which in turn has appointed The Bank of New York Europe Limited, a subsidiary of The Bank of New York Mellon, as sub-custodian. The fees and expenses of Hg Investment Managers Limited are met by HgCapital. Hg Investment Managers Limited was incorporated on 12 August 1981 in the United Kingdom and is authorised and regulated by the Financial Services Authority.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to HgCapital. HgCapital does not operate a fixed policy when voting but reviews each case separately. All other matters are reserved for the approval of the Board.

The incentive scheme introduced in May 2003 remains in place for the Company's investments other than its investment in HgCapital 6 and Hg RPP1. Under this scheme, the Manager is entitled to a carried interest, in which the executives of HgCapital participate, in order to provide an incentive to deliver good performance. This arrangement allows for a carried interest of 20 per cent. of the excess annual growth in asset value over an 8 per cent. preferred return, based on a three-year rolling average value of investments and attributable cash less current liabilities, calculated half-yearly and aggregated with any dividends declared by the Company in respect of that financial year. In respect of the Company's investment alongside HgCapital 6, this incentive scheme has been replaced by a carried interest arrangement identical to that which applies to all other investors in HgCapital 6. Under this arrangement, HgCapital will receive 20 per cent. of aggregate profits after the repayment to the Company of its invested capital, payable once investors have received a preferred return thereon of 8 per cent. per annum.

10. NAV Publication and Calculation

The audited Net Asset Value per Share is published with the Company's annual report and accounts on an annual basis.

The NAV is recalculated by the Manager monthly with respect to cash, cash equivalents and quoted investments in the portfolio and is adjusted for realisations, exchange rates, changes in value of quoted securities and net revenues during the period. Such unaudited NAV is communicated to investors via a Regulatory Information Service announcement.

The Directors may temporarily suspend the calculation, and publication, of the Net Asset Value per Share during a period when, in the opinion of the Directors:

- (A) as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, disposal or valuation of investments held by the Company or other transactions in the ordinary course of the Company's business is not reasonably practicable without this being materially detrimental to the interests of Shareholders or if, in the opinion of the Board, the Net Asset Value cannot be fairly calculated;
- (B) there is a breakdown of the means of communication normally employed in determining the calculation of Net Asset Value; or
- (C) it is not reasonably practicable to determine the Net Asset Value of the Company on an accurate and timely basis.

Any such suspension will be communicated to investors via a Regulatory Information Service announcement.

11. Reports to Shareholders and annual general meetings

The Company holds an annual general meeting each year, usually in May.

The Company's annual report and accounts are prepared up to 31 December each year and copies are normally sent to Shareholders in March. Shareholders will also receive each year an unaudited interim report for the six

months to 30 June. The interim report is expected to be sent to Shareholders within the two months following 30 June in each year. The Company publishes interim management statements twice in each year in accordance with the Disclosure and Transparency Rules.

12. Profile of a typical investor

The Shares are intended to appeal to institutional investors, underlying clients of discretionary private wealth management groups or sophisticated private investors familiar with private equity as an asset class who are seeking capital appreciation.

PART III

TERMS AND CONDITIONS OF THE OPEN OFFER

I. Introduction

As explained in Part I (Letter from the Chairman) of this document, the Company is proposing the Offer to raise up to £50 million (before expenses) through the issue of up to 5,917,160 New Ordinary Shares (with Subscription Shares attached on a one for five basis) at an Offer Price of 845 pence per New Ordinary Share. The Offer Price represents a 0.1 per cent. premium to the closing mid-market share price of the Existing Ordinary Shares as at 10 March 2010 and represents an 8.8 per cent. discount to the unaudited NAV as at 28 February 2010.

Upon completion of the Offer, and assuming the Offer is fully subscribed, the New Ordinary Shares will represent approximately 19.0 per cent. of the Company's Enlarged Issued Ordinary Share Capital.

The Open Offer provides an opportunity for Qualifying Shareholders to apply for, in aggregate, up to 1,763,072 Open Offer Shares pro rata to their current holdings and, pursuant to the Excess Application Facility, to apply for Excess Shares, in each case at the Offer Price of 845 pence per New Ordinary Share in accordance with the terms of the Open Offer set out in this Part III.

The Company has received commitments from Conditional Placees to subscribe for 1,763,072 Open Offer Shares under the Placing, subject to clawback to satisfy valid applications by Qualifying Shareholders pursuant to the Open Offer.

The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is close of business on 10 March 2010. Open Offer Entitlements attach only to Existing Ordinary Shares held by Qualifying Shareholders as at the Record Date and not to New Ordinary Shares. Application Forms are expected to be posted to Qualifying Non-CREST Shareholders on or around 11 March 2010 and Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 8.00 a.m. on 12 March 2010. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 30 March 2010 with Admission and commencement of dealings in the New Ordinary Shares and the Subscription Shares expected to take place at 8.00 a.m. on 7 April 2010.

The Firm Placing and the Placing and Open Offer are inter-conditional and conditional, among other things, on Shareholder approval, which will be sought at the General Meeting.

This document and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part III (Terms and Conditions of the Open Offer), which gives details of the procedure for application and payment for the Open Offer Shares including any Excess Shares applied for pursuant to the Excess Application Facility. The attention of Overseas Shareholders is drawn to paragraph 6 of this Part III (Terms and Conditions of the Open Offer) below.

Any Qualifying Shareholder who has sold or transferred all or part of their registered holding(s) of Ordinary Shares prior to the close of business on 10 March 2010 is advised to consult their stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from them by the purchasers under the rules of the London Stock Exchange.

2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders (other than Excluded Shareholders) are being given the opportunity to apply for any number of Open Offer Shares at the Offer Price (payable in full on application and free of all expenses) up to a maximum of their pro rata entitlement which shall be calculated on the basis of:

**7 New Ordinary Shares (with Subscription Shares attached on a one for five basis)
for every 100 Existing Ordinary Shares**

registered in the name of each Qualifying Shareholder on the Record Date and so in proportion for any other number of Existing Ordinary Shares then registered.

The Open Offer Shares will be issued credited as fully paid. The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares and any fractional entitlements to Open Offer Shares that would otherwise have arisen will be aggregated and placed for the benefit of the Company. Qualifying Shareholders may apply to subscribe for less than their Open Offer Entitlement should they so wish.

Qualifying Shareholders are also being given the opportunity, provided they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back *pro rata* to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Please refer to paragraphs 4.1.4 and 4.2.3 of this Part III (Terms and Conditions of the Open Offer) for further details of the Excess Application Facility.

Valid applications by Qualifying Shareholders will be satisfied in full up to the maximum amount of their individual Open Offer Entitlement (excluding any Excess Shares applied for through the Excess Application Facility).

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box A) and also shows the maximum number of Open Offer Shares for which you are entitled to apply if you apply for your Open Offer Entitlement in full (in Box B).

Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 4.2 of this Part III (Terms and Conditions of the Open Offer) and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders (other than Excluded Shareholders) may apply for any number of Open Offer Shares up to the maximum to which they are entitled under the Open Offer, and also under the Excess Application Facility.

Any Qualifying Shareholder who validly completes and returns an Application Form or requests registration of the Open Offer Shares comprised therein, or who is a CREST member or CREST sponsored member who makes or is treated as making a valid acceptance in accordance with the procedures set out in this Part III (Terms and Conditions of the Open Offer) will be deemed to make the representations and warranties to the Company and RBS Hoare Govett contained in paragraph 6.5 of this Part III (Terms and Conditions of the Open Offer) of this document.

The attention of Overseas Shareholders or any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to paragraph 6 of this Part III (Terms and Conditions of the Open Offer). The Offer will not be made into certain territories. Subject to the provisions of paragraph 6, Shareholders with a registered address in the United States or another Excluded Territory are not being sent this document and will not be sent an Application Form.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Accordingly, Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. A Qualifying Shareholder that takes up their Open Offer Entitlement in full (excluding any Excess Shares taken up through the Excess Application Facility) will be diluted by 13.4 per cent. as a result of the Firm Placing (to the extent such Qualifying Shareholder does not participate in the Firm Placing). A Qualifying Shareholder that does not take up any Open Offer Shares under the Open Offer will experience a more substantial dilution of 19.0 per cent. as result of the Open Offer and the Firm Placing. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open

Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who are not eligible to or do not apply to take up Open Offer Shares will have no rights under the Open Offer nor receive any proceeds from it. The Open Offer Shares will be subscribed for under the Placing for the benefit of the Company. Any Open Offer Shares which are not applied for in respect of the Open Offer (whether by way of Qualifying Shareholders' Open Offer Entitlements or through the Excess Application Facility) will be issued to the Conditional Placees with the net proceeds retained for the benefit of the Company.

Application will be made for the Open Offer Entitlements and the Excess CREST Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Open Offer Entitlements and the Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts by 8.00 a.m. on 12 March 2010.

The Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the New Ordinary Shares. Application has been made for the Subscription Shares to be admitted to CREST. All New Ordinary Shares and Subscription Shares, when issued and fully paid, may be held and transferred by means of CREST.

3. Conditions and Further Terms of The Open Offer

The Placing and Open Offer is conditional, among other things, upon:

- the passing, without amendment, of the Resolutions at the General Meeting;
- the Placing and Offer Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms; and
- Admission of the New Ordinary Shares and Subscription Shares taking place by no later than 8.00 a.m. on 7 April 2010 (or such later time and date as the Company, the Manager and RBS Hoare Govett may agree).

Accordingly, if these and the other conditions to the Open Offer are not satisfied or waived (where capable of waiver) by 7 April 2010 (or such later time as the Company and RBS Hoare Govett may agree), the Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In these circumstances, application monies received by the Receiving Agent in respect of the Open Offer will be returned (at the applicant's sole risk), without payment of interest, as soon as reasonably practicable thereafter.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 14 April 2010. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by 8:00 a.m. on 7 April 2010.

Application will be made to the UK Listing Authority for the New Ordinary Shares and the Subscription Shares to be listed on the Official List and to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission is expected to occur on 7 April 2010, when dealings in the Open Offer Shares are expected to commence. All monies received by the Receiving Agent in respect of Open Offer Shares will be placed on deposit in a non-interest bearing account by the Receiving Agent.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

4. Procedure for Application and Payment

If you are in any doubt as to the action you should take, or the contents of this document, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser who is

authorised under the FSMA 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.

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, such Qualifying Shareholder has received an Application Form in respect of their entitlement under the Open Offer, including the Excess Application Facility, or has had Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form on the Record Date will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2.7 of this Part III (Terms and Conditions of the Open Offer).

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Shareholders, however, are encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy.

4.1 If you have an Application Form in respect of your entitlement under the Open Offer

4.1.1 General

Subject as provided in paragraph 6 of this Part III (Terms and Conditions of the Open Offer) in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box A. It also shows the maximum number of Open Offer Shares for which they are entitled to apply under the Open Offer, taking into account that they will not be entitled to take up an Open Offer Share in respect of any fraction of an Open Offer Share arising when their entitlement was calculated, such entitlement being rounded down to the nearest whole number, as shown by the total number of Open Offer Shares set out in Box B. Box C shows how much they would need to pay if they wish to take up their Open Offer Entitlement in full. Any fractional entitlements to Open Offer Shares that would otherwise have arisen will be aggregated and placed for the benefit of the Company. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a bona fide market claim (see paragraph 4.1.2 below).

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 1,763,072, applications under the Excess Application Facility will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

4.1.2 Bona fide market claims

Applications to subscribe for Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a bona fide market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares will be marked “ex” the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or

split, except to satisfy bona fide market claims up to 3:00 p.m. on 26 March 2010. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of their holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer, should consult their broker or other professional adviser as soon as possible, as the invitation to subscribe for Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold or otherwise transferred all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately send it (together with this document) to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee in accordance with the instructions set out in the Application Form. Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of the Ordinary Shares shown in Box A on the Application Form prior to the close of business on 10 March 2010 should contact the stockbroker, bank or other agent through whom the sale or transfer was effected to arrange for split Application Forms to be obtained. The Application Form should not, however be forwarded to or transmitted in or into the United States or any other Excluded Territory. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraphs 4.2.2 and 4.2.7 below.

4.1.3 Application procedures

Qualifying Non-CREST Shareholders wishing to apply to subscribe for all or any of the Open Offer Shares in respect of their Open Offer Entitlement (including under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Qualifying Non-CREST Shareholders may only apply for Excess Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlements in full. The total number of Open Offer Shares is fixed and will not be increased if applications under the Excess Application Facility are received for more than the total number of Open Offer Shares following take up of Open Offer Entitlements. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 1,763,072, applications under the Excess Application Facility will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Therefore, applications under the Excess Application Facility may not be satisfied in full. Completed Application Forms should be posted in the accompanying pre-paid envelope by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE (who will also act as Receiving Agent in relation to the Open Offer) so as to be received by Computershare by no later than 11:00 a.m. on 30 March 2010, after which time Application Forms will not be valid (subject to certain exceptions described below). Application Forms delivered by hand will not be checked and no receipt will be provided. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Computershare Investor Services PLC, Acceptance Account re HgCapital Trust plc Open Offer" and crossed "A/C Payee Only". Cheques should be drawn on the personal account to which you have sole or joint title to such funds. Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Computershare to seek special clearance of cheques and banker's drafts to allow the Company to

obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before all of the conditions of the Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account. If the Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as reasonably practicable following the lapse of the Offer.

The Company reserves the right, but shall not be obliged, in consultation with RBS Hoare Govett, to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged), in consultation with RBS Hoare Govett, to accept either:

- (1) Application Forms received after 11:00 a.m. on 30 March 2010 but not later than 11:00 a.m. on the Dealing Day next following 30 March 2010; or
- (2) applications in respect of which remittances are received before 11:00 a.m. on 30 March 2010 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Dealing Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. If Open Offer Shares have already been allotted to a Qualifying Non-Crest Shareholder and such Qualifying Non-Crest Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-Crest Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agent shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-Crest Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent, RBS Hoare Govett or the Company, nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-Crest Shareholder as a result.

4.1.4 The Excess Application Facility

Provided such Qualifying Non-CREST Shareholder chooses to take up their Open Offer Entitlement in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Excess Shares.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Qualifying Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Open Offer Shares exceed 1,763,072 Open Offer Shares, resulting in a scale back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for Excess Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for, but not allocated to, the relevant Qualifying Non-CREST Shareholder, multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number.

4.1.5 **Effect of application**

By completing and delivering an Application Form, the applicant:

- represents and warrants to the Company and RBS Hoare Govett that they have the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise their rights, and perform his obligations under any contracts resulting therefrom and that they are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- agrees with the Company and RBS Hoare Govett that all applications under the Open Offer and any contracts resulting therefrom shall be governed by, and construed in accordance with, the laws of England and Wales;
- confirms to the Company and RBS Hoare Govett that in making the application they are not relying on any information or representation in relation to the Company other than that contained in (or incorporated by reference in) this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, they will be deemed to have had notice of all information in relation to the Company contained in this document (including information incorporated by reference);
- confirms to the Company and RBS Hoare Govett that no person has been authorised to give any information or to make any representation concerning the Company, the New Ordinary Shares or the Subscription Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or RBS Hoare Govett;
- represents and warrants to the Company and RBS Hoare Govett that they are the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that they received such Open Offer Entitlements by virtue of a bona fide market claim;
- represents and warrants to the Company or RBS Hoare Govett that if they have received some or all of their Open Offer Entitlements from a person other than the Company they are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a bona fide market claim;
- requests that the Open Offer Shares, to which they will become entitled, be issued to them on the terms set out in this document and the Application Form, subject to the New Articles;
- subject to certain exceptions by express agreement with the Company, represents and warrants to the Company and RBS Hoare Govett that they are not, nor are they applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law and they are not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of their application in the United States or to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that they are able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- represents and warrants to the Company and RBS Hoare Govett that they are not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to

in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and

- confirms to the Company and RBS Hoare Govett that in making the application, they are not relying and has not relied on RBS Hoare Govett or any person affiliated with RBS Hoare Govett in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

Qualifying Shareholders who complete and deliver an Application Form must also make the representations and warranties set out in paragraph 6.5 of this Part III (Terms and Conditions of the Open Offer).

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to Computershare Investor Services PLC, on the Shareholder Helpline on 0870 707 1037, call charges to this number may vary (or if calling from overseas +44 870 707 1037). Calls to the helpline from outside the UK will be charged at applicable international rates. Please note that the Receiving Agent cannot provide financial or legal advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or apply for Excess Shares under the Excess Application Facility. Calls may be recorded and monitored for security and training purposes.

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Non-CREST Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this document.

4.2 If you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer

4.2.1 General

Subject as provided in paragraph 6 of this Part III (Terms and Conditions of the Open Offer) in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to their stock account in CREST of their Open Offer Entitlement equal to the maximum number of Open Offer Shares for which they are entitled to apply to subscribe for under the Open Offer and also an Excess CREST Open Offer Entitlement (see paragraph 4.2.3 below for further details). The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited on 12 March 2010, or such later time and/or date as the Company and RBS Hoare Govett may decide, the Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlement and Excess CREST Open Offer Entitlement which should have been credited to their stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to subscribe for some or all of their entitlements to Open Offer Shares and their Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent on the Shareholder Helpline on 0870 707 1037, call charges to this number may vary (or if calling from overseas +44 870 707 1037). Calls to the helpline from outside the UK will be charged at applicable international rates. Please note that the Receiving Agent cannot provide financial or legal advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or apply for Excess Shares under the Excess Application Facility. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

4.2.2 **Bona fide market claims**

Each of the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the Excess CREST Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

4.2.3 **Excess Application Facility**

Provided such Qualifying CREST Shareholder chooses to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlement.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part III in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess CREST Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the Open Offer Shares attributable to the Excess CREST Open Offer Entitlement as an Excess CREST Open Offer Entitlement is subject to scaling back in accordance with the terms of this document.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlement(s) will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of their Existing Ordinary Shares as a result of one or more bona fide market claims, the Excess CREST Open Offer Entitlement credited to CREST, and allocated to the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed 1,763,072 Open Offer Shares, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for the Excess Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest, and at the applicant’s sole risk.

Fractions of Open Offer Shares will not be issued under Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

4.2.4 **USE instructions**

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlement and their Excess CREST Open Offer Entitlement in CREST must send (or, if they are CREST sponsored members, procure that their

CREST sponsor sends) a USE Instruction to Euroclear which, on its settlement, will have the following effect:

- (A) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (B) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 4.2.4 (A) above.

4.2.5 Content of USE Instruction in respect of Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (1) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (2) the ISIN of the Open Offer Entitlement. This is GB00B6199996;
- (3) the CREST participant ID of the accepting CREST member;
- (4) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (5) the participant ID of the Receiving Agent in its capacity as a CREST Receiving Agent. This is RA62;
- (6) the member account ID of the Receiving Agent in its capacity as a CREST Receiving Agent. This is HGCAPPLC;
- (7) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to above;
- (8) the intended settlement date. This must be on or before 11:00 a.m. on 30 March 2010; and
- (9) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 30 March 2010.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (1) a contact name and telephone number (in the free format shared note field); and
- (2) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 30 March 2010 in order to be valid is 11:00 a.m. on that day.

4.2.6 Content of USE Instruction in respect of Excess CREST Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (1) the number of Open Offer Shares for which application is being made (and hence the number of the Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (2) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00B619GT85;

- (3) the CREST participant ID of the accepting CREST member;
- (4) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (5) the participant ID of the Receiving Agent in its capacity as a CREST Receiving Agent. This is RA62;
- (6) the member account ID of the Receiving Agent in its capacity as a CREST Receiving Agent. This is HGCAPPLC;
- (7) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to above;
- (8) the intended settlement date. This must be on or before 11:00 a.m. on 30 March 2010; and
- (9) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 30 March 2010.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (1) a contact name and telephone number (in the free format shared note field); and
- (2) a priority of at least 80.

4.2.7 Deposit of Open Offer Entitlements and Excess CREST Open Offer Entitlements into, and withdrawal from, CREST

A Qualifying Non-CREST Shareholder's Open Offer Entitlement as shown by the number of Open Offer Shares set out in his Application Form in Box B may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a bona fide market claim). Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer Entitlements and entitlement to apply under the Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST (in accordance with the instructions contained in the Application Form) is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlement and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. on 30 March 2010. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlement and an Excess CREST Open Offer Entitlement in CREST, is 3:00 p.m. on 25 March 2010 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlement or an Excess CREST Open Offer Entitlement from CREST is 4:30 p.m. on 24 March 2010 in either case so as to enable the person subscribing for or (as appropriate) holding the Open Offer Entitlement and the entitlement to apply under the Excess Application Facility or an Excess CREST Open Offer Entitlement following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and under the Excess Application Facility or in respect of the Excess CREST Open

Offer Entitlement, as the case may be, prior to 11:00 a.m. on 30 March 2010. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw both their Open Offer Entitlement and their Excess CREST Open Offer Entitlement.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 2 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it/they is/are not in the United States or citizen(s) or resident(s) of any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a bona fide market claim.

4.2.8 Validity of application

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11:00 a.m. on 30 March 2010 will constitute a valid application under the Open Offer.

4.2.9 CREST procedures and timings

CREST members and (where applicable) their CREST sponsors 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 relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that their CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11:00 a.m. on 30 March 2010. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

4.2.10 Incorrect or incomplete applications

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right in consultation with RBS Hoare Govett:

- (A) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (B) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (C) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

4.2.11 Effect of valid application

Any CREST member or CREST sponsored member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (A) represents and warrants to the Company, and RBS Hoare Govett that they have the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise their rights, and perform their obligations, under any contracts resulting therefrom and that they are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (B) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being

acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

- (C) agrees with the Company and RBS Hoare Govett that all applications and any contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- (D) confirms to the Company and RBS Hoare Govett that in making the application they are not relying on any information or representation in relation to the Company other than that contained in (or incorporated by reference in) this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, they will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);
- (E) confirms to the Company and RBS Hoare Govett that no person has been authorised to give any information or to make any representation concerning the Company, the New Ordinary Shares or the Subscription Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company and RBS Hoare Govett;
- (F) represents and warrants to the Company and RBS Hoare Govett that they are the Qualifying Shareholder originally entitled to the Open Offer Entitlement and Excess CREST Open Offer Entitlement or that they received such Open Offer Entitlement and Excess CREST Open Offer Entitlement by virtue of a bona fide market claim;
- (G) represents and warrants to the Company and RBS Hoare Govett that if they have received some or all of their Open Offer Entitlement and Excess CREST Open Offer Entitlement from a person other than the Company, they are entitled to apply under the Open Offer in relation to such Open Offer Entitlement and Excess CREST Open Offer Entitlement by virtue of a bona fide market claim;
- (H) requests that the Open Offer Shares to which they will become entitled be issued to them on the terms set out in this document, subject to the Articles;
- (I) subject to certain exceptions by express agreement with the Company, represents and warrants to the Company and RBS Hoare Govett that they are not, nor are they applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law and they are not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of their application in the United States or to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that they are able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (J) represents and warrants to the Company and RBS Hoare Govett that they are not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
- (K) confirms to the Company and RBS Hoare Govett that in making the application they are not relying and have not relied on RBS Hoare Govett or any person affiliated with RBS Hoare Govett in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

Any CREST member or CREST sponsored member who makes or is treated as making a valid application in accordance with the above procedures must also make the representations and warranties set out in paragraph 6.5 of this Part III (Terms and Conditions of the Open Offer) of this document.

