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# **EVOLVE CAPITAL PLC**

*(incorporated and registered in England and Wales under the Companies Act 1985 and 2006  
with registered number 06383902)*

## **Notice of General Meeting**

### **Proposal for the acquisition of the Membership Interests in Whim Gully Capital LLP**

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Fairfax, which is authorised and regulated in the United Kingdom by the FSA and is a member of the London Stock Exchange, is the Company’s nominated adviser for the purpose of the AIM Rules for Companies. Fairfax’s responsibilities as the nominated adviser to the Company are owed solely to the London Stock Exchange. Fairfax is acting for the Company and no one else in connection with the WGC Acquisition and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Fairfax or for advising any other persons on the contents of this document. Fairfax has not authorised the contents of this document or any part of it and (without limiting the statutory rights of any person to whom this document is issued) no liability whatsoever is accepted by Fairfax for the accuracy of any information or opinion contained in this document or for the omission of any material information for which the Company and its Directors are solely responsible and no warranty, express or implied, is made by Fairfax as to any of the contents of this document.

Your attention is drawn to the letter from the Independent Directors which is set out on pages 5 to 8 of this document and which contains the unanimous recommendation of the Independent Directors that you vote in favour of the Resolution to be proposed at the General Meeting.

A notice convening a general meeting of the Company, to be held at 11.00 a.m. on 14 September 2009 at 223a Kensington High Street, London W8 6SG, is set out at the end of this document. If you are unable to attend and vote at the General Meeting a Form of Proxy for use at the General Meeting accompanies this document. To be valid, the Form of Proxy must be completed, signed, and returned in accordance with the instructions printed thereon so as to be received as soon as possible but, in any event, not later than 11.00 a.m. on 12 September 2009.

Please refer to the detailed notes contained in the notice convening the General Meeting and the Form of Proxy.

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	28 August 2009
Latest time and date for receipt of the Forms of Proxy	11.00 a.m. on 12 September 2009
General Meeting	11.00 a.m. on 14 September 2009

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“AIM Rules for Companies”	the rules of the London Stock Exchange governing the admission of securities to trading on and the regulation and operation of AIM;
“AIM”	the AIM market operated by the London Stock Exchange;
“Astaire”	Astaire Group PLC, a company incorporated in England and Wales with registered number 01796133;
“Astaire Group”	Astaire and its subsidiaries;
“Astaire Securities”	Astaire Securities PLC;
“Board” or “Directors”	the directors of the Company as at the date of this document;
“CA 2006”	the Companies Act 2006, to the extent in force;
“Completion”	completion of the WGC Acquisition;
“Dowgate”	Dowgate Capital PLC
“Evolve Group”	Evolve and its subsidiaries;
“Evolve” or the “Company”	Evolve Capital PLC;
“Fairfax”	Fairfax I.S. PLC;
“Form of Proxy”	a form of proxy for use at the General Meeting, enclosed with this document;
“FSA”	Financial Services Authority;
“FSMA”	the Financial Services and Markets Act 2000;
“General Meeting”	the general meeting of the Company to be held at 11.00 a.m. on 14 September 2009 at 223a Kensington High Street, London W8 6SG, notice of which is set out at the end of this document;
“Independent Directors”	Michael Jackson, James Noble and David Snow;
“London Stock Exchange”	London Stock Exchange PLC;
“Membership Interest”	in relation to a Seller, that Seller’s interest of and in the capital of WGC;
“Membership Interests”	the aggregate of each Membership Interest;
“Non-independent Directors”	Oliver Vaughan and Edward Vandyk;
“Nominated Adviser”	an adviser whose name appears on the register of nominated advisers held by the London Stock Exchange;
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company;

“PLUS Corporate Adviser”	a PLUS member firm which has been approved by PLUS to act in the capacity of corporate adviser and has been admitted to the register of such advisers;
“PLUS”	PLUS Markets PLC, a recognised investment exchange;
“PLUS-quoted market”	the PLUS primary market segment operated by PLUS;
“Resolution”	the resolution of Shareholders to approve the WGC Acquisition to be proposed at the General Meeting;
“Ruegg”	Ruegg & Co. Limited
“Sellers”	Edward Vandyk, Susan Vandyk, Oliver Vaughan and Oliver Cooke and “Seller” shall be construed accordingly;
“Shareholders”	holders of Ordinary Shares from time to time;
“St Helen’s Capital” or “STHC”	St Helen’s Capital PLC, a company incorporated in England and Wales with registered number 3515836;
“STHC Acquisition”	the proposed acquisition by WGC of the STHC Business pursuant to and in accordance with the terms of the STHC Business Purchase Agreement;
“STHC Business”	the business and certain assets of St Helen’s Capital which are the subject of the STHC Acquisition;
“STHC Business Purchase Agreement”	the conditional sale and purchase agreement dated 28 August 2009 between WGC (1), St Helen’s Capital (2), Astaire (3) and the Company (4) relating to the STHC Acquisition;
“WGC Acquisition”	the proposed acquisition of the Membership Interests in WGC by the Company pursuant to and in accordance with the terms of the WGC Acquisition Agreement;
“WGC Acquisition Agreement”	the conditional sale and purchase agreement dated 28 August 2009 between the Sellers (1) and the Company (2) relating to the WGC Acquisition; and
“WGC”	Whim Gully Capital LLP, a limited liability partnership incorporated in England and Wales with registered number 313430.

## LETTER TO SHAREHOLDERS

# EVOLVE CAPITAL PLC

(incorporated and registered in England and Wales with registered number 06383902)

*Directors:*

Oliver Vaughan, *Chairman*  
Edward Vandyk, *Executive Director*  
Michael Jackson, *Non-executive Director*  
James Noble, *Non-executive Director*  
David Snow, *Non-executive Director*

*Registered and Head Office:*

223a Kensington High Street  
London  
W8 6SG

28 August 2009

*To the Shareholder,*

Dear Shareholder,

### **Notice of General Meeting**

#### **Conditional Acquisition of the Membership Interests of Whim Gully Capital LLP**

#### **1. Introduction**

Following the announcement of 21 July 2009, we are pleased to announce that the Company has entered into an agreement with the Sellers pursuant to which it has agreed (subject to the fulfilment of certain conditions including the passing of the Resolution) to acquire 100 per cent. of the Membership Interests in WGC for an aggregate cash consideration of £475,000.

WGC has entered into a conditional agreement to acquire the STHC Business from St Helen's Capital and the WGC Acquisition is conditional, *inter alia*, on completion of the STHC Acquisition.

WGC is owned by Edward Vandyk, his wife, Oliver Vaughan and Oliver Cooke. As Oliver Vaughan and Edward Vandyk are directors of Evolve, we, the non-executive directors of Evolve (Michael Jackson, James Noble and David Snow) are independent directors for the purpose of approving the WGC Acquisition on behalf of Evolve and recommending the Resolution to Shareholders.

If Shareholders approve the Resolution, following Completion Evolve will be the holding company of the following two subsidiaries:

- (i) WGC (incorporating the STHC Business), which will be a wholly owned subsidiary and following completion of the intended arm's length intra-group transfers outlined below will provide PLUS-market services and will