4.2.12 Company's discretion as to the rejection and validity of applications

The Company may in its sole discretion in consultation with RBS Hoare Govett:

- (A) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III (Terms and Conditions of the Open Offer);
- (B) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE Instruction and subject to such further terms and conditions as the Company may determine;
- (C) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (D) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

4.2.13 Lapse of the Open Offer

In the event that the Offer does not become unconditional by 8:00 a.m. on 7 April 2010 or such later time and date as the Company, the Manager and RBS Hoare Govett may agree, the Offer will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

5. MONEY LAUNDERING REGULATIONS

5.1 Holders of Application Forms

- 5.1.1 To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.
- 5.1.2 The person lodging the Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5 the "relevant Open Offer Shares") and shall thereby be deemed to agree to provide the Receiving Agent with such information

and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

- 5.1.3 If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.
- 5.1.4 If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.
- 5.1.5 Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Receiving Agent and RBS Hoare Govett from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.
- 5.1.6 The verification of identity requirements will not usually apply:
- (A) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or
 - (B) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
 - (C) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
 - (D) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £12,500).
- 5.1.7 In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:
- (A) if payment is made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques should be made payable to "Computershare Investor Services plc, Acceptance Account re HgCapital Trust plc Open Offer" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. However, third party cheques will be subject to the Money Laundering Regulations which would delay Shareholders receiving their Open Offer Shares. The account name should be the same as that shown on the Application Form; or
 - (B) if the Application Form is lodged with payment by an agent which is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Republic of Korea, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait,

Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent on 0870 707 1037 (or if calling from overseas +44 870 707 1037).

- 5.1.8 To confirm the acceptability of any written assurance referred to in (B) above, or in any other case, the acceptor should contact the Shareholder Helpline on 0870 707 1037, call charges to this number may vary (or if calling from overseas +44 870 707 1037). Calls to the helpline from outside the UK will be charged at applicable international rates. Calls may be recorded and monitored for security and training purposes.
- 5.1.9 If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £12,500) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, they should ensure that they have with them evidence of identity bearing their photograph (for example, their passport) and separate evidence of their address.
- 5.1.10 If, within a reasonable period of time following a request for verification of identity, and in any case by 11:00 a.m. on 30 March 2010, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 **Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST**

- 5.2.1 If you hold your Open Offer Entitlement and Excess CREST Open Offer Entitlement in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlement and Excess CREST Open Offer Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE Instruction or other instruction so that appropriate measures may be taken.
- 5.2.2 Submission of a USE Instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE Instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6. **OVERSEAS SHAREHOLDERS**

This document has been approved by the FSA, being the competent authority in the United Kingdom. Accordingly, the making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the United Kingdom may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 **General**

- 6.1.1 The distribution of this document and the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of

countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

- 6.1.2 No action has been or will be taken by the Company, RBS Hoare Govett or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.
- 6.1.3 Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.
- 6.1.4 Application Forms will not be sent to, and neither Open Offer Entitlements nor Excess CREST Open Offer Entitlements will be credited to stock accounts in CREST of Excluded Shareholders, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction. No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should they in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to them and such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.
- 6.1.5 It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.
- 6.1.6 None of the Company or RBS Hoare Govett, or any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by their custodian, agent, nominee or trustee, they must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company and RBS Hoare Govett determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual

or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III (Terms and Conditions of the Open Offer) and specifically the contents of this paragraph 6.

- 6.1.7 Subject to paragraphs 6.2 to 6.6 below, any person (including, without limitation, custodians, agents, nominees and trustees) outside of the United Kingdom wishing to apply for Open Offer Shares in respect of the Open Offer must satisfy themselves as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.
- 6.1.8 The Company reserves the right, in consultation with RBS Hoare Govett, to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or despatched from the United States or an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.
- 6.1.9 The attention of Overseas Shareholders is drawn to paragraphs 6.2 to 6.6 below.
- 6.1.10 Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, in consultation with RBS Hoare Govett is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.
- 6.1.11 Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or bankers' drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.
- 6.1.12 Due to restrictions under the securities laws of the United States and the Excluded Territories, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territory will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements.
- 6.1.13 The Open Offer Shares have not been and will not be registered under the relevant laws of the United States or any Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into the United States or any Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territory except pursuant to an applicable exemption.
- 6.1.14 No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into the United States or any Excluded Territory. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

6.2 United States

- 6.2.1 The New Ordinary Shares nor the Subscription Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States absent registration except in reliance on an exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

- 6.2.2 Subject to certain exceptions, the Open Offer Shares are being offered and sold only outside the United States in offshore transactions in accordance with Regulation S under the US Securities Act. Subject to certain exceptions, neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to subscribe for any Open Offer Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to, and neither Open Offer Entitlements nor Excess CREST Open Offer Entitlements will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address, or who is resident or located, in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons subscribing for Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration of the Open Offer Shares issued upon exercise thereof outside the United States. The payment paid in respect of Application Forms that do not meet the foregoing criteria will be returned without interest.
- 6.2.3 Subject to certain exceptions, any person who subscribes for Open Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the Open Offer Shares, that they are not, and that at the time of subscribing for the Open Offer Shares they will not be, in the United States or acting on a non-discretionary basis on behalf of, or for the account or benefit of, a person in the United States or any state of the United States. Please see paragraph 6.5 of this Part III (Terms and Conditions of the Open Offer).
- 6.2.4 No representation has been, or will be, made by the Company or RBS Hoare Govett as to the availability of Rule 144 under the Securities Act or any other exemption under the Securities Act or any state securities laws for the reoffer, pledge or transfer of the Open Offer Shares.
- 6.2.5 The Company reserves the right, in consultation with RBS Hoare Govett to treat as invalid any Application Form at the Company's discretion, including where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. The Company will not be bound to allot (on a non-provisional basis) or issue any Open Offer Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any Open Offer Shares may be transferred or renounced. In addition, the Company and RBS Hoare Govett reserve the right to reject any USE Instruction sent by or on behalf of any CREST member with a registered address in the US in respect of the Open Offer Shares.
- 6.2.6 In addition, until 40 days after the commencement of the Open Offer, an offer, sale or transfer of the Open Offer Shares within the US by a dealer (whether or not participating in the Placing and Open Offer or the Firm Placing) may violate the registration requirements of the US Securities Act.

6.3 Excluded Territories

- 6.3.1 Due to restrictions under the securities laws of the Excluded Territories and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territories will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with an Open Offer Entitlement or Excess CREST Open Offer Entitlement.
- 6.3.2 The Open Offer Shares have not been and will not be registered under the relevant laws of any Excluded Territories or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Excluded Territories or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territories except pursuant to an applicable exemption.
- 6.3.3 No offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Excluded Territories.

6.4 Other overseas territories

- 6.4.1 Qualifying Shareholders in jurisdictions other than the United States and the Excluded Territories may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form.
- 6.4.2 Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should consult appropriate professional

advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares in respect of the Open Offer.

6.5 Further representations and warranties

6.5.1 Qualifying Non-CREST Shareholders

- (A) Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein makes the representations and warranties set out below to the Company, RBS Hoare Govett and the Receiving Agent, except where proof has been provided to the Company's satisfaction (in its absolute discretion) that such person's completion of an Application Form or request for registration of the Open Offer Shares comprised therein will not result in the contravention of any applicable legal or regulatory requirements in any jurisdiction.
- (B) In the absence of such proof, the representations and warranties referred to above are that (i) such person is not requesting registration of the relevant Open Offer Shares from within the United States or any Excluded Territories; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the United States, any Excluded Territory, or any territory referred to in (ii) above at the time the instruction to accept was given; (iv) such person is subscribing for the Open Offer Shares in an "offshore transaction" (as defined in Regulation S) and the Open Offer Shares have not been offered to it by the Company or RBS Hoare Govett by means of any "directed selling efforts" (as defined in Regulation S); and (v) such person is not subscribing for Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.
- (C) The Company and/or the Receiving Agent in consultation with RBS Hoare Govett may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it (a) appears to the Company or its agents or RBS Hoare Govett to have been executed, effected or despatched from the United States or any Excluded Territory or in a manner that may involve breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (b) provides an address in the United States or any Excluded Territory for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (c) purports to exclude the representations and warranties required by this paragraph 6.5.1.

6.5.2 Qualifying CREST Shareholders

- (A) A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III (Terms and Conditions of the Open Offer) makes the representations and warranties set out below to the Company, RBS Hoare Govett and the Receiving Agent, except where proof has been provided to the Company's satisfaction (in its absolute discretion) that such person's acceptance will not result in the contravention of any applicable legal or regulatory requirements in any jurisdiction.
- (B) In the absence of such proof, the representations and warranties referred to above are that (i) neither it nor its client is within the United States or any Excluded Territories; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares; (iii) it is not accepting on a non-discretionary basis for a person located within any Excluded Territories (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; (iv) such person is subscribing for the Open Offer Shares in an "offshore transaction" (as defined in Regulation S) and the Open Offer Shares have not been offered to it by the Company or RBS Hoare Govett by means of any "directed selling efforts" (as defined in Regulation S); and (v) neither it nor its client is subscribing for any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

6.6 Waiver

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific persons or on a general basis by the Company, in its absolute discretion (but subject to the provisions of the Placing and Offer Agreement) in consultation with RBS Hoare Govett. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to the Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. WITHDRAWAL RIGHTS

Persons wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to section 87Q(4) of FSMA after the issue by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the participant ID and the member account ID of such CREST member. The notice of withdrawal must be deposited by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE (during normal business hours only) or by post with the Receiving Agent at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by facsimile to the Receiving Agent so as to be received before the end of the withdrawal period. For further details, please call the Shareholder Helpline on 0870 707 1037, call charges to this number may vary (or if calling from overseas +44 870 707 1037). Calls to the helpline from outside the UK will be charged at applicable international rates. Notice of withdrawal given by any other means or which is deposited with the Receiving Agent after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant person for the Open Offer Shares applied for in full and the allotment of such Open Offer Shares to such person becoming unconditional save to the extent required by statute. In such event, Shareholders are advised to seek independent legal advice.

8. ADMISSION, SETTLEMENT AND DEALINGS

- 8.1 The result of the Open Offer is expected to be announced on 1 April 2010. Application will be made to the UK Listing Authority for the New Ordinary Shares and the Subscription Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares and the Subscription Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares and the Subscription Shares, fully paid, will commence at 8:00 a.m. on 7 April 2010.
- 8.2 The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. Application has been made for the Subscription Shares to be admitted to CREST. All such shares, when issued and fully paid, may be held and transferred by means of CREST.
- 8.3 Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11:00 a.m. on 30 March 2010 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 7 April 2010, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' Open Offer Shares with effect from Admission (expected to be 7 April 2010). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.
- 8.4 Notwithstanding any other provision of this document, the Company reserves the right in consultation with RBS Hoare Govett to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with an Open Offer Entitlement and an Excess CREST Open Offer Entitlement, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

- 8.5 For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly taken up and any Excess Shares successfully applied for under the Excess Application Facility are expected to be despatched by post by 14 April 2010. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 of this Part III (Terms and Conditions of the Open Offer) and their respective Application Form.

9. TIMES AND DATES

- 9.1 The Company shall, in agreement with RBS Hoare Govett, and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the UKLA, and make an announcement on a Regulatory Information Service approved by the UKLA and, if appropriate, by Shareholders but Qualifying Shareholders may not receive any further written communication.
- 9.2 If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

10. TAXATION

Certain statements regarding United Kingdom taxation in respect of the Open Offer Shares and the Open Offer are set out in Part VIII (Taxation) of this document. Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

11. FURTHER INFORMATION

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

12. GOVERNING LAW

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England and Wales.

13. JURISDICTION

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form. By taking up Open Offer Shares, whether by way of their Open Offer Entitlement alone or also through the Excess Application Facility, in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART IV

TERMS AND CONDITIONS OF THE FIRM PLACING AND THE PLACING

I. Introduction

Each Placee which confirms its agreement to RBS Hoare Govett to subscribe for Placing Shares under the Firm Placing and Placing will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or RBS Hoare Govett may require any Placee procured by it to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter.

2. Agreement to Subscribe for Placing Shares

Conditional on (i) Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 7 April 2010 (or such later time and/or date, not being later than 30 April 2010, as the Company, the Manager and RBS Hoare Govett may agree); (ii) the Placing and Offer Agreement becoming otherwise unconditional in all respects and not having been terminated on or before 7 April 2010 (or such later time and/or date, not being later than 30 April 2010 as the parties thereto may agree); and (iii) RBS Hoare Govett confirming to Placees their allocation of Placing Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Placing Shares allocated to it by RBS Hoare Govett at the Offer Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Any Placee which is allocated Placing Shares in the Placing agrees that such Placing Shares may be subject to clawback to satisfy applications under the Open Offer. The number of Placing Shares subject to clawback will be notified to Placees as soon as practicable following the completion of the Offer.

3. Payment for Placing Shares

Each Placee must pay the Offer Price for the New Ordinary Shares issued to the Placee in the manner and by the time directed by RBS Hoare Govett. If any Placee fails to pay as so directed and/or by the time required by RBS Hoare Govett, the relevant Placee's application for Placing Shares shall be rejected.

4. Representations and Warranties

By agreeing to subscribe for Placing Shares, each Placee which enters into a commitment with RBS Hoare Govett to subscribe for Placing Shares will (for itself and any person(s) procured by it to subscribe for Placing Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to RBS Hoare Govett, the Registrar and the Company that:

- 4.1 in agreeing to subscribe for Placing Shares under the Placing or the Firm Placing, it is relying solely on the Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Placing or the Firm Placing. It agrees that none of the Company, RBS Hoare Govett nor the Registrar nor any of their respective officers, agents or employees will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Placing Shares under the Placing or the Firm Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company or RBS Hoare Govett or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing or the Firm Placing;
- 4.3 it agrees that, having had the opportunity to read the Prospectus, it shall be deemed to have had notice of all information and representations contained in the Prospectus, that it is acquiring Placing Shares solely on the basis of the Prospectus and no other information and that in accepting a participation in the Placing or the

Firm Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for Placing Shares;

- 4.4 it acknowledges that no person is authorised in connection with the Placing or the Firm Placing to give any information or make any representation other than as contained in the Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by RBS Hoare Govett or the Company;
- 4.5 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.6 it accepts that none of the Placing Shares have been or will be registered under the laws of any Excluded Territory. Accordingly, the Placing Shares may not be offered, sold or delivered, directly or indirectly, within any Excluded Territory;
- 4.7 if it is within the United Kingdom, it is a person who falls within Articles 49 or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the Placing Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.8 if it is a resident in the European Economic Area (other than the United Kingdom), it is a qualified investor within the meaning of the law in the Relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive (Directive 2003/71/EC);
- 4.9 if it is outside the United Kingdom, neither the Prospectus nor any other offering, marketing or other material in connection with the Placing or the Firm Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Placing Shares pursuant to the Placing or the Firm Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placing Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other legal requirements;
- 4.10 it represents, acknowledges and agrees to the representations, warranties and agreements as set out in paragraphs 6.2 and 6.5.2(B) of Part III of this document under the headings 'United States' and 'Qualifying CREST Shareholders' respectively, as though references therein to Open Offer Shares were references to Placing Shares;
- 4.11 it acknowledges that none of RBS Hoare Govett nor any of its affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or the Firm Placing or providing any advice in relation to the Placing or the Firm Placing and participation in the Placing or the Firm Placing is on the basis that it is not and will not be a client of RBS Hoare Govett and that RBS Hoare Govett does not have any duties or responsibilities to it for providing protections afforded to its clients or for providing advice in relation to the Placing or the Firm Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing and Offer Agreement;
- 4.12 it acknowledges that where it is subscribing for Placing Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing by each such account (i) to subscribe for the Placing Shares for each such account, (ii) to make on each such account's behalf the representations, warranties and agreements set out in the Prospectus, and (iii) to receive on its behalf any documentation relating to the Placing or the Firm Placing in the form provided by RBS Hoare Govett. It agrees that the provisions of this paragraph shall survive any resale of the Placing Shares by or on behalf of any such account;
- 4.13 it irrevocably appoints any director of the Company and any director of RBS Hoare Govett to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Placing Shares for which it has given a commitment under the Placing or the Firm Placing, in the event of its own failure to do so;
- 4.14 it accepts that if the Placing or the Firm Placing does not proceed or the conditions to the Placing and Offer Agreement are not satisfied or the Placing Shares for which valid applications are received and accepted are not admitted to listing on the Official List of the UK Listing Authority or to trading on the London Stock

Exchange for any reason whatsoever then neither of RBS Hoare Govett nor the Company nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives shall have any liability whatsoever to it or any other person;

- 4.15 in connection with its participation in the Placing or the Firm Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering (“Money Laundering Legislation”) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and are based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 4.16 RBS Hoare Govett and the Company are entitled to exercise any of their rights under the Placing and Offer Agreement or any other right in their absolute discretion without any liability whatsoever to them;
- 4.17 the representations, undertakings and warranties contained in the Prospectus are irrevocable. It acknowledges that RBS Hoare Govett and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Placing Shares are no longer accurate, it shall promptly notify RBS Hoare Govett and the Company;
- 4.18 where it or any person acting on behalf of it is dealing with RBS Hoare Govett, any money held in an account with RBS Hoare Govett on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Services Authority which therefore will not require RBS Hoare Govett to segregate such money, as that money will be held by RBS Hoare Govett under a banking relationship and not as trustee;
- 4.19 any of its clients, whether or not identified to RBS Hoare Govett, will remain its sole responsibility and will not become clients of RBS Hoare Govett for the purposes of the rules of the Financial Services Authority or for the purposes of any statutory or regulatory provision;
- 4.20 it accepts that the allocation of Placing Shares shall be determined by RBS Hoare Govett and the Company in their absolute discretion and that such persons may scale down any Firm Placing and Placing commitments for this purpose on such basis as they may determine; and
- 4.21 time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing and the Firm Placing.

5. Supply and Disclosure Of Information

If RBS Hoare Govett, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Placing Shares under the Placing or the Firm Placing, such Placee must promptly disclose it to them.

6. Miscellaneous

The rights and remedies of RBS Hoare Govett, the Registrar and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally to RBS Hoare Govett, the jurisdiction in which its funds are managed or owned. All documents will be sent at the Placee's risk. They may be sent by post to such Placee at an address notified to RBS Hoare Govett.

Each Placee agrees to be bound by the Articles once the Placing Shares, which the Placee has agreed to subscribe for pursuant to the Placing or the Firm Placing, have been acquired by the Placee. The contract to subscribe for Placing Shares under the Placing or the Firm Placing and the appointments and authorities mentioned in the Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of RBS Hoare Govett, the Company and the Registrar, each Placee

irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Placing Shares under the Placing or the Firm Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

RBS Hoare Govett and the Company expressly reserve the right to modify the Placing and/or the Firm Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined.

The Placing and the Firm Placing are subject to the satisfaction of conditions contained in the Placing and Offer Agreement and the Placing and Offer Agreement not having been terminated. Further details of the terms of the Placing and Offer Agreement are contained in paragraph 9.1 of Part X of this document.

PART V

THE RIGHTS OF THE SUBSCRIPTION SHARES

Conditional upon the passing of Resolution 2 at the General Meeting, the Subscription Shares are expected to be issued under the Offer and Bonus Issue on 7 April 2010 and will carry the rights described below. The Existing Articles will be replaced with the New Articles to reflect, among other things, these rights.

I. Subscription Rights

- (a) A registered holder for the time being of a Subscription Share (a **“Subscription Shareholder”**) shall have a right (a **“Subscription Right”**) to subscribe in cash for one Ordinary Share on 31 May or 31 October in the period from 31 May 2011 until 31 May 2013 (both dates inclusive and each a **“Subscription Date”**) at the relevant subscription price (each a **“Subscription Price”**). The Subscription Price payable on all Subscription Dates other than 31 May 2013 (the **“Final Subscription Date”**) shall be £9.50 and the Subscription Price payable on the Final Subscription Date shall be £10.25. The Subscription Price shall be payable in full upon subscription. If any Subscription Date shall fall on a day which is not a Business Day then the relevant Subscription Date shall be the next following Business Day.
- (b) Each Subscription Share has a Subscription Right to one Ordinary Share, but the Subscription Price (and the number of Subscription Shares outstanding) will be subject to adjustment as provided in paragraph 2 below. No fraction of an Ordinary Share will be issued on the exercise of any Subscription Rights and no refund will be made to a Subscription Shareholder in respect of any part of the Subscription Price paid by that Subscription Shareholder which represents such a fraction (if any) provided that if the Subscription Rights represented by more than one Subscription Share are exercised by the same Subscription Shareholder as at the same Subscription Date then the number of Ordinary Shares to be issued to such Subscription Shareholder in relation to all such Subscription Shares exercised shall be aggregated and whether any fractions then arise shall be determined accordingly.
- (c) The Subscription Shares registered in a holder’s name will be evidenced by a Subscription Share certificate issued by the Company and, in the case of Subscription Shares in uncertificated form, by means of any relevant computer-based system enabling title to units of a security to be evidenced and transferred without a written instrument (the **“Relevant Electronic System”**). The Company shall be under no obligation to issue a Subscription Share certificate to any person holding Subscription Shares in uncertificated form.
- (d) In order to exercise the Subscription Rights, in whole or in part, which are conferred by any Subscription Shares that are in certificated form, the Subscription Shareholder must lodge the relevant Subscription Share certificate(s) (or such other document as the Company may, in its discretion, accept) (a **“Certificated Subscription Notice”**) at the office of the registrars for the time being of the Company (the **“Company’s Registrars”**) by not later than 5.00p.m. on the relevant day during the period of 30 days up to and including the Business Day before the relevant Subscription Date, having completed the notice of exercise of Subscription Rights thereon (or by giving such other notice of exercise of Subscription Rights as the Company may, in its discretion, accept), accompanied by a remittance for the Subscription Price for the Ordinary Shares in respect of which the Subscription Rights are exercised. Once lodged, a Certificated Subscription Notice shall be irrevocable save with the consent of the Directors. Compliance must also be made with any statutory and regulatory requirements for the time being applicable.
- (e) The Subscription Rights which are conferred by any Subscription Shares that are in uncertificated form on the relevant Subscription Date shall be exercisable, in whole or in part, (and treated by the Company as exercised) on the relevant Subscription Date if, by not later than 5.00p.m. on the relevant day during the period of 30 days up to and including the Business Day before the relevant Subscription Date, (i) an Uncertificated Subscription Notice is received as referred to below and (ii) a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Rights are being exercised is received by the Company or by such person as it may require for these purposes in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the Relevant Electronic System concerned). For these purposes, an **“Uncertificated Subscription Notice”**

shall mean a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company or by such person as it may require for these purposes in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the regulations and facilities and requirements of the Relevant Electronic System). The Directors may, in addition but subject to the regulations and facilities and requirements of the Relevant Electronic System, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification and any such remittance is to be treated as received by the Company or by such person as it may require for these purposes. Without prejudice to the generality of the foregoing, the effect of the Uncertificated Subscription Notice may be such as to divest the holder of the Subscription Shares concerned of the power to transfer such Subscription Shares to another person. Once lodged, an Uncertificated Subscription Notice shall be irrevocable save with the consent of the Directors. Compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- (f) Not earlier than 90 days nor later than 30 days before the relevant Subscription Date, the Company shall give notice in writing to the holders of the outstanding Subscription Shares reminding them of their Subscription Rights and, in relation to any Subscription Shares that are in uncertificated form, stating the form of Uncertificated Subscription Notice prescribed by the Directors. Any persons exercising Subscription Rights will be deemed to give the representations, warranties, agreements and acknowledgements set out in such notice.
- (g) Ordinary Shares to be issued pursuant to the exercise of Subscription Rights which are conferred by any Subscription Shares that are in certificated form will be allotted not later than 14 days after and with effect from the relevant Subscription Date and certificates in respect of such Ordinary Shares will be despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant Subscription Date to the person(s) in whose name(s) the Subscription Share is registered at the date of exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty reserve tax or any like tax as may be applicable) to such other persons (not being more than four in number) as may be named in the form of nomination available for the purpose from the Company's Registrars (and, if more than one, to the first-named, which shall be sufficient despatch for all). In the event of a partial exercise of the Subscription Rights represented by a Subscription Share Certificate, the Company shall, at the same time as the issue of the share certificate for the Ordinary Shares issued on exercise of such Subscription Rights, issue a fresh Subscription Share Certificate in the name of the Subscription Shareholder(s) for any balance of Subscription Rights remaining exercisable.
- (h) Ordinary Shares to be issued pursuant to the exercise of Subscription Rights which are conferred by Subscription Shares that are in uncertificated form will be allotted not later than 14 days after and with effect from the relevant Subscription Date and the Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be evidenced by means of the Relevant Electronic System as a holding of the person(s) in whose name(s) the Subscription Shares in respect of which Subscription Rights have been exercised were registered as at the date of such exercise or (subject as provided by law, to the payment of stamp duty reserve tax or any like tax as may be applicable, to such terms and conditions as the Directors may from time to time prescribe for this purpose and to the facilities and requirements of the Relevant Electronic System) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form.
- (i) For the avoidance of doubt, unless the Directors otherwise determine or unless the regulations or the facilities or requirements of the Relevant Electronic System otherwise require, the Ordinary Shares issued on the exercise of any Subscription Rights shall be issued in certificated form where such Subscription Rights were conferred by Subscription Shares which were held in certificated form or in uncertificated form where such Subscription Rights were conferred by Subscription Shares which were held in uncertificated form.
- (j) Ordinary Shares allotted pursuant to the exercise of Subscription Rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date prior to the relevant Subscription Date but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the Ordinary Shares and otherwise will rank pari passu in all other respects with the Ordinary Shares in issue at the relevant Subscription Date, provided that, on any allotment falling to be made pursuant to paragraph 3(g) below, the

Ordinary Shares to be allotted shall not rank for any dividend or other distribution declared, paid or made by reference to a record date prior to the date of actual allotment.

- (k) For so long as the Company's Ordinary Shares are admitted to trading on the London Stock Exchange, it is the intention of the Company to apply to the UK Listing Authority for the Ordinary Shares allotted pursuant to any exercise of Subscription Rights to be admitted to the Official List and if such an application is made the Company will use all reasonable endeavours to obtain the admission thereof not later than 28 days after the relevant Subscription Date.
- (l) The exercise of Subscription Rights by any Subscription Shareholder who is a US Person or the right of such a Subscription Shareholder to receive the Ordinary Shares falling to be issued to them following the exercise of their Subscription Rights, will be subject to such requirements, conditions, restrictions, limitations or prohibitions as the Company may at any time impose, in its sole discretion, for the purpose of complying with the securities laws of the United States (including, without limitation, the US Securities Act, the US Investment Company Act and any rules or regulations promulgated under such Acts).

2. Adjustments of Subscription Rights

The Subscription Price (and the number of Subscription Shares outstanding) shall from time to time be adjusted in accordance with the provisions of this paragraph 2 and the Company shall not take any of the actions which would require such an adjustment unless there shall be available for issue sufficient Subscription Share and Ordinary Share capital to implement such adjustment and to satisfy in full all Subscription Rights remaining exercisable without the need for passing any further resolutions of Shareholders provided that in no event shall the Subscription Price be lower than the nominal value of an Ordinary Share:

- (a) if and whenever there shall be an alteration in the nominal amount of the Ordinary Shares as a result of a consolidation or sub-division, the Subscription Price in force immediately prior to such alteration shall be adjusted by multiplying it by a fraction of which the numerator shall be the nominal amount of one such Ordinary Share immediately after such alteration and the denominator shall be the nominal amount of one such Ordinary Share immediately prior to such alteration, and such adjustment shall become effective on the date the alteration takes effect;
- (b) if and whenever the Company shall allot to holders of Ordinary Shares any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (other than Ordinary Shares paid up out of distributable reserves and issued in lieu of a cash dividend), the Subscription Price in force immediately prior to such allotment shall be adjusted by multiplying it by a fraction of which the numerator shall be the aggregate nominal amount of the issued Ordinary Shares immediately before such allotment and the denominator shall be the aggregate nominal amount of the issued and allotted Ordinary Shares immediately after such allotment and such adjustment shall become effective as at the date of allotment of such Ordinary Shares;
- (c) if on a date (or by reference to a record date) on or before the Final Subscription Date, the Company makes any offer or invitation (whether by way of rights issue or otherwise but not being an offer to which paragraph 3(i) below applies or an offer made in connection with scrip dividend arrangements) to the holders of the Ordinary Shares, or any offer or invitation (not being an offer to which paragraph 3(g) below applies) is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Subscription Shareholders as if their Subscription Rights had been exercisable and had been exercised on the date immediately preceding the record date for such offer or invitation on the terms (subject to any adjustment made previously pursuant to paragraphs 2(a) to (f)) on which the same could have been exercised on that date, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, the Company shall not be required to procure that the same offer or invitation is made to the then Subscription Shareholders but the Subscription Price shall be adjusted (i) in the case of an offer of new Ordinary Shares for subscription by way of rights (a "**Rights Offer**") at a price less than the market price of an Ordinary Share at the date of announcement of the terms of the offer, by multiplying the Subscription Price for the relevant Subscription Date by a fraction of which the numerator is the number of Ordinary Shares in issue on the date of such announcement plus the number of Ordinary Shares which the aggregate amount payable for the total number of new Ordinary Shares comprised in such rights issue would purchase at such market price and the denominator is the number of Ordinary Shares in issue on the date of such announcement plus the aggregate number of

Ordinary Shares offered for subscription; (ii) in the case of a Rights Offer at a price less than the net asset value of an Ordinary Share at the date of announcement of the terms of the offer, or such other date as may be specified for this purpose by the Board, the formula in (i) shall apply save that the references to market price shall be substituted by references to net asset value and (iii) in any other case, in such manner as the independent financial advisers appointed by the Board shall report in writing to be fair and reasonable. Any such adjustments shall become effective, in the case of (i) and (ii) above, as at the date of allotment of the new Ordinary Shares which are the subject of the offer or invitation and, in the case of (iii) above, as at the date determined by the independent financial advisers appointed by the Board. For the purposes of this paragraph 2, paragraph 3 and paragraph 4 below **“market price”** shall mean the average of the middle market quotations (as derived from the Official List) for one Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the day on which the market price is to be ascertained, making an appropriate adjustment if the Ordinary Shares to be issued pursuant to the offer or invitation do not rank, on some or all of the relevant dealing days, *pari passu* as to dividends or other distributions with the Ordinary Shares in issue on those days and **“net asset value”** shall mean the value of the Company’s assets (excluding revenue items for the current financial year) minus all prior charges at their par value and the costs of the Rights Offer;

- (d) no adjustment will be made to the Subscription Price pursuant to paragraphs 2(a), (b) or (c) above (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above) if it would result in an increase in the Subscription Price and, in any event, no adjustment will be made if such adjustment would (taken together with the amount of any adjustment carried forward under the provisions of this paragraph 2(d)) be less than 1 per cent. of the Subscription Price then in force and on any adjustment the adjusted Subscription Price will be rounded down to the nearest whole penny. Any adjustment not so made and any amount by which the Subscription Price is rounded down will be carried forward and taken into account in any subsequent adjustment;
- (e) whenever the Subscription Price is adjusted as provided in accordance with paragraphs 2(a) to (d) above (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above), the Company shall issue, for no payment, additional Subscription Shares to each Subscription Shareholder at the same time as such adjustment takes effect. The number of additional Subscription Shares to which a Subscription Shareholder will be entitled shall be the number of existing Subscription Shares held by them multiplied by the fraction $(A - B)/B$ where A = the Subscription Price which would have been payable if the Subscription Rights had been exercisable and had been exercised immediately prior to the relevant adjustment pursuant to paragraph 2(a) to (d) above and B = the Subscription Price as adjusted pursuant to paragraph 2(a) to (d) above. Fractions of Subscription Shares will not be allotted to holders of Subscription Shares but all such fractions will be aggregated and, if practicable, sold in the market. The net proceeds will be paid to the Subscription Shareholders entitled thereto at the risk of such persons, save that amounts of less than £5.00 will be retained for the benefit of the Company. Subscription Share certificates relating to such additional Subscription Shares will be issued within 21 days of the said adjustment taking effect or the Company will procure that appropriate instructions are given to enable the adjustment to be made to the Subscription Shareholder’s holding of Subscription Shares in the Relevant Electronic System;
- (f) whenever the Subscription Price is adjusted in accordance with this paragraph by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above, the number of Ordinary Shares into which each holder of Subscription Shares is entitled to convert such Subscription Shares will be reduced accordingly;
- (g) the Company shall give notice to holders of Subscription Shares within 28 days of any adjustment made pursuant to paragraphs 2(a) to (f) above;
- (h) if a holder of Subscription Shares shall become entitled to exercise their Subscription Rights pursuant to paragraph 3(g) below, the Subscription Price payable on such exercise (but not otherwise) shall be reduced by an amount determined by the independent financial advisers appointed by the Board in accordance with the following formula:

$$A = (B+C) - D$$

where:

A = the reduction in the Subscription Price;

- B = the Subscription Price which would, but for the provisions of this paragraph 2(h), be applicable (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above) if the Subscription Rights were exercisable on the date on which the Company shall become aware as provided in paragraph 3(g) below;
- C = the average of the middle market quotations (as derived from the Official List) for one Subscription Share for the 5 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(g) below (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made; and
- D = the average of the middle market quotations (as derived from the Official List) for one Ordinary Share for the 5 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(g) below (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made,

provided that:

- (i) if the application of the above formula would, in the absence of this proviso (i), have reduced the Subscription Price to below the nominal value of an Ordinary Share, the number of Ordinary Shares into which a Subscription Share may convert pursuant to paragraph 3(g) below shall be adjusted in such manner as the independent financial advisers appointed by the Board shall report to be appropriate to achieve the same economic result for the Subscription Shareholders as if the Subscription Price had been reduced without regard to this proviso (i); and
- (ii) no adjustment shall be made to the Subscription Price where the value of D exceeds the aggregate value of B and C in the above formula.

The notice required to be given by the Company under paragraph 3(g) below shall give details of any reduction in the Subscription Price pursuant to this paragraph 2(h);

- (i) for the purpose of determining whether paragraph 3(i) below shall apply and accordingly whether each holder of a Subscription Share is to be treated as if their Subscription Rights had been exercisable and had been exercised as therein provided, the Subscription Price which would have been payable on such exercise shall be reduced by an amount determined by the independent financial advisers appointed by the Board in accordance with the following formula:

$$A = (B+C) - D$$

where:

- A = the reduction in the Subscription Price;
- B = the Subscription Price which would, but for the provisions of this paragraph 2(i), be applicable (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above) if the Subscription Rights were exercisable on the date on which the order or the effective resolution referred to in that paragraph shall be made or passed (as the case may be);
- C = the average of the middle market quotations (as derived from the Official List) for one Subscription Share for the 5 consecutive dealing days ending on the dealing day immediately preceding the earliest of the following dates: (i) the date of an announcement by the Board of their intention to convene a general meeting for the purpose of passing a resolution, or to present a petition for a court order, to wind-up the Company, (ii) the date of the notice of a general meeting convened for the purpose of passing a resolution to wind up the Company, (iii) the date of commencement of the winding-up of the Company by the court; and (iv) the date of suspension by the Relevant Exchange of dealings in the Subscription Shares prior to the making of any such announcement by the Board; and

D = the amount (as determined by the independent financial advisers appointed by the Board) of the assets available for distribution in the liquidation of the Company in respect of each Ordinary Share, taking into account for this purpose the Ordinary Shares which would arise on exercise of all the Subscription Rights and the Subscription Price which would be payable on the exercise of such Subscription Rights (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above but ignoring any adjustment to be made pursuant to this paragraph 2(i)),

provided that no adjustment shall be made to the Subscription Price where the value of D exceeds the aggregate value of B and C in the above formula; and

- (j) where an event which gives or may give rise to an adjustment to the Subscription Price occurs whether in such proximity in time to another such event or otherwise in circumstances such that the Company in its absolute discretion determines that the foregoing provisions need to be operated subject to some modification in order to give a result which is fair and reasonable in all the circumstances such modification shall be made in the operation of the foregoing provisions as may be advised by the independent financial advisers appointed by the Board to be in their opinion appropriate in order to give such a result.

3. Other Provisions

So long as any Subscription Rights remain capable of exercise:

- (a) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders):
 - (i) subject to paragraph 3(j) below make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares;
 - (ii) subject to paragraph 4 below, issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares pro rata to their existing holdings or at the election of the holders of Ordinary Shares instead of cash in respect of all or part of a dividend or dividends; or
 - (iii) on or by reference to a record date falling within the period of six weeks ending on the relevant Subscription Date, make any such allotment as is referred to in paragraph 2(b) above or any such offer or invitation as is referred to in paragraph 2(c) above (except by extending to the Subscription Shareholders any such offer or invitation);
- (b) subject to paragraph 4 below, the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders) in any way modify the rights attached to its existing Ordinary Shares as a class, or create or issue any new class of equity share capital (as defined in section 548 of the Companies Act 2006 as applicable) except for shares which carry, as compared with the rights attached to the existing Ordinary Shares, rights which are not more advantageous as regards voting, dividend or return of capital (same as to the date from which such new shares shall rank for dividends or distributions), provided that nothing herein shall restrict the right of the Company to increase, consolidate or sub-divide its share capital;
- (c) the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves nor make any such offer as is referred to in paragraph 2(c) if, in either case, the Company would on any subsequent exercise of the Subscription Rights be obliged to issue Ordinary Shares at a discount to nominal value;
- (d) the Company shall not (except with the sanction of a special resolution of the holders of the Subscription Shares or for a reduction not involving any payment to Shareholders) reduce any of its share capital, any uncalled or unpaid liability in respect of any of its share capital or any of its non-distributable reserves provided that the Company shall not be restricted by this paragraph 3(d) from reducing its share capital and from cancelling or reducing any other non-distributable reserve in connection with, or from making, any purchase of (i) Ordinary Shares at prices below the net asset value per Ordinary Share as envisaged by paragraph 3(j) below or (ii) Subscription Shares as envisaged by paragraph 6 below;

- (e) the Company shall not (except with the sanction of a special resolution of the holders of the Subscription Shares) change its financial year end from 31 December (except to a date falling within seven days before or after 31 December);
- (f) the Company shall not grant (or agree to grant) any option in respect of, or create any rights of conversion for, any Ordinary Shares, the nominal amount of which, together with the aggregate nominal amount of any Ordinary Shares over which options or rights of conversion (including those of the Subscription Shares) shall be subsisting at the date of such grant or creation, would exceed in the aggregate 20 per cent. of the nominal amount of the Ordinary Shares (excluding any treasury shares) then in issue, nor (except with the sanction of a special resolution of the Subscription Shareholders) will the Company grant (or offer or agree to grant) any such option in respect of, or create any such rights of conversion for, or issue any securities or loan capital carrying rights of conversion into, Ordinary Shares if the price at which any such option or right is exercisable is lower than the Subscription Price for the time being;
- (g) subject as provided in paragraph 3(h) below, if at any time an offer is made to all holders of Ordinary Shares (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued Ordinary Share capital of the Company and the Company becomes aware on or before the relevant Subscription Date that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give notice to the Subscription Shareholders of such vesting or pending vesting within 14 days of its becoming so aware, and each such Subscription Shareholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise their Subscription Rights on the terms (subject to any adjustments pursuant to paragraphs 2(a) to (f) and subject to paragraph 2(h) above) on which the same could have been exercised if they had been exercisable and had been exercised on the date on which the Company shall become aware as aforesaid. The publication of a scheme of arrangement under sections 895 to 901 of the Companies Act 2006 providing for the acquisition by any person of the whole or any part of the issued Ordinary Share capital of the Company shall be deemed to be the making of an offer for the purposes of this paragraph 3(g) and reference herein to such an offer shall be read and construed accordingly;
- (h) if under any offer as referred to in paragraph 3(g) above the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available to Subscription Shareholders an offer of securities to subscribe for ordinary shares in the offeror in exchange for the Subscription Shares, which the independent financial advisers appointed by the Board shall consider to be fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to such independent financial advisers to be relevant), then a Subscription Shareholder shall not have the right to exercise their Subscription Rights on the basis referred to in paragraph 3(g) above and, subject to the offer referred to in paragraph 3(g) above becoming or being declared wholly unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued Ordinary Share capital of the Company not already owned by it or its associates, any Director shall be irrevocably authorised as attorney for the holders of Subscription Shares who have not accepted the offer of Subscription Shares to subscribe for ordinary shares in the offeror in exchange for the relevant securities:
 - (i) to execute a transfer of the Subscription Shares held by such holders in favour of the offeror in consideration of the issue of securities to subscribe for ordinary shares in the offeror as aforesaid whereupon all the Subscription Shares shall lapse; and
 - (ii) to do such acts and things as may be necessary or appropriate in connection therewith including to take account of the fact that Subscription Shares may be held in uncertificated form;
- (i) if:
 - (i) an order is made or an effective resolution is passed for winding-up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by a special resolution of the Subscription Shareholders); and
 - (ii) if in such winding-up and on the basis that all Subscription Rights then unexercised had been exercised in full and the Subscription Price in respect thereof at the relevant Subscription

Date had been received in full by the Company there would be a surplus available for distribution amongst the holders of the Ordinary Shares, including for this purpose the Ordinary Shares which would arise on exercise of all the Subscription Rights (taking into account any adjustments pursuant to paragraphs 2(a) to (f) and 2(i) above), which surplus would, on such basis, exceed in respect of each Ordinary Share a sum equal to such Subscription Price,

each Subscription Shareholder shall be treated as if immediately before the date of such order or resolution (as the case may be) his Subscription Rights had been exercisable and had been exercised in full on the terms (subject to any adjustments pursuant to paragraphs 2(a) to (f) and 2(i) above) on which the same could have been exercised if they had been exercisable and had been exercised in full but at any reduced Subscription Price immediately before the date of such order or resolution (as the case may be), and shall accordingly be entitled to receive out of the assets available in the liquidation pari passu with the holders of the Ordinary Shares such sum as they would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the Subscription Price (subject to any adjustments pursuant to paragraphs 2(a) to (f) and 2(i) above). Subject to the foregoing, all Subscription Rights shall lapse on liquidation of the Company; and

- (j) notwithstanding paragraphs 3(a) to (i) above, the Company may, without the sanction of special resolution of the Subscription Shareholders:
 - (i) purchase any of its own equity share capital (whether by tender, by private treaty or through the market);
 - (ii) hold its Ordinary Shares in treasury (for the purposes of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003) and sell any such Ordinary Shares held in treasury; and
 - (iii) effect a reduction in its share premium account or capital redemption reserve unless prohibited by paragraph 3(d) above.

4. Issue of C Shares

- (a) Notwithstanding the provisions of paragraph 3 above, a Qualifying C Share Issue (as defined in paragraph 4(b) below) shall not constitute a modification, alteration or abrogation of the rights attached to the Subscription Shares (and shall not require the sanction of a special resolution of the Subscription Shareholders) even though it may involve modification of the rights attached to the existing Ordinary Shares of the Company or the creation or issue of a new class of equity share capital if the Directors are of the opinion (having regard to all the circumstances) that such issue should not have any material dilutive effect on the Net Asset Value per Ordinary Share.
- (b) For this purpose, a “**Qualifying C Share Issue**” means an issue by the Company of shares which will, within one year of the date of issue thereof, be converted into Ordinary Shares ranking pari passu in all respects with the Ordinary Shares then in issue (other than, if the case requires, as regards dividends or other distributions declared, paid or made in respect of the financial year in which the conversion takes place) and may include the issue in connection therewith of Subscription Shares (whether on the same terms and conditions as the Subscription Shares or otherwise) and any matters reasonably incidental to the process by which such shares are converted into Ordinary Shares, including but not limited to the creation, issue, sub-division, consolidation, redesignation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.

5. Modification of Rights

All or any of the rights for the time being attached to the Subscription Shares may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of a special resolution of the Subscription Shareholders.

6. Purchase

The Company and its subsidiaries shall have the right to purchase Subscription Shares in the market, by tender or by private treaty, but:

- (a) such purchases will be limited to the maximum price per Subscription Share in the Listing Rules from time to time applicable to equity securities; and
- (b) if such purchases are by tender, such tender will be available to all Subscription Shareholders alike.

All Subscription Shares so purchased shall forthwith be cancelled and shall not be available for re-issue or resale.

7. Transfer

Each Subscription Share will be in registered form and will be transferable:

- (a) in the case of Subscription Shares held in certificated form, by an instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors; and
- (b) in the case of Subscription Shares held in uncertificated form, by giving the appropriate instructions for transfer by means of the Relevant Electronic System.

No transfer of a fraction of a Subscription Share may be effected.

8. General

- (a) The Company will, concurrently with the issue of the same to the holders of the Ordinary Shares, send to each Subscription Shareholder (or, in the case of joint holders, to the first named) a copy of each published annual report and accounts of the Company (or such abbreviated or summary financial statement sent to holders of Ordinary Shares in lieu thereof), together with all documents required by law to be annexed thereto, and a copy of every other statement, notice or circular issued by the Company to holders of Ordinary Shares.
- (b) For the purposes of these conditions, “**special resolution of the Subscription Shareholders**” means a resolution proposed at a meeting of the Subscription Shareholders duly convened and quorate and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.
- (c) Subject as provided in paragraph 7, the provisions of the Articles relating to notice of meetings, untraced members, lost certificates and the registration, transfer and transmission of Ordinary Shares shall, mutatis mutandis, apply to the Subscription Shares as if they were Ordinary Shares.
- (d) Any determination or adjustment made pursuant to these terms and conditions by the independent financial advisers appointed by the Board shall be made by them as experts and not as arbitrators and any such determination or adjustment made by them shall be final and binding on the Company and each of the Subscription Shareholders.
- (e) Any references in these particulars to a statutory provision shall include that provision as from time to time modified or re-enacted.
- (f) Subject to paragraph 3(i) above, Subscription Shares carry no right to any dividend or other distribution by the Company and (save to the extent that the Directors elect in connection with an exercise of Subscription Share Rights as provided in paragraph 8(k) below) no right to be redeemed (although the Company may elect to purchase Subscription Shares pursuant to paragraph 6). Subscription Shareholders are not entitled to attend or vote at meetings of Shareholders and, save as provided in paragraph 3(i) above, have no right to share in any surplus in the event of liquidation beyond the right to be repaid the sum of one penny, being the nominal value of each Subscription Share (in respect of which conversion rights have not been exercised) held (which rights rank immediately after the rights of the Ordinary Shareholders to be repaid the nominal value of 25p for each Ordinary Share).
- (g) If, immediately after any Subscription Date (other than the Final Subscription Date) and after taking account of any Subscription Rights exercised on that date, Subscription Rights shall have been exercised or cancelled in respect of 75 per cent. or more of the Subscription Shares originally or subsequently issued (subject to the adjustment of the number of Subscription Shares in accordance

with paragraph 2 above and excluding any Ordinary Shares to which Subscription Rights attached to Subscription Shares purchased by the Company or any of its subsidiaries relate but including any further Subscription Shares issued in accordance with the Articles) the Company shall be entitled at any time within the next following 14 days to serve notice in writing on the holders of the Subscription Shares then outstanding of its intention to appoint a trustee for the purposes set out in this paragraph 8(g) (the “**Early Subscription Trustee**”) upon the expiry of 21 days from the date of such notice (the “**Notice Period**”) and for this purpose the Notice Period shall expire at 3.00pm on the 21st day. Such notice shall give in its terms the holders of the outstanding Subscription Shares a final opportunity to exercise their Subscription Rights in the normal manner as though such 21st day were a Subscription Date and will include all necessary details and instructions to enable the exercise of the Subscription Rights. Forthwith after the expiry of the Notice Period, the Company shall appoint the Early Subscription Trustee who, provided that in such trustee’s opinion the net proceeds of sale after deduction of all costs and expenses incurred by such trustee will exceed the costs of exercising the Subscription Rights, shall within the period of 14 days following the expiry of the Notice Period either:

- (i) exercise the Subscription Rights which shall not have been exercised on the terms on which the same could have been exercised immediately prior to the expiry of the Notice Period if they had then been exercisable and had been exercised and sell in the market the Ordinary Shares resulting from such exercise; or
- (ii) (if it appears to the Early Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Early Subscription Trustee shall distribute pro rata the proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Rights and such other costs and expenses to the persons entitled thereto at the risk of such persons as soon as practicable after such sale and in any event within 28 days after the expiry of the Notice Period, provided that entitlements of under £5.00 shall be retained for the benefit of the Company. Following the expiry of the Notice Period, if the Early Subscription Trustee shall not exercise the Subscription Rights then outstanding within the period of 14 days following such expiry as set out in this paragraph 8(g) (and such trustee’s decision in respect thereof shall, in the absence of unreasonableness, be final and binding on all holders outstanding Subscription Shares), all Subscription Rights shall lapse.

- (h) Within seven days following the Final Subscription Date the Company shall appoint a trustee (the “**Final Subscription Trustee**”) who, provided that in such trustee’s opinion the net proceeds of sale after deduction of all costs and expenses incurred by such trustee will exceed the costs of exercising the Subscription Rights, shall within the period of 14 days following the Final Subscription Date, either:
 - (i) exercise all the Subscription Rights which shall not have been exercised on the terms on which the same could have been exercised on the Final Subscription Date and sell in the market the Ordinary Shares resulting from such exercise; or
 - (ii) (if it appears to the Final Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Final Subscription Trustee shall distribute pro rata the proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Rights and such other costs and expenses to the persons entitled thereto at the risk of such persons within 56 days of the final Subscription Date, provided that entitlements of under £5.00 shall be retained for the benefit of the Company. If the Final Subscription Trustee shall not exercise the Subscription Rights within the period of 14 days following the final Subscription Date as set out in this paragraph 8(h) (and such trustee’s decision in respect thereof, in the absence of unreasonableness, shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Rights shall lapse.

- (i) The Company shall, in its discretion, as an alternative to the procedures in paragraphs 8(g) or 8(h) have the right to make a payment to the holder of each outstanding Subscription Share of an amount equal to the Board’s best estimate of the amount which would be received by Subscription Shareholders were such procedures to be followed and upon making such payment the Subscription Shares shall lapse.

- (j) The Early Subscription Trustee or the Final Subscription Trustee (as appropriate) shall have no liability of any nature whatsoever where such trustee has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.
- (k) The Company shall give effect to Subscription Rights in accordance with this paragraph 8(k) or in such manner as may be authorised by law. For the purposes of this paragraph 8(k) the “**Relevant Shares**” shall mean those Subscription Shares in respect of which Subscription Rights are exercised.
 - (i) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of profits of the Company which would otherwise be available for dividend. In the event that the Directors determine to redeem the same at par out of such profits, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and shall authorise the secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder’s behalf for, one Ordinary Share at such price as shall represent the aggregate of:
 - (a) the Subscription Price; and
 - (b) the amount of the redemption moneys to which the holder is entitled,
 and, in any such case, the Certificated Subscription Notice or Uncertificated Subscription Notice (as the case may be, a “**Subscription Notice**”) given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.
 - (ii) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of the proceeds of a fresh issue of Ordinary Shares. In the event that the Directors determine to redeem the same at par out of such proceeds, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and shall authorise the secretary of the company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder’s behalf for, one Ordinary Share at such price as shall represent the aggregate of:
 - (a) the Subscription Price; and
 - (b) the amount of the redemption moneys to which the holder is entitled,
 and, in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.
 - (iii) To enable such subscription to be effected, the Directors may determine to effect such subscription by means of a consolidation and sub-division of the Relevant Shares. In such case the requisite consolidation and sub-division shall be effected pursuant to the authority given by the resolution adopting the Articles by consolidating into one share all the Relevant Shares held by any holder or joint holders and in respect of which a Subscription Notice shall have been given in respect of the relevant Subscription Date (treating holdings of the same holders or joint holders in certificated form and uncertificated form as separate holdings, unless the Directors otherwise determine) and, if the Directors so determine, any shares allotted to such holder or joint holder pursuant to paragraph 8(k)(v) and converting (and, if necessary, sub-dividing) such consolidated share into shares of 25p each (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of which one share for every complete 25p (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of the nominal amount of the consolidated share shall be Ordinary Shares (fractional entitlements to an Ordinary Share being disregarded) and the balance (if any) of such consolidated share shall be deferred shares (“**Deferred Shares**”) which shall carry the limited rights set out in the Articles and paragraph 9 but in particular will be capable of being redeemed by the Company without further authorisation.
 - (iv) In relation to any Relevant Shares that are to be redeemed in accordance with paragraph 8(k)(i) or 8(k)(ii) and that are, on the Subscription Date concerned, in uncertificated form, the Directors shall be entitled in their absolute discretion to determine

the procedures for the redemption of such Relevant Shares (subject always to the facilities and requirements of the Relevant Electronic System). Without prejudice to the generality of the foregoing, the procedures for the redemption of any such Relevant Shares may involve or include the sending by the Company or by any person on its behalf of an issuer instruction to the operator of Relevant Electronic System requesting or requiring the deletion of any computer based entries in the relevant system concerned that relate to the holding of the Relevant Shares concerned, and/or the Company may, if the Directors so determine (by notice in writing to the holder concerned), require the holder of the Relevant Shares concerned to change the form of the Relevant Shares from uncertificated form to certificated form prior to the Subscription Date concerned.

- (v) To enable any subscription to be effected in accordance with this paragraph 8(k) the Directors are authorised to capitalise any part of the amount then standing to the credit of any of the Company's reserve accounts (whether or not the same would lawfully be distributable by way of cash dividend) or to the credit of the share premium account, capital redemption reserve, profit and loss account or otherwise available for the purpose and the same shall be applied in paying up in full at par shares to be allotted and issued, credited as fully paid, to and amongst the holders of the Subscription Shares exercising their Subscription Rights in accordance with their respective entitlements. Any restrictions and limitations in the Articles relating to capitalisation issues generally shall not apply to any capitalisation or creation or issue of shares pursuant to this paragraph 8(k).
- (vi) Where the Subscription Rights attaching to any Subscription Shares have lapsed in accordance with the provisions of the Articles, such Subscription Shares will be reclassified as Deferred Shares.

9. Deferred Shares

- (a) In the case of a conversion effected by means of consolidation and sub-division as provided in paragraph 8(k)(iii), the Deferred Shares arising as a result thereof, or otherwise on the lapse of Subscription Rights, shall on a return of assets in a winding-up entitle the holder only to the repayment of the amounts paid up on such shares after repayment of the capital paid up on the Ordinary Shares, the capital paid up on the Subscription Shares plus the payment of £5,000 on each Ordinary Share and shall not entitle the holder to the payment of any dividend nor to receive notice of or to attend or vote at any general meeting of the Company and such conversion shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof, to such person as the Company may determine as custodian thereof and to cancel and/or purchase the same (in accordance with the provisions of the Companies Act 2006) without making any payment to or obtaining the sanction of the holder thereof and pending such transfer and/or cancellation and/or purchase to retain the certificate for such shares.
- (b) The Company may at its option at any time after the creation of any Deferred Shares redeem all or any of the Deferred Shares then in issue, at a price not exceeding 1p for all the Deferred Shares redeemed, at any time upon giving the registered holder(s) of such share or shares not less than 28 days' previous notice in writing of its intention so to do, fixing a time and place for their redemption.
- (c) If and whenever the Company shall determine to redeem pursuant to the foregoing paragraph less than the total of the Deferred Shares then outstanding, those to be redeemed shall be selected by the drawing of lots. At the time and place so fixed, each such registered holder shall be bound to surrender to the Company the certificate for his Deferred Share or Shares which are to be redeemed in order that such shares may be cancelled.

PART VI

BONUS ISSUE ARRANGEMENTS

1. Introduction

The Subscription Shares will be issued free of subscription cost to Qualifying Bonus Issue Shareholders. Qualifying Bonus Issue Shareholders will, subject to the conditions detailed below, be issued Subscription Shares on the basis of one Subscription Share for every five Ordinary Shares held as at the Bonus Issue Record Date.

The Bonus is conditional on Resolution 2 being passed and Admission becoming effective by not later than 8.00 a.m. on 7 April 2010 (or such later time and date as the Company, the Manager and RBS Hoare Govett may agree).

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to Admission, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

The issue, offer and sale of the Subscription Shares, the Subscription Rights and any Ordinary Shares issuable upon exercise of the Subscription Rights to, and the exercise of Subscription Rights by, persons with a registered address in, or who are citizens, residents or nationals of, a jurisdiction other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to receive Subscription Shares, exercise Subscription Rights for Ordinary Shares or transfer Subscription Shares or Ordinary Shares. It is the responsibility of all persons outside the United Kingdom receiving this document, a Certificated Subscription Share or a credit of Subscription Shares to a securities account in CREST and wishing to exercise Subscription Rights for Ordinary Shares or transfer Subscription Shares or Ordinary Shares to satisfy themselves as to full observance of the laws of the relevant jurisdiction, including obtaining all necessary governmental or other consents which may be required, observing all other requisite formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

The attention of Overseas Shareholders and any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document or any accompanying document, if and when received, to a jurisdiction other than the United Kingdom is drawn to the section titled "Overseas Shareholders" in paragraph 5 of this Part VI. In particular, subject to the provisions set out in "Overseas Shareholders" in paragraph 5 of this Part VI, this document and any accompanying document will not be made available to Excluded Shareholders and they will not be sent Certificated Subscription Shares and will not have their securities accounts in CREST credited with entitlements to Uncertificated Subscription Shares.

The Subscription Shares may not be accepted, acquired or transferred, the Subscription Rights may not be exercised and the Ordinary Shares to be issued upon exercise of the Subscription Rights may not be subscribed or purchased by, or for the account or benefit of, US Persons or persons in the United States.

2. CREST

Subscription Shares will be issued in registered form.

Subscription Shares will be eligible for settlement through CREST with effect from Admission. Subscription Shares allocated will be transferred to places through the CREST system unless otherwise stated. Member firms will be requested to give their CREST settlement details to the Company. The Company will arrange for Euroclear to be instructed to credit the appropriate Euroclear accounts of the subscribers concerned or their nominees with their respective entitlements to Subscription Shares. The names of subscribers or their nominees that invest through their Euroclear accounts will be entered directly on to the share register of the Company.

3. Dealings

The Company has applied for admission of the Subscription Shares to the Official List and for trading of the Subscription Shares on the London Stock Exchange's main market for listed securities under the symbol "HGTS".

It is expected that issue of the Subscription Shares will take place on 7 April 2010 and that dealings in such Subscription Shares will commence on 7 April 2010.

The ISIN number and SEDOL code for the Subscription Shares are GB00B62CQW90 and B62CQW9 respectively.

4. Transfer of Subscription Shares

The transfer of Subscription Shares outside the CREST system should be arranged directly through the Registrar. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of a beneficial owner to CREST for Subscription Share certificates or an uncertificated holding in definitive registered form. Holders of Subscription Shares who elect to take their Subscription Shares outside the CREST system following the Bonus Issue and who do not elect for Subscription Share certificates, will be allocated a Subscription Shareholder number on acceptance of their request and this, together with the personal details of the Subscription Shareholder's, will be proof of identity. Such number should be used for all future dealings by the Subscription Shareholder with the Company.

If a Subscription Shareholder or transferee requests Subscription Shares to be issued in certificated form and is holding such Subscription Shares outside CREST, a Subscription Share certificate will be despatched either to them or their nominated agent (at their own risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Subscription Share. Subscription Shareholders holding definitive certificates may elect at a later date to hold their Subscription Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

The Company has not been and will not be registered under the US Investment Company Act. In addition, the Subscription Shares and the Ordinary Shares to be issued upon exercise of Subscription Rights have not been and will not be registered under the US Securities Act. The Subscription Shares and the Ordinary Shares to be issued upon exercise of Subscription Rights are only being offered outside the United States to non-US Persons in reliance on the exemption from registration provided by Regulation S under the US Securities Act. The Subscription Shares may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, US Persons.

5. Overseas Shareholders

The comments set out in this Part VI are intended as a general guide only and any Qualifying Bonus Issue Shareholder who is in doubt as to his position should consult their own independent professional adviser without delay.

5.1 General

Set out below are restrictions applicable to Shareholders who have registered addresses outside the United Kingdom, who are citizens, residents or nationals of countries other than the United Kingdom, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document or any accompanying document to a jurisdiction outside the United Kingdom or who hold Ordinary Shares for the account or benefit of any such person.

No action has been taken or will be taken by the Company or RBS Hoare Govett to permit a public offering or distribution of this document or the Subscription Notices in any jurisdiction where action for that purpose may be required other than in the United Kingdom. Certificated Subscription Shares have not been and will not be sent to, and entitlements to Uncertificated Subscription Shares will not be credited to CREST accounts of, Excluded Shareholders, or to their agents or intermediaries.

The Subscription Shares may not be accepted, acquired or transferred to and the Subscription Rights may not be exercised or purchased by, or for the account or benefit of, US Persons or persons in the United States.

Receipt of this document and/or a Certificated Subscription Share or the crediting of Uncertificated Subscription Shares to a securities account in CREST will not constitute or form part of an offer in or into an Excluded Territory or to, or for the account or benefit of, any US Person. In those circumstances, this

document and/or a Certificated Subscription Shares or the crediting of entitlements to Uncertificated Subscription Shares must be treated as sent for information only and should not be copied or redistributed. No person who receives a copy of this document and/or a Certificated Subscription Shares or a credit of entitlements to Uncertificated Subscription Shares to a securities account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event trade in Certificated Subscription Shares or deal with Uncertificated Subscription Shares in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and the Subscription Shares could lawfully be traded or dealt with without contravention of any unfulfilled registration or other legal or regulatory requirements.

Accordingly, persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this document and/or a Certificated Subscription Share or whose securities accounts in CREST are credited with entitlements to Uncertificated Subscription Shares, in connection with the Bonus Issue or otherwise, should not distribute or send the same in or into, or transfer Subscription Shares or Ordinary Shares issuable upon exercise of Subscriptions Rights in or into any Excluded Territory or to, or for the account or benefit of, any US Person.

If a Certificated Subscription Share or credit of an entitlement to an Uncertificated Subscription Share in CREST is received by any person in any Excluded Territory or any US Person (or by their custodian, nominee or trustee), they must not seek to exercise Subscription Rights attaching to such Subscription Shares for Ordinary Shares, or transfer any Subscription Shares, Subscription Rights or Ordinary Shares (nor may their custodian, nominee or trustee do so on their behalf).

Subject to the restrictions set out herein, any person (including, without limitation, nominees, agents and trustees) outside the United Kingdom wishing to receive Subscription Shares in connection with the Bonus Issue or exercise Subscription Rights for Ordinary Shares (or to do so on behalf of someone else) must satisfy themselves to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

No action has been taken by the Company or RBS Hoare Govett that would permit an offer of the Subscription Shares, the Subscription Rights or possession or distribution of this document or any accompanying documents (including the Subscription Notice) in any jurisdiction where action for that purpose is required, other than in the United Kingdom.

The Company reserves the right, in its sole and absolute discretion, to treat as invalid any acceptance or purported acceptance of the Subscription Shares and any subscription or purported subscription for the Ordinary Shares issuable upon exercise of the Subscription Rights that appears to the Company:

- (i) to have been executed, effected or despatched from any Excluded Territory or by a US Person, unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction;
- (ii) to provide an address for delivery of certificates in relation to the Subscription Shares or the Ordinary Shares issuable upon exercise of the Subscription Rights in any Excluded Territory or any other jurisdiction in which it would be unlawful to deliver such certificates, unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction;
- (iii) to involve a potential breach or violation of the securities laws of any jurisdiction;
- (vi) that may be inconsistent with the procedures, terms and conditions set out in this document; or
- (v) that purports to exclude or modify any of the representations, warranties, agreements and acknowledgments described under the heading "Overseas Shareholders" in this Part VI and, as applicable, the Subscription Notices.

Notwithstanding any other provision of this document, the Company reserves the right to permit any Qualifying Bonus Issue Shareholder to take up his rights if the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. If the Company is so satisfied, the Company will arrange for the relevant Qualifying Bonus Issue Shareholder to be sent Certificated Subscription Shares or arrange for entitlements to Uncertificated Subscription Shares to be credited to the relevant securities accounts in CREST.

The provisions of this Part VI will apply generally to Excluded Shareholders who do not or are unable to receive Subscription Shares provisionally allotted to them, or exercise Subscription Shares to acquire Ordinary Shares. Accordingly, any provisional allotment to a Excluded Shareholder who does not validly accept the Subscription Shares in accordance with this Part V will be deemed to have been declined and will lapse.

5.2 **Excluded Territories**

Due to restrictions under the securities laws of the Excluded Territories, Excluded Shareholders will not qualify to participate in the Bonus Issue and will not receive Certificated Subscription Shares or have their securities account in CREST credited with entitlements to Uncertificated Subscription Shares.

The Subscription Shares, Subscription Rights and the Ordinary Shares issued pursuant to the exercise of Subscription Rights attaching to the Subscription Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Excluded Territory or to, or for the account or benefit of, any Excluded Shareholders.

No offer of Subscription Shares, Subscription Rights or Ordinary Shares issued pursuant to the exercise of Subscription Rights attaching to the Subscription Shares is being made by virtue of this document into any Excluded Territory or any Excluded Shareholder.

5.3 **Restrictions relating to persons within the United States and US Persons**

The Subscription Shares, the Subscription Rights and the Ordinary Shares to be issued upon exercise of the Subscription Rights have not been and will not be registered under the US Securities Act, or under any securities laws of any state or other jurisdiction of the United States. The Subscription Shares, the Subscription Rights and the Ordinary Shares to be issued upon exercise of the Subscription Rights may not be offered, sold, taken up, exercised, renounced, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any US Person. The Subscription Shares, the Subscription Rights and the Ordinary Shares to be issued upon exercise of the Subscription Rights are being offered and sold only outside the United States to non-US Persons in “offshore transactions” in accordance with the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. There will be no public offer of the Subscription Shares, the Subscription Rights or the Ordinary Shares to be issued upon exercise of the Subscription Rights in the United States.

The Company has not been and will not be registered under the US Investment Company Act, and investors will not be entitled to the benefits of that Act. Persons within the United States and US Persons who are Shareholders will not be eligible to participate in the Bonus Issue.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, Subscription Shares, Subscription Rights or Ordinary Shares to be issued upon the exercise of Subscription Rights to any person to whom or in any jurisdiction in which such an offer, invitation or solicitation is unlawful, including the Excluded Territories. Persons within the United States and US Persons may not receive Subscription Shares, exercise Subscription Rights for Ordinary Shares, or purchase or subscribe for Ordinary Shares. Any person within the United States and any US Person who obtains a copy of this document is required to disregard it. No purchase, sale, exercise or transfer of Subscription Shares, Subscription Rights or Ordinary Shares to be issued upon exercise of the Subscription Rights may be made except in circumstances in which such purchase, sale, exercise or transfer will not result in the Company being required to register as an investment company under the US Investment Company Act or potentially being in violation of such Act or the rules and regulations promulgated thereunder.

5.4 **Waiver**

The provisions of this section “Overseas Shareholders” and of any other terms of the Bonus Issue relating to Overseas Bonus Issue Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this section “Overseas Shareholders” supersede any terms of the Bonus Issue inconsistent herewith. References in this section “Overseas Shareholders” to Shareholders shall include references to the person or persons executing a Subscription Notice and, in the event of more than one person executing a Certificated Subscription Notice, the provisions of this section “Overseas Shareholders” shall apply to them jointly and to each of them.

6. Additional Representations given by all Qualifying Bonus Issue Shareholders

Certificated Subscription Shares will be sent to Qualifying Non-CREST Bonus Issue Shareholders, and Uncertificated Subscription Shares will be credited to the stock account in CREST of Qualifying CREST Bonus Issue Shareholders in jurisdictions other than the Excluded Territories. Qualifying Bonus Issue Shareholders in jurisdictions other than the Excluded Territories may, subject to the laws of their relevant jurisdiction, take up Subscription Shares under the Bonus Issue in accordance with the instructions set out in this document.

Qualifying Bonus Issue Shareholders who have registered addresses in, or who are citizens, residents or nationals of, countries other than the United Kingdom should consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to exercise Subscription Rights or to acquire or transfer Subscription Shares and Ordinary Shares. If you are in any doubt as to your eligibility to accept the offer of Subscription Shares, Subscription Rights or Ordinary Shares, you should contact your appropriate professional adviser immediately.

Each person to whom the Subscription Shares, the Subscription Rights and the Ordinary Shares issued upon exercise of the Subscription Rights are distributed, offered or sold will be required, prior to exercising Subscription Rights and receiving Ordinary Shares to represent, warrant, agree and acknowledge in the Subscription Notice, and each subsequent investor in the Subscription Shares, the Subscription Rights and the Ordinary Shares issued upon exercise of the Subscription Rights will be deemed by its purchase of or subscription for the Subscription Shares and the Ordinary Shares, to have represented and agreed as follows (terms used in this paragraph have the same meaning as in Regulation S):

- (i) it is not a US Person, is not located within the United States and is not accepting and/or acquiring the Subscription Shares, the Subscription Rights or the Ordinary Shares issued upon exercise of the Subscription Rights for the account or benefit of a US Person;
- (ii) it is accepting and/or acquiring the Subscription Shares, the Subscription Rights and the Ordinary Shares issued upon exercise of the Subscription Rights in an offshore transaction meeting the requirements of Regulation S;
- (iii) it is not accepting and/or acquiring the Subscription Shares, the Subscription Rights or the Ordinary Shares issued upon exercise of the Subscription Rights with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of such Subscription Shares, Subscription Rights or Ordinary Shares issued upon exercise of the Subscription Rights in the United States;
- (iv) it is aware that the Subscription Shares, the Subscription Rights and the Ordinary Shares issued upon exercise of the Subscription Rights have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons, absent registration or an exemption from registration under the US Securities Act;
- (v) it is aware that the Company has not registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- (vi) no portion of the assets used by such investor to purchase, and no portion of the assets used by such investor to hold, the Subscription Shares and the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an employee benefit plan as defined in section 3(3) of ERISA (whether or not subject to the provisions of Title I of ERISA, but excluding plans maintained outside the US that are described in Section 4(b)(4) of ERISA); (ii) a plan, individual retirement account or other arrangement that is described in Section 4975 of the US Tax Code, whether or not such plan, account or arrangement is subject to Section 4975 of the US Tax Code; (iii) an insurance company using general account assets, if such general account assets are deemed to include assets of any of the foregoing types of plans, accounts or arrangements for purposes of Title I of ERISA or Section 4975 of the US Tax Code; or (iv) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Tax Code;
- (vii) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Subscription Shares or the Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company

to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal that might (in the opinion of the Directors) require the Company to register under the US Investment Company Act will be subject to the compulsory transfer provisions as provided in the Articles;

- (viii) it is not accepting and/or acquiring any Subscription Shares, Subscription Rights or Ordinary Shares issued upon exercise of the Subscription Rights from within any Excluded Territory and its acceptance of such Subscription Shares, Subscription Rights and Ordinary Shares will not result in the contravention of any applicable legal requirement in any jurisdiction;
- (ix) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Subscription Shares, Subscription Rights or Ordinary Shares issued upon exercise of the Subscription Rights and it is not acting on a non discretionary basis for any such person;
- (x) it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Bonus Issue, the Subscription Shares, the Subscription Rights and the Ordinary Shares issued upon exercise of the Subscription Rights to any persons within the United States or to any US Persons, nor will it do any of the foregoing; and
- (xi) the Company and its directors, officers, affiliates, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations and agreements. If any of the representations or agreements made by it are no longer accurate or have not been complied with, it will immediately notify the Company, and if it is accepting and/or acquiring any Subscription Shares, the Subscription Rights or Ordinary Shares issued upon exercise of the Subscription Rights as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make such foregoing representations and agreements on behalf of each such account.

7. Money Laundering

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents, the Registrar, the Manager and/or RBS Hoare Govett may require evidence in connection with the issue of Subscription Shares to Qualifying Bonus Issue Shareholders, including further identification of Qualifying Bonus Issue Shareholders, before any Subscription Shares are issued.

The Manager reserves the right to request such information as is necessary to verify the identity of an investor and (if any) the underlying beneficial owner of Subscription Shares issued by the Company. In the event of delay or failure by the Qualifying Bonus Issue Shareholder to produce any information required for verification purposes, the Directors, in consultation with RBS Hoare Govett and the Manager, may refuse to issue Subscription Shares to such Qualifying Bonus Issue Shareholder, or refuse the transfer of Subscription Shares issued by the Company held by any such Qualifying Bonus Issue Shareholder.

PART VII

FINANCIAL INFORMATION

I. **Published annual reports and accounts for the financial years ended 31 December 2007, 31 December 2008 and 31 December 2009**

I.1 **Historical financial information**

The published annual reports and audited accounts of the Company for the financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 (which have been incorporated in this document by reference) included, on the pages specified in the table below, the following information:

	<u>Year ended 31 December 2007</u>	<u>Year ended 31 December 2008</u>	<u>Year ended 31 December 2009</u>
Balance sheet	31	33	35
Income statement	30	32	34
Statement of changes in equity	32	34	36
Cash flow statement	32	34	36
Accounting policies	33	35-36	37-38
Notes to the financial statements	33-43	35-45	37-49
Audit report	56-57	59	64

I.2 **Selected financial information**

The key audited figures that summarise the financial condition of the Company in respect of the financial years ended 31 December 2007, 31 December 2008 and 31 December 2009, which have been extracted without material adjustment from the historical financial information referred to in paragraph I.1 above (unless otherwise indicated in the notes below the following table) are set out in the following table:

	<u>As at 31 December 2007</u>	<u>As at 31 December 2008</u>	<u>As at 31 December 2009</u>
Net Asset Value (£'000)	238,817	234,094	236,044
Net Asset Value per Share (p)	948.2	929.4	937.2
Earnings per Share (p)	29.6	29.6	28.4
Dividends per Share (p)	14.0	25.0	25.0

I.3 **Operating and financial review**

The published annual reports and audited accounts of the Company for the financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 include on the pages specified in the table below, descriptions of the Company's financial condition, changes in its financial condition and details of the Company's portfolio of investments for each of those periods.

	<u>Year ended 31 December 2007</u>	<u>Year ended 31 December 2008</u>	<u>Year ended 31 December 2009</u>
Chairman's Statement	4-6	4-6	4-6
Manager's review	11-25	11-29	12-31
Investment portfolio	28	30	32

I.4 **Availability of annual reports and audited accounts for inspection**

Copies of the published annual reports and audited accounts of the Company for the financial years ended 31 December 2007, 31 December 2008 and 31 December 2009 are available online at this URL: www.hgcapitaltrust.com/results.htm (although none of the other information on such website is incorporated by reference in this document or is being made available other than to existing Shareholders or should be relied upon in making any investment decision) and also for inspection at the addresses set out in paragraph 17 of Part X of this document.

2. Capitalisation and Indebtedness

Set out below is a statement of capitalisation and indebtedness in relation to the Company.

	<u>31 December 2009</u>
	£'000
<i>Total Current Debt</i>	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
<i>Total Non-Current Debt</i>	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
	<u>31 December 2009</u>
	£'000
<i>Shareholder equity</i>	
Share capital	6,296
Share premium	14,123
Other reserves	215,625
Net indebtedness	£'000
A. Cash	2,873
B. Cash equivalent	0
C. Trading securities	84,526
D. Liquidity (A+B+C)	87,399
E. Current financial receivables	0
F. Current bank debt	0
G. Current proportion of non-current debt	0
H. Other current financial debt	0
I. Current financial debt (F+G+H)	0
J. Net current financial indebtedness/(receivables) (I-E-D)	(87,399)
K. Non-current bank loans	0
L. Bonds issued	0
M. Other non-current loans	0
N. Non-current financial indebtedness (K+L+M)	0
O. Net financial indebtedness/(receivables) (J+N)	(87,399)

There is no indirect or contingent indebtedness.

The information set out above has been extracted from audited financial statements of the Company as at 31 December 2009.

3. Working Capital

In the Company's opinion, the Company has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of this document.

PART VIII

TAXATION

I. UK Taxation

I.1 Introduction

The following statements are based upon current UK tax law and what is understood to be the current practice of HMRC, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident and ordinarily resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Shares.

The information contained in this document relating to taxation matters is a summary of the taxation matters which the Directors consider should be brought to the attention of prospective investors and is based upon the law and published practice currently in force and is subject to changes therein. All potential investors, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Shares under the laws of their country and/or state of citizenship, domicile or residence.

I.2 The Company

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies and continues to satisfy the conditions necessary for it to be approved by HMRC as an investment trust under section 842 of the Taxes Act. However, neither the Manager nor the Directors can guarantee that this approval will be maintained. One of the conditions for a company to qualify as an investment trust is that it is not a close company. The Directors consider that the Company should not be a close company immediately following the issue of New Ordinary Shares and Subscription Shares pursuant to the Bonus Issue and Offer. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust the Company will be exempt from UK taxation on its capital gains. The Company will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way.

Since 1 September 2009 an investment trust approved under section 842 of the Taxes Act, or one that intends to seek such approval, has been able to elect to take advantage of modified UK tax treatment in respect of its “qualifying interest income” for an accounting period (referred to here as the ‘streaming’ regime). Under regulations made pursuant to Finance Act 2009, the Company may, if it so chooses, designate as an “interest distribution” all or part of the amount it distributes to Shareholders as dividends, to the extent that it has “qualifying interest income” for the accounting period. Were the Company to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period. The Directors intend to designate in this manner the entire dividend payable as announced on 17 February 2010 and the Directors will consider whether or not to designate further dividends payable, to the extent possible, at the appropriate time.

As a result of further changes introduced by Finance Act 2009, with effect from 1 July 2009, the Company should in practice be exempt from UK corporation tax on dividend income received, provided that such dividends (whether from UK or non-UK companies) fall within one of the “exempt classes” in the new Part 9A of the Corporation Tax Act 2009.

I.3 Shareholders

I.3.1 Bonus Issue

For the purposes of United Kingdom capital gains tax and corporation tax on chargeable gains, the receipt of the Subscription Shares arising from the Bonus Issue should be a reorganisation of the share capital of the Company. Accordingly, the Subscription Shares should be treated as the same asset as the Shareholder’s holding of Ordinary Shares and as having been acquired at the same time as the Shareholder’s holding of Ordinary Shares was acquired. As a result of the Bonus Issue the

Shareholder's original base cost in his or her Ordinary Shares will be apportioned between his or her Ordinary Shares and the Subscription Shares by reference to their respective market values on the day on which the Subscription Shares are admitted to trading on the London Stock Exchange's main list. That is to say, the base cost of such a Shareholder's Ordinary Shares is deemed to be the actual base cost to the Shareholder of those Ordinary Shares multiplied by a fraction whose numerator is A and whose denominator is (A+B), where A is the market value of the Ordinary Shares on the day on which the Subscription Shares are admitted to trading, and B is the market value of the Subscription Shares on the same date. The base cost of the Subscription Shares is deemed to be the actual base cost of the Ordinary Shares less the deemed base cost of the Ordinary Shares calculated as described above.

On the exercise of the right to convert any Subscription Shares into Ordinary Shares, the Ordinary Shares issued pursuant to the Subscription Rights should be treated as the same asset as the Subscription Shares in respect of which the Subscription Rights are exercised. The base cost of each such Ordinary Share will be the deemed base cost of the Subscription Share that it replaces, calculated as described above, plus the Subscription Price.

1.3.2 *Open Offer*

For the purposes of UK capital gains tax and corporation tax on chargeable gains, the issue of New Ordinary Shares (with Subscription Shares attached) by the Company pursuant to the Open Offer up to and including a Shareholder's Open Offer Entitlement should be treated by HMRC as a reorganisation of the share capital of the Company. This means that a Shareholder should not be treated as making a disposal of all or part of its existing holding of Ordinary Shares by reason of the issue to that Shareholder of New Ordinary Shares (with Subscription Shares attached).

New Ordinary Shares allotted to a Shareholder under the Open Offer will be added to the Shareholder's existing holding of Ordinary Shares and treated as acquired at the time the existing holding was acquired. The subscription monies for the New Ordinary Shares will be added to the base cost of the existing holding.

New Ordinary Shares subscribed for pursuant to the Excess Application Facility will be treated as a separate acquisition from his or her existing holding of Ordinary Shares for the purposes of United Kingdom capital gains tax and corporation tax on chargeable gains.

The Offer Price paid for New Ordinary Shares will be apportioned between those New Ordinary Shares and any Subscription Shares attaching hereto by reference to their respective market values on the day on which the Subscription Shares are admitted to trading.

On the exercise of the right to convert any Subscription Shares into Ordinary Shares, the Ordinary Shares issued pursuant to the Subscription Rights should be treated as the same asset as the Subscription Shares in respect of which the Subscription Rights are exercised. The base cost of each such Ordinary Share will be the deemed base cost of the Subscription Share that it replaces, calculated as described above, plus the Subscription Price.

1.3.3 *Placing and Firm Placing*

The Offer Price paid for New Ordinary Shares will be apportioned between those New Ordinary Shares and any Subscription Shares attaching hereto by reference to their respective market values on the day on which the Subscription Shares are admitted to trading.

On the exercise of the right to convert any Subscription Shares into Ordinary Shares, the Ordinary Shares issued pursuant to the Subscription Rights should be treated as the same asset as the Subscription Shares in respect of which the Subscription Rights are exercised. The base cost of each such Ordinary Share will be the deemed base cost of the Subscription Share that it replaces, calculated as described above, plus the Subscription Price.

1.3.4 *Taxation of chargeable gains*

Individual Shareholders who are resident or ordinarily resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gain arising on a disposal of their Ordinary Shares or Subscription Shares. Each such individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £10,100 for the tax year 2009-2010. A flat rate of tax of 18 per cent. will be payable on any gain.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax on chargeable gains arising on a disposal of their Ordinary Shares or Subscription Shares. The indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

Capital losses realised on a disposal of Ordinary Shares or Subscription Shares must be set as far as possible against chargeable gains for the same tax year (or accounting period in the case of a corporate Shareholder), even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of his death.

1.3.5 *Taxation of dividends*

In accordance with the elective 'streaming' regime, the Directors intend to designate as an "interest distribution" the entire dividend payable as announced on 17 February 2010. Any further decisions as to whether or not to make such designations in respect of future dividends (to the extent possible) shall be at the sole discretion of the Directors.

(A) Non "interest distributions"

In the event that the Directors do not elect for the new 'streaming' regime to apply to any dividends paid by the Company, the following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends from the Company. The following statements would also apply to any dividends not treated as "interest distributions" were the Directors to elect for the streaming regime to apply.

The Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company should generally be entitled to a tax credit which may be set off against the Shareholder's total income tax liability on the dividend. An individual UK resident shareholder will be liable to income tax on the sum of the tax credit and the dividend (the "gross dividend") which will be treated as the top slice of the individual's income for UK income tax purposes. The tax credit equals 10 per cent. of the gross dividend. The tax credit therefore also equals one-ninth of the cash dividend received.

A UK resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend. This means that the tax credit will satisfy in full such a Shareholder's liability to income tax on the dividend.

The rate of income tax applied to dividends received by a UK resident individual liable to income tax at the current higher rate will be 32.5 per cent. to the extent that such dividends, when treated as the top slice of the Shareholder's income, fall above the threshold for higher rate income tax. In the case of such Shareholder's liability, the tax credit will be set against, but will not fully match, their tax liability on the gross dividend. After taking account of the 10 per cent. tax credit, such Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which equals 25 per cent. of the cash dividend received) to the extent that it falls above the threshold for higher rate income tax.

A new higher or additional rate of income tax of 50 per cent. will apply from 6 April 2010 for individual Shareholders with income over £150,000. This will result in a dividend tax rate of 42.5 per cent. (to the extent that dividends, when treated as the top slice of the Shareholder's income, fall above the new threshold). After taking into account the 10 per cent. tax credit, such Shareholders will have an effective dividend tax rate of 36.11 per cent. of the cash dividend received.

There will be no repayment of all or part of the tax credit to an individual Shareholder whose liability to income tax on all or part of the gross dividend is less than the amount of the tax credit. This will include a Shareholder who holds shares through an ISA.

(B) “Interest distributions”

Should the Directors elect to apply the new ‘streaming’ regime to any dividends paid by the Company, were the Company to designate any dividends paid as an “interest distribution”, a UK resident Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Such a Shareholder would be subject to UK income tax at the rate of 20 or 40 per cent. (the current basic and higher-rates, respectively) or, from 6 April 2010 if having income in excess of £150,000, 50 per cent. Such distributions would be paid to the individual Shareholder after the deduction of 20 per cent. income tax.

(C) Other Shareholders

UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim a repayment of the tax credit attaching to dividends paid by the Company.

UK resident corporate Shareholders will not generally in practice (as a result of the new rules from 1 July 2009) be subject to corporation tax on dividends paid by the Company but will not be able to claim a repayment of the tax credit attaching to the dividends. If, however in the event that the Directors did elect for the new “streaming” rules to apply, and such corporate Shareholders were to receive dividends designated by the company as “interest distributions”, they would be subject to corporation tax on any such amounts received.

Non-UK resident Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. **It is particularly important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.**

1.3.6 *Stamp duty and stamp duty reserve tax*

Transfers on sale of Ordinary Shares or Subscription Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer. The purchaser normally pays the stamp duty.

An agreement to transfer Ordinary Shares or Subscription Shares will normally give rise to a charge to stamp duty reserve tax (“SDRT”) at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares or Subscription Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

Historically, where shares have been issued or transferred (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT has been payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the shares. This liability for stamp duty or SDRT has strictly been payable by the clearance service or depositary receipt operator or their nominee, as the case may be, but has, in practice, been payable by the participants in the clearance service or depositary receipt scheme.

With effect from 1 October 2009 HMRC announced that this 1.5 per cent. SDRT charge on the issue of shares into a clearance service within the European Union was to be suspended. Whether the wider 1.5 per cent. charge remains compatible with EU law is uncertain.

1.3.7 ISAs, SIPPs and SSAS

Ordinary Shares acquired by a UK resident individual Shareholder in the Open Offer or on the secondary market (but not the Placing or Firm Placing) should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£7,200 in the tax year 2009-2010). From 6 October 2009 the annual subscription limit for Shareholders aged 50 or over rose to £10,200. The annual limit will rise to the same amount for all eligible Shareholders from 6 April 2010.

The Subscription Shares and the Ordinary Shares arising on exercise of the Subscription Rights should be eligible to be held by a UK resident individual Shareholder in a stocks and shares ISA, subject to the same applicable annual subscription limits. The Subscription Price paid upon any exercise of Subscription Rights would count towards the annual subscription limit in the year in which the Subscription Right was exercised, unless the Subscription Price were paid out of cash already within the Shareholder's stocks and shares ISA. Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Sums received by a Shareholder on a disposal of Ordinary Shares or Subscription Shares would not count towards the Shareholder's annual limit; but a disposal of Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year. **Individuals wishing to invest in Shares through an ISA should contact their professional advisers regarding their eligibility.**

The Directors have been advised that the Shares should be eligible for inclusion in a UK SIPP or a UK SSAS, subject to the discretion of the trustees of the UK SIPP or the UK SSAS, as the case may be.

PART IX

PROPOSED CHANGES TO THE ARTICLES

The Companies Act 2006, which replaced the Companies Act 1985 (“the 1985 Act”) has been fully in force since 1 October 2009. In addition, the Shareholders’ Rights Regulations which amend certain provisions of the Companies Act relating to meetings of the Company came into force in August 2009. Under Resolution 1, the Company is adopting the New Articles which will reflect the changes in company law brought about by the Shareholders’ Rights Regulations and by the provisions of the Companies Act which came into effect on or before 1 October 2009. The New Articles also include some other modernising and clarificatory amendments, including, where appropriate, tracking the wording of the new model form articles for public companies contained in Schedule 3 to the Companies (Model Articles) Regulations 2008 (“the model form articles”), which are replacing the Table A articles under the 1985 Act on which many of the Company’s current articles are based. Set out below is a summary of the principal changes.

1. The Company’s objects

The Companies Act significantly reduces the constitutional significance of a company’s memorandum. The provisions governing the operations of the Company are currently set out in both its memorandum of association and its articles of association. Under the Companies Act, the memorandum no longer contains an objects clause and simply records the names of the subscribers and the number of shares which each subscriber agreed to take in the Company. Under section 28 of the Companies Act, the objects clause and all other provisions in the memorandum are treated as part of the articles with effect from 1 October 2009 but the Company can remove these provisions by special resolution. Unless the articles provide otherwise, the Company’s objects will be unrestricted. The Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act, are treated as forming part of the Company’s articles of association as of 1 October 2009. Resolution 1 confirms the removal of these provisions and adopts the New Articles.

2. Limited liability (Article 3)

Under the Companies Act, the memorandum of association also no longer contains a clause stating that the liability of the members of a company is limited. For existing companies, this statement is automatically treated as having moved into the articles on 1 October 2009. As noted in paragraph 1 above, Resolution 1 confirms the removal, from the Company’s articles of association, of the provisions of the Company’s memorandum of association which are treated as forming part of the Company’s articles of association by virtue of section 28 of the Companies Act, which includes the statement of limited liability. An explicit statement of the members’ limited liability is therefore included in the New Articles.

3. Authorised share capital and unissued shares

The Companies Act abolishes the concept of authorised share capital and under the Companies Act, the memorandum of association no longer contains a statement of the Company’s authorised share capital. For existing companies, this statement is deemed to be a provision of the Company’s articles of association setting out the maximum amount of shares that may be allotted by the Company. The adoption of the New Articles by the Company will have the effect of removing this provision relating to the maximum amount. Directors will still need to obtain the usual shareholders’ authorisation in order to allot shares, except in respect of employee share schemes.

References to authorised share capital and to unissued shares have therefore been removed from the New Articles.

4. Redeemable shares (Article 5)

Under the Companies Act, the articles of association need not include the terms on which redeemable shares may be redeemed. The directors may determine the terms, conditions and manner of redemption of redeemable shares provided they are authorised to do so by the articles. The New Articles contain such authorisation.

5. Share certificates (Article 12)

The New Articles contain new provisions for the issue of consolidated share certificates, in line with the model form articles.

6. Transfer of shares (Articles 30 and 31)

The provision which gave the ability to suspend the registration of transfers of shares for periods not exceeding 30 days in any one year has been removed from the New Articles as there is no ability under the Companies Act to close the register.

7. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital (Article 40)

Under the 1985 Act, a company required specific authorisations in its articles of association to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital. Under the Companies Act, public companies do not require specific authorisations in their articles of association to undertake these actions; but shareholder authority is still required. Amendments have been made to the New Articles to reflect these changes.

8. Participation in meetings at different places and by electronic means (Article 51)

Amendments made to the Companies Act by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The New Articles include amendments to provide greater scope for members to participate in meetings of the Company even if they are not present in person at the principal place where the meeting is being held. The amendments allow for members to participate not only by attendance at satellite meeting locations, but also by any other electronic means of participation.

9. Adjournments (Article 53)

The Shareholders' Rights Regulations add a provision to the Companies Act which requires that, when a general meeting is adjourned due to lack of quorum, at least ten days' notice must be given to reconvene the meeting. The New Articles include amendments to the provisions dealing with notice of adjourned meetings to make them consistent with this new requirement.

10. Removal of chairman's casting vote

Pursuant to changes brought about by the Shareholders' Rights Regulations, a traded company is no longer permitted to allow the chairman to have a casting vote in the event of an equality of votes. Accordingly, this provision has been removed in the New Articles.

11. Voting rights (Article 62)

The Shareholders' Rights Regulations clarify the various powers of proxies and representatives of corporate members in respect of resolutions taken on a show of hands. Where a proxy has been duly appointed by one member, he has one vote on a show of hands unless he has been appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been appointed by more than one member to vote for the resolution and by more than one member to vote against the resolution. Where a corporate member appoints representatives to attend meetings on its behalf, each representative duly appointed by a corporate member has one vote on a show of hands. The New Articles contain provisions which clarify these rights and also clarify how the provisions giving a proxy a second vote on a show of hands should apply to discretionary powers.

12. Voting record date (Article 63)

The New Articles include a new provision which was not previously in the Company's articles of association, dealing with the method for determining which persons are allowed to attend or vote at a general meeting of the Company and how many votes each person may cast. Under this new provision, when convening a meeting the Company may specify a time, not more than 48 hours before the time of the meeting (excluding any part of a day that is not a working day), by which a person must be entered on the register of members in order to have the right to attend or vote at the meeting. This new provision is in line with a requirement for listed companies introduced by the Shareholders' Rights Regulations.

13. Validity of votes (Article 67)

Following the implementation of the Shareholders' Rights Regulations, proxies are expressly required to vote in accordance with instructions given to them by members. The New Articles contain a provision stating that the Company is not required to enquire whether a proxy or corporate representative has voted in accordance with instructions given to him and that votes cast by a proxy or corporate representative will be valid even if he has not voted in accordance with his instructions.

14. Termination of proxy authority (Article 73)

Article 73 provides that the termination of a proxy's authority should be in writing as this is required by the Shareholders' Rights Regulations.

15. Corporate representatives (Article 75)

The New Articles provide that the Company can require a corporate representative to produce a certified copy of the resolution appointing him before permitting him to exercise his powers.

16. Retirement of directors by rotation (Articles 81 and 82)

The New Articles have been redrafted in order to make this provision clearer and to ensure (as far as possible) a regular number of retiring directors each year, with the number to retire being the number nearest to one-third of the board, excluding those directors who are retiring and seeking re-election for other reasons. Article 81 continues to comply with Combined Code provision A.7.1 which recommends that all directors should be subject to re-election at intervals of no more than three years. New Article 82 requires any non-executive director (other than the chairman) who has held office for nine years or more to put himself up for re-election at each annual general meeting. This is in line with Combined Code provision A.7.2.

17. Alternate directors (Articles 88, 90 and 92)

Article 88 now clarifies that an alternate director is entitled to be paid expenses (but not directors' fees, other than such portion of his appointer's fees as such appointer may direct). Article 90 is a new provision which effectively applies the provisions of Article 86, regarding removal of directors, to alternate directors. Article 92(c) makes it clear that an alternate is subject to the same restrictions as the director who appointed him.

18. Borrowing powers (Article 94)

A number of presentational and descriptive amendments have been made to the borrowing powers provision:

- (i) Article 94(1)(a) — a reference has been added to amounts "credited as paid up" on share capital to clarify that these should be included as well as amounts actually paid up.
- (ii) Article 94(1)(b) — this has been amended to refer to total of "any credit balance on the distributable and undistributable reserves of the Group", to clarify that all reserves of the Group will be relevant for the calculation and to reflect the language used by those preparing the accounts. The reference to "including share premium account, capital redemption reserve and credit balance on the profit and loss account reserve" has therefore been deleted.
- (iii) Article 94(1) — the last paragraph has been amended to allow the company also to adjust for variations in its capital redemption reserve since the balance sheet date as the directors may reasonably consider to be appropriate.
- (iv) Articles 94(1)(a) and 94(3)(e) — additional wording has been included to clarify how any preference shares that might be issued should be treated for the purposes of the borrowing powers. Under IFRS and UK GAAP preference shares are now treated as a debt on a company's balance sheet, rather than equity. The additional wording included in Articles 94(1)(a) and 94(3)(e) reflects this accounting treatment. The effect of this wording is to exclude the amount of any preference share capital from the calculation of the Company's share capital and reserves and to include such amount in the calculation of the Company's borrowings.

19. Delegation to persons or committees (Article 95)

Article 95 follows the new, simplified approach to delegation adopted in the model form articles, allowing the directors to delegate as they decide appropriate.

20. Directors' appointments, interests and conflicts of interest (Article 100)

Article 100, which is the provision for dealing with conflicts in our current articles, allowing directors to be interested in transactions and to be an officer of or employed by or interested in a body corporate in which the company is interested provided that he has disclosed his interest in accordance with the articles and the provisions of the Acts, has been amended so that it contains provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director from being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict falls within the situations covered by Article 100.

21. Procedures regarding board meetings & resolution in writing (Articles 102 & 105)

The provisions of Article 102 have been amended to make it clear that notice of a board meeting may be given personally, by telephone, in hard copy or in electronic form. The requirements for giving notice to directors who are not in the United Kingdom have also been clarified. In order to clarify the procedure for written resolutions of directors, Article 105 has been amended so that, rather than referring to a resolution in writing by all directors, a resolution in writing will be valid and effectual as if it had been passed at a meeting if executed by all the directors entitled to receive notice of the meeting and who would have been entitled to vote (and whose vote would have been counted) on a resolution at a meeting.

22. Quorum (Article 106)

The proposed amendment to Article 106, which deals with the quorum requirement for board meetings, clarifies that a director cannot count in the quorum for a matter or resolution on which he is not entitled to vote (or when his vote cannot be counted) but he may count in the quorum for the other matters or resolutions to be considered or voted on at the meeting.

23. Permitted interests and voting (Article 107)

Article 107 has been amended to allow a director to vote on a resolution which relates to giving him an indemnity or funding for expenditure incurred in defending proceedings provided all the other directors have been given or are to be given arrangements on substantially the same terms. This exception has become a common exception for listed companies to include.

24. Notice when post not available (Article 125)

Article 125 is the article covering service of notice in the event of a postal strike. It has been amended to allow the Company in such circumstances to serve notices only on those members who receive notices via electronic means, provided that, as before, the Company also puts an advert in two national newspapers and sends a confirmatory hard copy notice if the postal service is available again within seven days of the meeting.

25. The seal (Articles 134 and 135)

Article 134 provides an alternative option (in the absence of specific instructions from the directors) for documents (other than share certificates) to which the seal is affixed to be signed by one authorised person in the presence of a witness, in addition to either two directors or a director and the secretary.

26. Change of name (Article 137)

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a company is able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

PART X

GENERAL INFORMATION

I. The Company and the Manager

I.1 Incorporation

- I.1.1 The Company was incorporated in England and Wales as a private limited company on 31 October 1980. By a Special Resolution passed on 10 February 1981 the name of the Company was changed from Alnery No 69 Limited. The Company was re-registered as a public limited company under the Companies Act 1985 with the name of Grosvenor Development Capital plc on 2 November 1989. By a Special Resolution passed on 24 April 1995, the name of the Company was changed from Grosvenor Development Capital plc to Mercury Grosvenor Trust Plc. By a Special Resolution passed on 29 April 2003, the name of the Company was changed from Mercury Grosvenor Trust Plc to HgCapital Trust Plc. The Company is registered as an investment company under Section 833 of the Companies Act with registered number 1525583. The address of the registered office of the Company is 2 More London Riverside, London SE1 2AP, with telephone number +44 (0) 20 7089 7888.
- I.1.2 The Company has at all times conducted its affairs so as to enable it to qualify as an investment trust for the purposes of Section 842 of the Income and Corporation Taxes Act 1988.
- I.1.3 The Company is not regulated as a collective investment scheme by the Financial Services Authority.
- I.1.4 Existing Ordinary Shares in the Company are listed on the Official List and admitted to trading on the London Stock Exchange's Main Market for Listed Securities. The ISIN of the Existing Ordinary Shares is GB0003921052. The ISIN of the Subscription Shares is GB00B62CQW90.
- I.1.5 The principal legislation under which the Company operates and under which the New Ordinary Shares and Subscription Shares will be created is the Companies Act and regulations promulgated thereunder. The Company is domiciled in the UK and currently has no subsidiaries or employees.

I.2 Principal activities of the Company

The Existing Articles provide that a principal object of the Company is to carry on business as an investment trust company and to undertake all kinds of trust and agency business.

I.3 The Manager

The Manager is a private limited company, incorporated in England and Wales on 17 September 1986 under company number 2055886. The Manager is authorised and regulated by the Financial Services Authority. The principal legislation under which the Manager operates is the Companies Act. The address of the registered office of the Manager is 2 More London Riverside, London SE1 2AP with telephone number +44 (0) 20 7089 7888.

2. Share Capital

- 2.1 The following table shows the authorised and issued share capital (excluding treasury shares) of the Company as at 31 December 2009 (being the last date in respect of which the Company has published financial information) and as at 10 March 2010 (being the latest practicable date prior to the publication of this document):

	31 December 2009		10 March 2010	
	Nominal Value (£)	Number of Shares	Nominal Value (£)	Number of Shares
Issued Ordinary	6,296,688.75	25,186,755	6,296,688.75	25,186,755
Share capital (fully paid)				
Authorised Ordinary	10,000,000	40,000,000	10,000,000	40,000,000
Share capital				

- 2.2 Save as disclosed, no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.
- 2.3 With effect from Admission, all of the Shares will be in registered form and, subject to the New Ordinary Shares and Subscription Shares being admitted to and accordingly enabled for settlement in CREST, the

Shares will be capable of being held in uncertificated form as well as in certificated form. No temporary documents of title will be issued.

- 2.4 The Company's authorised share capital, which is £10,000,000 divided into 40,000,000 shares of 25 pence each, has not changed since incorporation of the Company.
- 2.5 The Company's issued share capital history during the last three financial years and since 31 December 2009 is that there have been 25,186,755 Ordinary Shares in issue.
- 2.6 At the General Meeting, Shareholders will be asked to pass resolutions in relation to the Company to:
 - 2.6.1 adopt the New Articles to, among other things, provide for the rights attaching to the Subscription Shares and necessary amendments pursuant to the Companies Act 2006;
 - 2.6.2 create the Subscription Shares;
 - 2.6.3 authorise the Directors to allot Shares in connection with the Bonus Issue and the Offer and thereafter;
 - 2.6.4 authorise the Directors to allot Shares in connection with the Bonus Issue and the Offer and thereafter without regard to statutory pre-emption rights;
 - 2.6.5 authorise the Directors to capitalise any part of the amount standing to the credit of the share premium account, capital redemption reserve, profit and loss account or otherwise available for the purpose of paying up in full at par the Subscription Shares; and
 - 2.6.6 authorise the Company to make market purchases of Subscription Shares.
- 2.7 Subject to the Companies Act, any equity shares issued by the Company for cash must first be offered to existing shareholders in proportion to their holdings of Existing Ordinary Shares. Both the Companies Act and the Listing Rules allow for disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years.

3. Articles of Association

The Existing Articles contain, among other things, material provisions as summarised in paragraph 3.1 below. The proposed changes that will be effected if the New Articles are adopted at the General Meeting relate to the rights attaching to the Subscription Shares and take into account recent legal developments and other technical matters (as further explained in Part IX).

3.1 Articles of Association

3.1.1 Objects

One of the Company's principal objects is to carry on the business of an investment trust company and to undertake all kinds of trust and agency business. The objects of the Company are set out in full in the Existing Articles which are available for inspection at the address specified in paragraph 17 of this Part X.

3.1.2 Share capital

The Company's share capital currently consists of Ordinary Shares. Once the New Articles are in effect, the Subscription Shares will be created.

The Shares have such rights, preferences and restrictions attached to them as are set out in the Articles.

3.1.3 Variation of rights

Subject to the Statutes, all or any of the rights attached to any class may (unless otherwise provided by the terms of issue of the Shares of that class) be varied or abrogated with the written consent, comprising one or more documents (including in electronic form), of the holders of three-fourths in nominal value of the issued Shares of that class (excluding any Shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The provisions of the Statutes and of the Existing Articles relating to general meetings shall mutatis mutandis apply to any such separate meeting and to any meeting of the

holders of shares of a class held otherwise than in connection with the variation or abrogation of the rights attached to shares of that class, except that:

- (i) the necessary quorum shall be two persons between them holding or representing by proxy not less than one-third in nominal amount of the issued shares of that class (excluding any shares of that class held as treasury shares) or, at any adjourned meeting of holders of shares of that class at which such a quorum is not present, shall be any holder of shares of that class who is present in person or by proxy whatever the number of shares held by him;
- (ii) any holder of shares of that class present in person or by proxy may demand a poll; and
- (iii) every holder of shares of that class shall on a poll have one vote in respect of every share of that class held by him.

For the avoidance of doubt, the Company shall not for these purposes be counted as holding any shares of that class to the extent that it holds the shares as treasury shares.

Where the rights of some only of the Shares of any class are to be varied, the foregoing provisions apply as if each group of Shares of the class differently treated formed a separate class whose rights are to be varied.

3.1.4 *Alteration of share capital*

The Company may from time to time by ordinary resolution:

- (i) increase its share capital by new shares of such amounts as the resolution prescribes;
- (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (iii) subject to the Statutes, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or have such qualified or deferred rights or be subject to any restrictions as compared with the others; and
- (iv) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled.

Subject to the Statutes and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class (including any redeemable shares). The Company may not purchase any of its shares unless the purchase has been sanctioned (at the time that authority for a market purchase is given or an off-market purchase contract is approved) by such resolution of the Company as may be required by the Statutes and by a special resolution passed at a separate general meeting (or meetings if there is more than one class) of the holders of any shares which entitles the holders to convert them into equity share capital of the Company.

Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve in any manner.

3.1.5 *Transfer of shares*

Subject to such of the restrictions of the Existing Articles as may be applicable, a member may transfer all or any of his Shares, in the case of shares held in certificated form, by an instrument of transfer in any usual form or in any other form which the Board may approve or, in the case of shares held in uncertificated form, in accordance with the CREST Regulations and the system's rules and otherwise in such manner as the Board in its absolute discretion shall determine. An instrument of transfer shall be executed by or on behalf of the transferor and (unless the share is fully paid) by or on behalf of the transferee. Subject to the Statutes, the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect of it. Subject to the Statutes, the Board may refuse to register the transfer of a share which is not fully paid without giving any reason for so doing provided that, where any such shares are admitted to the Official List of the UK Listing Authority, such discretion may not be exercised in such a way as to prevent dealings in the

shares of that class from taking place on an open and proper basis. Subject to the Statutes, the Board may also refuse to register the transfer of a share:

- (i) in the case of shares held in certificated form, if it is not lodged, duly stamped (if necessary), at the Office or at such other place as the Board may appoint and accompanied by the certificate for the shares to which it relates (where a certificate has been issued in respect of the shares and the Existing Articles do not provide for such a transfer to be valid without production of the certificate) and/or such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (ii) if it is not in respect of one class of share only;
- (iii) if it is not in favour of four or fewer transferees;
- (iv) if it is in favour of a minor, bankrupt or person of mental ill health;
- (v) without prejudice to the foregoing, in the case of shares held in uncertificated form, in any other circumstances permitted by the CREST Regulations and/or the system's rules; or
- (vi) where the Board is obliged or entitled to refuse to do so as a result of any failure to comply with a notice under section 793 of the Companies Act 2006.

3.1.6 *General meetings*

The Board may convene a general meeting whenever it thinks fit and shall do so on requisition in accordance with the Statutes.

Subject to applicable laws, the notice period for annual general meetings of the Company shall be not less than 21 clear days. The notice period for any other general meetings shall be not less than 14 clear days. Notices of general meetings shall specify the place, the day and the time of the meeting and the general nature of the business to be transacted. In every notice there should appear a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, speak and vote at the meeting instead of him and that a proxy need not be a member.

The quorum for a general meeting shall be two members present in person or by proxy and entitled to vote. If within five minutes (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait) after the time appointed for the commencement of the meeting a quorum is not present, the meeting shall (if requisitioned in accordance with the Statutes) be dissolved or (in any other case) stand adjourned to such other day (not being less than ten nor more than 28 days later) and at such time and place as the chairman of the meeting may decide and at such adjourned meeting one member present in person or by proxy (whatever the number of shares held by him) and entitled to vote shall be a quorum.

The chairman (if any) of the Board or, in his absence, the deputy chairman (if any) shall preside as chairman at every general meeting. If there is no such chairman or deputy chairman, or if at any meeting neither the chairman nor a deputy chairman is present within five minutes after the time appointed for the commencement of the meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman, if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote shall elect one of their number to be chairman.

3.1.7 *Votes of members*

Subject to the Statutes, to any rights or restrictions attached to any shares and to any other provisions of the Existing Articles, on a show of hands every member who is present in person or by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder. If the notice of the meeting has specified a time (which is not more than 48 hours before the time fixed for the meeting) by which a person must be entered on the Register in order to have the right to attend and vote at the meeting, no person registered after that time shall be eligible to attend and vote at the meeting by right of that registration, even if present at the meeting.

3.1.8 *Dividends*

- (i) Subject to the Statutes, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. Subject to the Statutes, any determination by the Board of the amount of profits at any time available for distribution shall be conclusive.
- (ii) Subject to the Statutes, the Board may pay interim dividends if it appears to the Board that they are justified by the financial position of the Company. If the share capital of the Company is divided into different classes, the Board may pay interim dividends on shares which confer deferred or non-preferred rights to dividends as well as on shares which confer preferential or special rights to dividends, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. The Board may also pay at intervals settled by it any dividend payable at a fixed date if it appears to the Board that the financial position of the Company justifies the payment. If the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferred rights for any loss which they may suffer by reason of the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.
- (iii) All dividends, interest or other sums payable unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. The retention by the Company of, or payment into a separate account of, any unclaimed dividend or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect of it. Any dividend or interest unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and shall revert to the Company.

3.1.9 *Untraced shareholders*

Subject to the CREST Regulations, the Company shall be entitled to sell at the best price reasonably obtainable any shares of a holder or any shares to which a person is entitled by transmission if in respect of those shares:

- (i) no cheque, warrant or other financial instrument or payment sent by the Company in the manner authorised by the Existing Articles has been cashed for a period of at least 12 years (the “qualifying period”) and in the qualifying period the Company has paid at least three dividends and no dividend has been claimed;
- (ii) the Company has at the expiration of the qualifying period given notice of its intention to sell such shares by two advertisements, one in a national newspaper published in the United Kingdom and the other in a newspaper circulating in the area in which the last known address of the holder or the address at which service of notices may be effected in the manner authorised by the Existing Articles is located;
- (iii) so far as the Board is aware, the Company has not during the qualifying period or the period of three months after the date of such advertisements (or the later of the two dates if they are published on different dates) and prior to the exercise of the power of sale received any communication from the holder or person entitled by transmission; and
- (iv) if any part of the share capital of the Company is admitted to the Official List of the UK Listing Authority, the Company has given notice in writing to the UK Listing Authority of its intention to sell such shares.

The Company shall be obliged to account to the former member or person entitled by transmission for the net proceeds of the sale of such shares but no trust shall be created in respect of the debt and no interest shall be payable in respect of the same and the Company shall not be required to account for any monies earned on the net proceeds.

3.1.10 *Suspension of share rights*

If a member or any person appearing to be interested in shares held by such member has been duly served with a notice pursuant to Section 793 of the Companies Act and the Company has not received the information required within the prescribed period, then, unless the Directors otherwise determine, the member shall not be entitled in respect of those shares to attend or

vote (personally or by proxy) at a general meeting or to exercise any other right conferred by membership in relation to general meetings.

Where the shares in respect of which the Company has not received the information required represent 0.25 per cent. or more of the issued shares of the class the Directors may further direct in their absolute discretion that:

- (i) any dividend or other monies otherwise payable in respect of such shares shall be retained by the Company; and
- (ii) no transfer of any of the shares held by the member shall be registered unless the member is not himself in default in supplying the required information and the transfer is only part of the member's holding and when presented for registration is accompanied by a certificate certifying (in a form satisfactory to the Board) that the shares transferred are not shares in relation to which the default has occurred.

3.1.11 *Directors*

- (i) Unless otherwise determined by ordinary resolution of the Company, the Directors shall not be less than two nor more than nine in number.
- (ii) Directors shall not be required to hold any shares in the Company by way of qualification. A Director who is not a member shall nevertheless be entitled to attend and speak at any general meeting.
- (iii) The ordinary remuneration of the Directors shall from time to time be determined by the Board or by a committee authorised by the Board but shall not in aggregate exceed £230,000 per annum or such higher amount as may from time to time be determined by an ordinary resolution of the Company. The Directors may also be paid all expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings or otherwise in connection with the business of the Company. Any Director who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of the Company or goes or resides abroad for any purposes of the Company may be paid such remuneration or extra remuneration by way of salary, commission, participation in profits or otherwise as the Board or any committee authorised by the Board may determine.
- (iv) The Board or any committee authorised by the Board may from time to time appoint one or more of its body to hold any employment or executive office with the Company for such period (subject to the Statutes) and on such other terms as the Board or any committee authorised by the Board may decide and may revoke or terminate any appointment so made. A Director so appointed may be paid such remuneration (whether by way of salary, commission, participation in profits or otherwise) in such manner as the Board or any committee authorised by the Board may decide may at any time revoke or vary the terms of any such appointment.
- (v) A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor) with the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefore and in any such case as aforesaid (save as otherwise agreed by him) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.
- (vi) Save as otherwise provided in the Existing Articles, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he, together with any person connected with him, has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of, or otherwise in or through, the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is not entitled to vote. Subject to the provisions of the Statutes, a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and

be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
 - (b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (c) his subscribing or agreeing to subscribe for, or purchasing or agreeing to purchase, any shares, debentures or other securities of the Company or any of its subsidiary undertakings as a holder of securities, or his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any such shares, debentures, or other securities by the Company or any of its subsidiary undertakings for subscription, purchase or exchange;
 - (d) any contract concerning any company (not being a company in which the Director owns one per cent. or more (as defined in this Article)) in which he is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise;
 - (e) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings under which he benefits in a similar manner as the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom the arrangement relates; and
 - (f) any contract concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors.
- (vii) Each Director shall retire from office at the annual general meeting unless he was appointed or re-appointed as a Director at either of the last two annual general meetings before that meeting. No person other than a Director retiring, whether by rotation or otherwise, shall be appointed or reappointed a Director at any general meeting unless he is recommended by the Board or not less than seven nor more than 42 clear days before the day appointed for the meeting, notice executed by a member qualified to vote at the meeting (not being the person to be proposed) has been delivered to the Office (or received in electronic form at the electronic address at which the Company has or is deemed to have agreed to receive it) of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Company's register of Directors together with notice executed by that person of his willingness to be appointed or reappointed.

4. Mandatory Bids, Squeeze-Out and Sell-Out Rules Relating to the Shares

4.1 Mandatory bid

The City Code on Takeovers and Mergers applies to the Company. Under Rule 9 of the City Code, if:

- (i) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (ii) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquiror or its concert parties during the previous 12 months.

4.2 Compulsory Acquisition

Under sections 974-991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises their rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5. Borrowing

Subject to the Companies Act, the Articles and to any directions given to the Company in the general meeting, the Directors shall manage the Company's business and can use all the Company's powers. In particular, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property or assets (present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (so far, as regards subsidiaries, as by such exercise they can secure) that the aggregate principal or nominal amount for the time being remaining outstanding of all moneys borrowed by the Company and its subsidiaries (if any) (together the "Group") (exclusive of any Group company's borrowings which are owed to, or owned by, another Group company) will not, without the previous sanction of the Company in general meeting, exceed an amount equal to twice the aggregate of the amount paid up on the allotted share capital of the Company and the amounts standing to the credit of the capital and revenue reserves of the Group, including share premium account, capital redemption reserve and profit and loss account.

The Company currently has no long-term fixed liabilities.

6. Interests of directors, major shareholders and related party transactions

6.1 Directors' interests

As at 10 March 2010 (being the latest practicable date before the publication of this document), the Directors had a beneficial interest in the following number of Shares:

<u>Name</u>	<u>Number of Existing Ordinary Shares</u>	<u>% of issued Ordinary Share capital</u>
Timothy Amies	15,000	0.060
Piers Brooke	2,000	0.008
Richard Brooman	1,200	0.005
Peter Gale	9,996	0.040
Roger Mountford	10,607	0.042
Andrew Murison	8,000	0.032

- 6.2 The Directors intend to subscribe for New Ordinary Shares pursuant to the Offer.
- 6.3 Save as disclosed in paragraph 6.1 and 6.2 above, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company or any of its subsidiary undertakings.

6.4 *Directors' contracts with the Company*

6.4.1 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors' appointments can be terminated in accordance with the Existing Articles and without compensation. The Directors are subject to retirement by rotation in accordance with the Existing Articles. There is no notice period specified in the letters of appointment or Existing Articles for the removal of Directors. The Existing Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; (iii) written request of the other Directors; and (iv) the request of not less than three-quarters of the other Directors.

6.4.2 With effect from 1 July 2009 the remuneration of the Chairman was increased from £38,000 to £41,000 per annum, and that of the Chairman of the Audit and Valuation Committee from £32,000 to £34,000. Remuneration of the other Board members was increased from £26,000 to £27,000 per annum. Remuneration is reviewed on an annual basis. None of the Directors receives any non-cash benefits or pension entitlements.

6.4.3 In the year ended 31 December 2009, the Directors' remuneration was as follows:

<u>Name</u>	<u>Remuneration</u> £
Timothy Amies	26,500
Piers Brooke	26,500
Richard Brooman	33,000
Peter Gale	26,500
Roger Mountford	39,500
Andrew Murison	26,500

6.4.4 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.

6.5 Other interests

Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships and administrative, management or supervisory bodies and/or partnerships:

Name	Current Directorships and Partnerships	Past Directorships and Partnerships
Roger Mountford	Caviapen Trustees Limited Civil Aviation Authority Dover Harbour Board Duke Corporate Education Limited Harbour Funding (Holdings) Limited Harbour Funding plc Haven Funding (Holdings) Limited Haven Funding (Holdings) (2) Limited Haven Funding plc Haven Funding (32) plc LSE Enterprise Limited Sunderland (SHG) Finance Holdings Limited Sunderland (SHG) Finance plc The Housing Finance Corporation Limited T.H.F.C. (Capital) plc T.H.F.C. (First Variable) Limited T.H.F.C. (Funding) Holdings Limited T.H.F.C. (Funding No.1) plc T.H.F.C. (Funding No.2) plc T.H.F.C. (Indexed) Limited T.H.F.C. (Indexed 2) Limited T.H.F.C (Services) Limited T.H.F.C. (Social Housing Finance) Limited UK Rents (Holdings) Limited UK Rents (No.1) plc UK Rents Trustees Limited	Caviapen Investments Limited Cobham Hall Enterprise LSE Cities Limited Haven Indexed (Holdings) Limited Haven Indexed plc Hookstile Limited Thames Valley Charitable Housing Association Limited Thames Valley Housing Association Limited
Peter Gale	Broadland LP GP Limited Broadland Nominees Limited Claredon LP GP Limited Claredon Nominees Limited Lothbury Property Trust Company Limited Lothbury Property Trust plc Pensman Nominees Limited Provident Fund Securities Limited	Gartmore 1990 Limited Gartmore 1990 Trustee Limited Gartmore Indosuez UK Recovery Fund (G.P.) Limited
Tim Amies	Amies International Limited	
Piers Brooke	44 Ennismore Gardens Limited Lothbury Property Trust plc	Armed Forces Charities Advisory Company Focus Solutions EBT Trustee Limited Focus Solutions Group plc Surrey Springboard The Keyholding Company Ltd
Richard Brooman	Incrementum Limited Invesco Perpetual UK Smaller Companies Investment Trust plc Merchant Taylors' School Limited	
Andrew Murison	Aberdeen Growth Opportunities Venture Capital Trust plc Brandeaux Student Accommodation Fund Limited Brandeaux US Dollar Fund Limited JPMorgan European Investment Trust plc Marc Fitch Fund Maven Income and Growth VCT 3 plc	Leopard's Head Press Limited

6.6 The Directors in the five years before the date of this document:

- 6.6.1 do not have any convictions in relation to fraudulent offences;
- 6.6.2 have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- 6.6.3 do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

6.7 *Major shareholders*

6.7.1 As at 10 March 2010 (being the latest practicable date before publication of this document) insofar as known to the Company, the following parties were known to be interested in three per cent. or more of the voting rights (being the threshold of notification under the Companies Act):

<u>Shareholder</u>	<u>Ordinary shares</u>	<u>% of voting rights</u>
Rowan Nominees Ltd*†	3,130,395	12.4
Oxfordshire County Council	1,782,500	7.1
The Co-operative Asset Management.	1,290,200	5.1
Legal & General Group Plc	1,009,318	4.0

* Of the shares held by Rowan Nominees Limited 2,110,776 shares (representing 8.4% of the voting rights) are managed by Hg Investment Managers Ltd on behalf of HgCapital staff, including 1,359,301 shares (representing 5.4% of the voting rights) managed on behalf of Mr Ian Armitage.

† Of the shares held by Rowan Nominees Limited 1,019,619 shares (representing 4% of the voting rights) are managed by Hg Pooled Management Ltd on behalf of RW SPLP LP, where the beneficial owner is the BBC Pension Trust Limited Fund RW.

- 6.7.2 All Shareholders have the same voting rights in respect of the respective classes of share capital of the Company.
- 6.7.3 The Company and the Directors are not aware of any person, who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 6.7.4 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

6.8 *Related party transactions*

As described on page 52 of the Company's annual report and accounts for the year ended 31 December 2008, the Company's shareholders agreed, at an Extraordinary General Meeting held on 14 January 2009, to amend the fee arrangements under the Management Agreement. Consequently, with effect from 1 January 2009, the Company has paid no management fees to HgCapital in respect of its holdings of cash or liquid assets. The Company continues to pay a fee of 1.5 per cent. per annum on the current value of its existing private equity portfolio, excluding investments in other collective investment funds.

Save for this related party transaction, the Company was not a party to, nor had any interest in, any related party transaction at any time during the three financial years to 31 December 2009 or during the period 1 January 2010 to 10 March 2010 (being the latest practicable date before publication of this document).

6.9 *Other material interests*

None of the directors has any conflict of interest or potential conflicts of interest between any duties to the Company and his private interests and any other duties. The Manager, any of its directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "Interested Party") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

7. Share options and share scheme arrangements

No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

8. Investment restrictions

The Company will at all times invest and manage its assets in accordance with its published investment policy as set out in paragraph 3 of Part II of this document.

In order to comply with the current Listing Rules the Company may invest in unlisted funds, whether managed by the Company's Manager or not, up to a maximum at the time of acquisition of 15 per cent. of gross assets. The Company may invest in other listed investment companies, including investment trusts, up to a maximum at the time of acquisition of 15 per cent. of gross assets. In the event of any material breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Manager through an announcement via a Regulatory Information Service.

The Company must not conduct any trading activity which is significant in the context of its group as a whole.

9. Material contracts

Save as described below, the Company has not (i) entered into any material contracts (other than contracts in the ordinary course of business) within the two years immediately preceding the publication of this document; or (ii) entered into any contracts that contain provisions under which the Company has any obligation or entitlement that is material to the Company as at the date of this document.

9.1 *Placing and Offer Agreement*

The Placing and Offer Agreement dated 11 March 2010 between the Company, the Manager and RBS Hoare Govett, pursuant to which, subject to certain conditions, RBS Hoare Govett has agreed to use reasonable endeavours to procure subscribers for New Ordinary Shares (with Subscription Shares attached) at the Offer Price.

The Placing and Offer Agreement, which may be terminated by RBS Hoare Govett in certain customary circumstances prior to Admission, also contains terms including:

- The Company has appointed RBS Hoare Govett as sole sponsor, bookrunner and corporate broker to the Company in connection with the Offer.
- The obligation of the Company to issue the New Ordinary Shares (with Subscription Shares attached) and the obligation of RBS Hoare Govett to use reasonable endeavours to procure subscribers for New Ordinary Shares (with Subscription Shares attached) is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 7 April 2010 (or such later time and/or date, not being later than 30 April 2010, as the Company, the Manager and RBS Hoare Govett may agree); and (ii) the Placing and Offer Agreement becoming otherwise unconditional in all respects and not having been terminated on or before 7 April 2010 (or such later time and/or date, not being later than 30 April 2010 as the parties thereto may agree).
- For its services in connection with the Offer, RBS Hoare Govett is entitled to receive from the Company, (conditional upon Admission occurring): (i) a corporate finance fee of £125,000 and (ii) a variable commission of up to 1.40 per cent. of the gross proceeds raised pursuant to the Offer. No commission is payable in respect of subscriptions by or on behalf of principals, directors, LLP members and employees of HgCapital LLP or its associates and/or the Directors.
- The Company has also agreed to pay all expenses (subject to specified caps) of and incidental to the Offer and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the Offer, including printing, advertising and distribution charges, the fees of the Registrars and the fees payable to the London Stock Exchange.
- The Company and the Manager have given warranties to RBS Hoare Govett concerning, inter alia, the accuracy of the information contained in this Prospectus. The warranties given by the Company and the Manager are standard for an agreement of this nature and there is no cap on the Company's liability. The

Manager's liability is subject to certain limitations as to time and quantum. In addition, the Company and the Manager have given indemnities to RBS Hoare Govett.

- The Placing and Offer Agreement is governed by English law.

9.2 **Management Agreement**

The Management Agreement, dated 1 May 2003, as amended on 13 January 2009, between the Company and the Manager, whereby the Manager is appointed to act as investment manager of the Company, with responsibility to manage the assets of the Company and to advise the Company on a day to day basis in accordance with the investment policy of the Company and subject to the overall control and supervision of the Board. Under the terms of the Management Agreement, the Manager has discretion to buy, sell, retain, exchange or otherwise deal in investment assets for the account of the Company.

The Management Agreement also contains terms including:

- In respect of the Manager's direct management services under the Management Agreement, the Company pays a fee of £20,000 per annum quarterly in advance.
- The Management Agreement contains provisions under which the Company exempts the Manager from all liabilities and indemnifies the Manager against all liabilities suffered by the Manager in carrying out its duties except where due to the Manager's fraud, wilful misconduct, bad faith, negligence or breach of the terms of the Management Agreement or of any duty it may have or in respect of any liability it may incur under the regulatory system applicable to it under the Financial Services and Markets Act 2000. The indemnities given by the Company are standard for an agreement of this nature. There is no cap on the Company's liability.
- Either party may terminate the Management Agreement with effect from the second anniversary of the date on which notice to terminate is deemed to be given, which will be the 30 June or 31 December next following the date on which notice is served. The Company may terminate the Management Agreement immediately where the Manager: (a) commits any substantial or continuing material breach of the Management Agreement and any such breach is incapable of remedy or is not remedied within 30 days; or (b) commences liquidation or similar proceedings; or (c) the Manager ceases to be qualified to act as such. The Manager may terminate the Management Agreement immediately where the Company commences liquidation or similar proceedings, other than in accordance with the continuation vote provisions contained in the Articles.
- The Management Agreement is governed by English law.

9.3 **Cash management agreement**

The cash management agreement between the Company and Hg Investment Managers Limited, whereby Hg Investment Managers Limited is appointed to act as manager of the Company's cash funds, including investments held in cash, gilts and other money market instruments. Under the terms of the cash management agreement and provided that investments are restricted to UK Government bonds with a maturity of less than five years, Hg Investment Managers Limited has discretion to buy, sell, retain, exchange or otherwise deal in the Company's cash assets. The Company pays no management fees to Hg Investment Managers Limited in respect of the services provided under the cash management agreement.

The cash management agreement also contains terms including:

- The Company exempts Hg Investment Managers Limited from all liabilities and indemnifies Hg Investment Managers Limited against all liabilities suffered by it in carrying out its duties except where due to its fraud, wilful misconduct, bad faith, negligence or breach of the terms of the cash management agreement or of any duty it may have or in respect of any liability it may incur under the regulatory system applicable to it under the Financial Services and Markets Act 2000. The indemnities given by the Company are standard for an agreement of this nature. There is no cap on the Company's liability.
- Either party may terminate the cash management agreement with effect from the second anniversary of the date on which notice to terminate is deemed to be given, which will be the 30 June or 31 December next following the date on which notice is served. The Company may terminate the cash management agreement immediately where Hg Investment Managers Limited: (a) commits any substantial or continuing material breach of the cash management agreement and any such breach is incapable of remedy or is not remedied within 30 days; or (b) commences liquidation or similar proceedings; or (c) Hg Investment Managers Limited ceases to be qualified to act as such. Hg Investment Managers

Limited may terminate the cash management agreement immediately where the Company commences liquidation or similar proceedings, other than in accordance with the continuation vote provisions contained in the Articles.

- The cash management agreement is governed by English law.

9.4 **Custody services agreement**

The custody services agreement, dated 12 May 2008, between the Company and Hg Investment Managers Limited whereby Hg Investment Managers Limited is appointed to provide certain custody services to the Company in respect of the safe keeping of its investments. Hg Investment Managers Limited in turn has appointed The Bank of New York Europe Limited, a subsidiary of The Bank of New York Mellon, as sub-custodian. The fees and expenses of Hg Investment Managers Limited under the custody services agreement are met by HgCapital.

The Company may terminate the custody services agreement at any time by notice to Hg Investment Managers Limited. Hg Investment Managers Limited may terminate the custody services agreement on three months' notice to the Company or immediately if it ceases to hold appropriate permissions under the Financial Services and Markets Act 2000 to enable it to perform its duties.

The custody services agreement is governed by English law.

9.5 **HGT 6 limited partnership agreement**

The limited partnership agreement dated 14 January 2009 between the Company (as limited partner) and HgCapital 6 General Partner L.P. Inc (as general partner) relating to HGT 6 LP, an English limited partnership established as the vehicle for the Company to invest alongside HgCapital 6.

The Company is the sole limited partner in HGT 6 LP, with a commitment of between £250 million and £300 million dependent on the final size of the HgCapital 6 fund, including the Company's commitment (which currently stands at £280 million). Investments alongside HgCapital 6 are made through HGT 6 LP and are funded by draw down of the Company's commitment.

The limited partnership agreement also contains terms including:

- The general partner is entitled to an annual management charge structured as a priority share of profits allocated out of net income equal to 1.75 per cent, per annum of the Company's commitment. This charge will be payable until the earliest of: (a) the date on which the Company's undrawn commitment is reduced to nil; (b) the last day of HGT 6 LP's investment period; or (c) the date on which the management charge in HgCapital 6 is reduced in accordance with the partnership agreements comprising HgCapital 6. The charge will then reduce to 1.5 per cent, per annum calculated on the basis of the original cost of the assets of the partnership, less the original cost of any assets which have been realised or written off.
- Income and capital proceeds of the partnership will, after payment of expenses and liabilities (including the management charge detailed above), be distributed in the following order of priority: (i) first, to the Company until it has been repaid loan commitments that it has advanced that remain outstanding; (ii) second, to the Company in payment of a preferred return of 8 per cent, per annum (compounded annually) calculated on loan commitments that it has advanced that remain outstanding from time to time; (iii) third, to the general partner (in its capacity as the founder partner of HGT 6 LP entitled to receive the carried interest), until it has received an amount equal to 20 per cent, of the cumulative distributions in excess of the amounts used to pay the management charge and to repay the Company its loan commitments that it has advanced that remain outstanding; and (iv) thereafter, 80 per cent, to the Company and 20 per cent, to the general partner (in its capacity as the founder partner of HGT 6 LP entitled to receive the carried interest).
- Subject to certain exceptions, the Company's commitment will cease to be available for draw down for the purpose of making new investments with effect from the earlier of (i) the fifth anniversary of the final closing date of HgCapital 6; (ii) the date when there is no undrawn commitment from the Company and none can arise; and (iii) the date the manager of HGT 6 LP (to whom the general partner has delegated certain of its duties) in its discretion determines that the investment period of HGT 6 LP has ended.
- The limited partnership agreement is governed by English law.

9.6 **Receiving agent agreement**

A receiving agent agreement between the Company and Computershare Investor Services PLC dated 10 March 2010, pursuant to which the Receiving Agent has agreed to provide receiving agent duties and services to the Company in respect of the Offer.

The receiving agent agreement also contains terms including:

- The Company shall pay the Receiving Agent a management fee of £3,150 to include the management of the Offer. The Receiving Agent shall also receive activity fees and reimbursement for reasonable disbursements and out-of-pocket expenses. The minimum fee payable to the Receiving Agent in respect of the Offer is £7,500.
- The Receiving Agent will receive applications for Shares and monies and ensure that applications comply with the terms of the Offer as set out in the Prospectus. The Receiving Agent will provide daily figures of acceptances and hold application cheques in a secure area pending instructions from the Company or its advisers.
- The Company will indemnify the Receiving Agent against all actions, proceedings, liability, claims, damages, costs, losses and expenses whether brought by the Company or any third party in relation to the Receiving Agent acting upon the Company's instructions unless such claims arise out of or are attributable to fraud, wilful default, negligence, bad faith or breach of the receiving agent agreement on the part of the Receiving Agent.
- The receiving agent agreement is governed by English law.

10. **Corporate governance**

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section I of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by any reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders. The Company complies with the recommendations of the AIC Code and the relevant provisions of Section I of the Combined Code, except as set out below. The Combined Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and in the preamble to the Combined Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board consists of six non-executive Directors, all of whom are considered to be independent of the Manager, including the Chairman.

The Board does not feel that it would be appropriate to adopt a policy on tenure whereby Directors serve for a limited period, as, with a private equity portfolio, historical knowledge is useful. The structure of the Board is such that it is considered unnecessary to identify a senior non-executive Director other than the Deputy Chairman.

The Company's Audit and Valuation Committee is chaired by Richard Brooman and consists of all the Directors and meets at least four times a year. The members of the Audit and Valuation Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit and Valuation Committee examines the effectiveness of the Company's control systems. It reviews the half-yearly and annual reports and also receives information from the relevant corporate audit and compliance departments. It reviews the scope, results, cost effectiveness, independence and objectivity of the external auditor. Semi-annually, at each balance sheet date, the Audit and Valuation Committee also reviews in detail the valuation of the unquoted investments within the portfolio.

The Directors' Remuneration Committee, the Nomination Committee and the Management Engagement Committee are chaired by Roger Mountford and consist of all the Directors. The Directors' Remuneration Committee meets when necessary to consider any change to the Directors' remuneration. The Nomination Committee meets when necessary to select and propose suitable candidates for appointment. The Management Engagement Committee regularly reviews the terms of the Company's investment management and administration contracts.

11. Litigation

The Company has not at any time in the 12 months immediately preceding the date of this document been involved in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened involving it, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.

12. Significant change

There has been no significant change in the financial or trading position of the Company since 31 December 2009, being the date to which the latest audited financial statements of the Company were published.

13. Third party information and consents

- 13.1 RBS Hoare Govett has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 13.2 Hg Pooled Management Limited, as Manager, has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

14. Investment portfolio

As at the close of business on 28 February 2010 (being the latest practicable date prior to the publication of this document), details of the Company's largest twenty investments are as follows:

Top twenty investments

<u>Investment</u>	<u>Year of investment</u>	<u>Sector</u>	<u>Location</u>	<u>Residual cost £'000</u>	<u>Total valuation £'000</u>	<u>Portfolio value %</u>	<u>Cumulative value</u>
Visma	2006	TMT	Nordic Region	14,609	28,748	20.5%	20.5%
Pulse	1999	Healthcare	UK	6,131	24,597	17.5%	38.0%
Hg RPP LP	2006	Renewable energy	Europe	12,763	12,046	8.6%	46.6%
Mondo	2007	Industrials	Nordic Region	7,004	10,729	7.7%	54.3%
Sporting Index	2005	Consumer & Leisure	UK	7,186	8,154	5.8%	60.1%
Schleich	2006	Consumer & Leisure	Germany	4,634	8,128	5.8%	65.9%
Goldshield (Midas Equityco)	2009	Healthcare	UK	7,948	7,948	5.7%	71.6%
SLV	2007	Industrials	Germany	5,999	7,175	5.1%	76.7%
Americana	2007	Consumer & Leisure	UK	4,625	6,701	4.8%	81.5%
Epyx	2009	TMT	UK	5,942	5,942	4.2%	85.7%
Achilles	2008	TMT	UK	5,226	5,226	3.7%	89.4%
Voyage	2006	Healthcare	UK	8,755	3,866	2.8%	92.2%
Casa Reha	2008	Healthcare	Germany	8,151	2,939	2.1%	94.3%
SHL	2006	Services	UK	7,991	2,633	1.9%	96.2%
Software (Cayman), LP — re Blue Minerva	2006	TMT	UK	530	1,589	1.1%	97.3%
Cornish Bakehouse	2007	Consumer & Leisure	UK	4,200	1,241	0.9%	98.2%
Elite	2005	TMT	Benelux	3,540	1,212	0.9%	99.1%
Weston Presidio Capital III, LP	1998	Fund	North America	2,320	982	0.7%	99.8%
Software (Cayman), LP — re Guildford	2007	TMT	UK	253	736	0.5%	100.3%
Tiger Capital	2008	TMT	UK	632	300	0.2%	100.5%
Total				118,439	140,892	100.5%	
Other investments (including negative value of hedges)				39,960	(964)	(0.5)%	
Total				158,399	139,928	100.0%	

15. General

- 15.1 The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 15.2 The most recent annual fees of the auditors were £99,000. Apart from these fees and the fees payable to the Manager, the Custodian and RBS Hoare Govett as disclosed in paragraph 9 above, there are no other material fees payable by the Company.
- 15.3 In accordance with the Prospectus Rules, the Company will file with the FSA, and make available for inspection by the public, details of the number of New Ordinary Shares and Subscription Shares issued under this document. The Company will also announce the issue of the New Ordinary Shares and Subscription Shares via a Regulatory Information service.
- 15.4 The effect of the Offer will be to increase the net assets of the Company. On the assumption that the Offer is fully subscribed, the fundraising will increase the net assets of the Company by approximately £49.1 million, equivalent to approximately 21.0 per cent. of the unaudited Net Asset Value of the Company of £233.4 million as at 28 February 2010 (the latest practicable date prior to the publication of this document) and equivalent to approximately 20.8 per cent. of the audited Net Asset Value of the Company of £236.0 million as at 31 December 2009.

16. Auditors

The auditors to the Company for the two financial years ended 31 December 2008 and 2009 were Deloitte LLP of 2 New Street Square, London EC4A 3BZ. The auditors to the Company for the financial year ending 31 December 2007 were Ernst & Young LLP of 1 More London Place, London SE1 2AF.

17. Documents on display

The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS for so long as this document remains valid. Copies will also be available at the offices of the Company, 2 More London Riverside, London SE1 2AP on the morning of the General Meeting from 11.00 a.m. until its conclusion:

- 17.1 this document;
- 17.2 the Existing Articles together with the New Articles;
- 17.3 the audited accounts of the Company for the financial years ended 31 December 2007, 2008 and 2009 respectively;
- 17.4 the letters of appointment referred to in paragraph 6.4 above;
- 17.5 the material contracts referred to in paragraph 9 above; and
- 17.6 the letters of consent referred to in paragraph 13 above.

Dated: 11 March 2010

PART XI:
DEFINITIONS

“ABI”	Association of British Insurers
“Administrator”	Hg Pooled Management Limited
“Admission”	the admission, as the context requires, of the New Ordinary Shares and/or Subscription Shares: (i) to the Official List; and (ii) to trading on the London Stock Exchange’s market for listed securities becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
“AIC Code”	the Association of Investment Companies Code of Corporate Governance, as amended from time to time
“AIC Guide”	the Association of Investment Companies Corporate Governance Guide for Investment Companies, as amended from time to time
“Application Forms” and each an “Application Form”	the personalised application forms on which Qualifying Non-CREST Shareholders may apply for Open Offer Shares
“Articles”	the articles of association of the Company, as amended from time to time
“Auditors”	Deloitte LLP
“Bonus Issue”	the issue free of subscription cost to Qualifying Shareholders of Subscription Shares on the basis of one Subscription Share for every five Ordinary Shares held on the Bonus Issue Record Date
“Bonus Issue Record Date”	the date on which Qualifying Bonus Issue Shareholders’ entitlements to the Subscription Shares issued pursuant to the Bonus Issue will be assessed against the Register, expected to be close of business on 6 April 2010
“Business Day”	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal business
“certificated” or “in certificated form”	not in uncertificated form
“Chairman”	the chairman of the Company
“City Code”	The City Code on Takeovers and Mergers
“Combined Code”	the Principles of Good Governance and Code of Best Practice as published by the UK Financial Reporting Council
“Companies Act”	the UK Companies Act 2006, as amended, modified, consolidated, re-enacted or replaced from time to time
“Company”	HgCapital Trust plc
“Company’s Registrars”	the meaning given to it in paragraph 1(d) of Part V of this document
“Conditional Placees”	those investors participating in the Placing
“CREST”	the relevant system as defined in the CREST Regulations in respect of which Euroclear is operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
“CREST Courier and Sorting Service” or “CSS”	the CREST Courier and Sorting Service established by Euroclear to facilitate, among other things, the deposit and withdrawal of securities

“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)
“CREST member”	a person who has been admitted to 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 2001 (SI 2001 No. 2001/3755), as amended
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member
“Deferred Shares”	the meaning given to it in paragraph 8(k)(iii) of Part V of this document
“Directors” or “Board”	the board of directors of the Company
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the FSA under Part VI of the FSMA
“Early Subscription Trustee”	the meaning given to it in paragraph 8(g) of Part V of this document
“EBITDA”	earnings before interest, taxation, depreciation and amortisation
“EEA”	the European Economic Area
“Enlarged Issued Ordinary Share Capital”	the Ordinary Shares of the Company which are expected to be in issue following the completion of the Offer, comprising Existing Ordinary Shares and New Ordinary Shares
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“EV”	enterprise value
“Excess Application Facility”	the arrangement under which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlement provided that they have agreed to take up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess CREST Open Offer Entitlement”	in respect of each Qualifying CREST Shareholder, the entitlement (in addition to his or her Open Offer Entitlement) to apply for Open Offer Shares, credited to his or her stock account in CREST, pursuant to the Excess Application Facility, which is conditional on such Qualifying CREST Shareholder agreeing to take up its Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
“Excess Shares”	the Open Offer Shares for which Qualifying Shareholders may apply under the Excess Application Facility
“Excluded Shareholders”	Shareholders on the Bonus Issue Record Date or Record Date (as appropriate) with a registered address in, or who are citizens, residents or nationals of or are located in, any of the Excluded Territories or are US Persons
“Excluded Territories” and each an “Excluded Territory”	the United States of America, Canada, Australia, Japan, New Zealand and South Africa and any other jurisdiction where the extension or availability of the Bonus Issue or Placing and Open Offer would breach any applicable law

“Existing Articles”	the articles of association of the Company as at the date of this document
“Existing Ordinary Share Capital”	the Ordinary Shares of the Company in issue at the date of this document, comprising Existing Ordinary Shares
“Existing Ordinary Shares”	the Ordinary Shares in issue at the date of this document
“Final Subscription Date”	the meaning given to it in paragraph 1(a) of Part V of this document
“Final Subscription Trustee”	the meaning given to it in paragraph 8(h) of Part V of this document
“Financial Services Authority” or “FSA”	the single regulatory authority for the UK financial services industry
“Firm Placed Shares”	up to 4,154,088 New Ordinary Shares (with Subscription Shares attached on a one for five basis) for which the Firm Placees have agreed to subscribe under the Firm Placing
“Firm Placees”	those investors participating in the Firm Placing
“Firm Placing”	the placing of up to 4,154,088 New Ordinary Shares (with Subscription Shares attached on a one for five basis) with the Firm Placees
“Form of Proxy”	the form of proxy for use at the General Meeting
“FSMA”	the UK Financial Services and Markets Act 2000
“General Meeting”	the general meeting of the Company convened for 6 April 2010 at 3.00 p.m., or any adjournment thereof
“HgCapital”	the trading name of Hg Pooled Management Limited and Hg Capital LLP
“HMRC”	HM Revenue & Customs
“IPEV Guidelines”	the International Private Equity and Venture Capital Valuation Guidelines, October 2006 edition
“ISA”	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)
“Listing Rules”	the listing rules made by the UK Listing Authority under section 73A of FSMA
“London Stock Exchange”	London Stock Exchange plc
“Management Agreement”	the management agreement dated 1 May 2003, as amended on 14 January 2009, between the Manager and the Company summarised in paragraph 9.2 of Part X of this document and/or the cash management agreement between the Company and Hg Investment Managers Limited, as the context requires
“Manager”	Hg Pooled Management Limited
“Member State”	any member state of the EEA
“Memorandum of Association”	the memorandum of association of the Company
“NAV” or “Net Asset Value”	the value of the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time and the terms of the Articles
“New Articles”	the articles of association of the Company which will be adopted if the Resolutions set out in the Notice are passed at the General Meeting
“New Ordinary Shares”	ordinary shares of 25p each in the Company issued pursuant to the Offer
“Notice”	the notice of the General Meeting set out at the end of this document

“Notice Period”	the meaning given to it in paragraph 8(g) of Part V of this document
“Offer”	the Firm Placing, the Placing and the Open Offer
“Offer Price”	845 pence per New Ordinary Share
“Official List”	the official list maintained by the UK Listing Authority
“Open Offer”	the invitation by the Company to certain Qualifying Shareholders to apply for Open Offer Shares on the terms and subject to the conditions set out in this Prospectus
“Open Offer Entitlements”	the pro rata entitlements to subscribe for Open Offer Shares allocated to Qualifying Shareholders pursuant to the Open Offer
“Open Offer Shares”	up to 1,763,072 New Ordinary Shares (with Subscription Shares attached on a one for five basis) offered under the Open Offer
“Ordinary Share Capital”	the ordinary shares of the Company in issue from time to time
“Ordinary Shareholders”	holders of Ordinary Shares
“Ordinary Shares”	the ordinary shares of 25p each in the Company
“Overseas Shareholders”	shareholders and/or prospective Shareholders (as the context may require) who are resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Placee”	a person subscribing for New Ordinary Shares under the Firm Placing or the Placing, as the context requires
“Placing”	the placing of up to 1,763,072 New Ordinary Shares (with Subscription Shares attached on a one for five basis) with the Conditional Placees, which is subject to clawback under the Open Offer
“Placing and Offer Agreement”	the agreement between the Company, the Manager and RBS Hoare Govett summarised in paragraph 9.1 of Part X of this document
“Placing Shares”	the New Ordinary Shares (with Subscription Shares attached on a one for five basis) issued under the Firm Placing and/or the Placing (as the context requires)
“Proposals”	the proposals and the Resolutions described in this document for the Offer and Bonus Issue, changes to the Articles and all ancillary matters
“Prospectus”	this document
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of the European Union and any relevant implementing measure in each Relevant Member State
“Prospectus Rules”	the rules and regulations made by the FSA under Part V of the FSMA
“Qualifying Bonus Issue Shareholders”	holders of Ordinary Shares whose names are entered on the Register as at the Bonus Issue Record Date with the exclusion of Excluded Shareholders
“Qualifying C Share Issue”	the meaning given to it in paragraph 4(b) of Part V of this document
“Qualifying CREST Bonus Issue Shareholders”	Qualifying Bonus Issue Shareholders holding Ordinary Shares in uncertificated form in CREST
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in uncertificated form in CREST
“Qualifying Non-CREST Bonus Issue Shareholders”	Qualifying Bonus Issue Shareholders holding Ordinary Shares in certificated form

“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in certificated form
“Qualifying Shareholders”	holders of Ordinary Shares whose names are entered on the Register as at the Record Date with the exclusion of Excluded Shareholders
“RBS Hoare Govett”	RBS Hoare Govett Limited
“Receiving Agent” or “Registrar”	Computershare Investor Services plc
“Record Date”	the date on which Qualifying Shareholders’ entitlements to the Open Offer will be assessed against the Register, expected to be close of business on 10 March 2010
“Register”	the register of members of the Company
“Registrar” or “Receiving Agent”	Computershare Investor Services plc
“Regulation S”	Regulation S under the US Securities Act
“Regulatory Information Service”	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange
“Relevant Electronic System”	the meaning given to it in paragraph 1(c) of Part V of this document
“Relevant Member State”	each Member State of the European Economic Area which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator
“Relevant Shares”	the meaning given to it in paragraph 8(k) of Part V of this document
“Resolutions”	the resolutions to be proposed at the General Meeting
“Rights Offer”	the meaning given to it in paragraph 2(c) of Part V of this document
“RIS”	a regulatory information service that is approved by the FSA
“RPPI”	Hg Renewable Power Partners LP
“Shareholder”	a holder of Shares
“Shareholders’ Rights Regulations”	the UK Companies (Shareholders’ Rights) Regulations 2009
“Shares”	shares in the Company of whatever class
“Statutes”	every statute (including any statutory instrument, order, regulation or subordinate legislation made under it) concerning companies that are incorporated in England and Wales to the extent that it is for the time being in force or (where the context requires) was in force at a particular time, including the Companies Act 2006 and the CREST Regulations
“Subscription Date”	the meaning given to it in paragraph 1(a) of Part V of this document
“Subscription Notice”	the meaning given to it in paragraph 8(k)(i) of Part V of this document
“Subscription Price”	the meaning given to it in paragraph 1(a) of Part V of this document
“Subscription Right”	the meaning given to it in paragraph 1(a) of Part V of this document
“Subscription Shareholder”	the meaning given to it in paragraph 1(a) of Part V of this document
“Subscription Shares”	redeemable subscription shares of 1p each in the Company allocated pursuant to the Bonus Issue and Offer
“Taxes Act”	the UK Income and Corporation Taxes Act 1988, as amended
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of admissions to the Official List

“UK SIPP”	a self-invested personal pension as defined in Regulation 3 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 of the United Kingdom
“UK SSAS”	a small self administered scheme as defined in Regulation 2 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991 of the United Kingdom
“uncertificated” or in “uncertificated form”	a Share recorded on the Company’s 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
“Uncertificated Subscription Notice”	the meaning given to it in paragraph 1(e) of Part V of this document
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“USE Instruction”	an Unmatched Stock Event instruction to Euroclear
“US Investment Company Act”	the United States Investment Company Act of 1940, as amended
“US Person”	a US Person as defined for the purposes of Regulation S
“US Securities Act”	the United States Securities Act of 1933, as amended

NOTICE OF GENERAL MEETING

HgCapital Trust plc (the “Company”)

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at 3:00 p.m. on 6 April 2010 at the offices of HgCapital, 2 More London Riverside, London SE1 2AP to consider and, if thought fit, pass the following Resolutions, all of which shall be proposed as special resolutions:

Resolution 1

THAT:

- (i) the Articles of Association of the Company be amended by deleting all the provisions formerly in the Company’s Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are treated as provisions of the Company’s Articles of Association; and
- (ii) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

Resolution 2

THAT, subject to and conditional upon the approval of Resolution 1:

- (i) the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot equity securities (within the meaning of section 560(1) of the Companies Act 2006) in connection with the Offer and Bonus Issue (as defined in the prospectus relating to the Company published on 11 March 2010 of which this Notice of General Meeting forms part (the “**Prospectus**”)), in connection with the exercise of the Subscription Rights attaching to the Subscription Shares (as defined in the Prospectus) and in connection with any further allotments of Subscription Shares in accordance with the rights of the Subscription Shares up to an aggregate nominal amount of £3,096,693.58, such authority to expire at the end of the period of five years from the date of the passing of this resolution (save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities pursuant to any such offer or agreement as if the authority had not expired);
- (ii) the Directors of the Company be and are hereby empowered pursuant to section 571 of the Companies Act 2006 to allot equity securities (within the meaning of section 560(1) of the Companies Act 2006) as if section 561(1) of that Act did not apply to any allotment which is the subject of the authority conferred by Resolution 2(i) above, such power to expire at the end of the period of five years from the date of the passing of this resolution (save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities pursuant to any such offer or agreement as if the power had not expired);
- (iii) the offer price of 845 pence per Ordinary Share (with Subscription Shares attached) of 25 pence each in the Company to be issued pursuant to the Offer, representing an Offer Price below the net asset value per Ordinary Share in the Company be and is hereby approved;
- (iv) the directors of the Company be and are hereby empowered to capitalise any part of the amount then standing to the credit of the Company’s reserve accounts (whether or not the same would lawfully distributable by way of cash dividend) or to the credit of the share premium account, capital redemption reserve, profit and loss account or otherwise available for the purpose of paying up in full at par up to 5,037,351 Subscription Shares, such shares to be allotted and distributed credited as fully paid up to and among holders of Ordinary Shares in the proportion of one Subscription Share for every five Ordinary Shares held on the Bonus Issue Record Date (as defined in the Prospectus), with fractions of a Subscription Share being ignored and for the purpose of making any further allotments of Subscription Shares in accordance with the rights of the Subscription Shares; and
- (v) any consolidation, sub-division or redemption of share capital required in the opinion of the Directors to give effect to the rights of the holders of Subscription Shares be and is hereby approved.

Resolution 3

THAT, subject to and conditional upon the approval of Resolutions 1 and 2, the Company be and it is hereby authorised in accordance with section 701 of the Companies Act 2006 to make market purchases of Subscription Shares (within the meaning of section 693 of the Companies Act 2006) provided that:

- (i) the maximum number of Subscription Shares hereby authorised to be purchased is 932,495;
- (ii) the minimum price which may be paid for a Subscription Share shall be 1p;
- (iii) the maximum price payable by the Company for each Subscription Share is the higher of:
 - (a) 105 per cent. of the average of the middle market quotations of the Subscription Shares in the Company for the five business days prior to the date of the market purchase; and
 - (b) the higher of the price of the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2233/2003);
- (iv) the authority hereby conferred shall expire at the earlier of the conclusion of the annual general meeting of the Company to be held in 2011 or 6 April 2011, whichever is earlier, unless previously renewed, varied or revoked by the Company in general meeting; and
- (v) the Company may make a contract to purchase its Subscription Shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its Subscription Shares in pursuance of any such contract.

On behalf of the Board
Hg Pooled Management Limited
Company Secretary

Registered Office:
2 More London Riverside
London
SE1 2AP

Registered in England and Wales No. 1525583

Dated 11 March 2010

Notes:

1. A Shareholder is entitled to appoint another person as that Shareholder's proxy to exercise all or any of that Shareholder's rights to attend and to speak and vote at the meeting. A Shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by that Shareholder. A proxy does not need to be a Shareholder of the Company.
2. A personalised Form of Proxy for use in connection with the meeting is enclosed with the document of which this notice forms part. If you do not have a personalised Form of Proxy and believe that you should, please contact the Company's registrars, Computershare Investor Services on 0870 707 1037 or at The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Completion and return of a Form of Proxy will not prevent a Shareholder from attending and voting at the meeting. Addresses in this document are included strictly for the purposes specified and not for any other purpose.
3. To appoint a proxy or proxies Shareholders must complete: (a) a Form of Proxy, sign it and return it, together with the power of attorney or any other authority under which it is signed, or a notarially certified copy of such authority, to the Company's registrars, Computershare Investor Services; or (b) a CREST Proxy Instruction (see note 7 below), in each case so that it is received no later than 3:00 p.m. on 4 April 2010.
4. A Shareholder present in person or by proxy shall have one vote on a show of hands. On a vote by poll every member present in person or by proxy shall have one vote for every Share of which they are the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing.
5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the register of members in respect of the joint holding (the first-named being the most senior).
6. The right to appoint a proxy does not apply to persons whose Shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered Shareholder who holds the Shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the Shares as to the exercise of voting rights.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members and those CREST members who have appointed any voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent ID number 3RA50 by the latest time for receipt of proxy appointments set out in note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only those Shareholders included in the register of members of the Company at 6:00 p.m. on 4 April 2010 or, if the meeting is adjourned, in the register of members at 6.00 p.m. on the day which is two days before the day of any adjourned meeting, will be entitled to attend and to vote at the meeting in respect of the number of Shares registered in their names at that time. Changes to entries on the Share register after 6.00 p.m. on 4 April 2010 or, if the meeting is adjourned, in the register of members after 6.00 p.m. on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the meeting.
9. As at 6:00 p.m. on 10 March 2010 (being the last business day prior to the publication of this notice), the Company's issued Share capital comprised 25,186,755 ordinary shares of 25 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6:00 p.m. on 10 March 2010 is 25,186,755.
10. In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the General Meeting put by a Shareholder attending the General Meeting to be answered. No such answer need be given if:
 - (a) to do so would:
 - (i) interfere unduly with the preparation for the General Meeting; or
 - (ii) involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

11. If you have been nominated to receive general Shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered Shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Companies Act, writes to you directly for a response.
12. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
13. The contents of this notice of General Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting, details of the totals of the voting rights that members are entitled to exercise at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: www.hgcapitaltrust.com.

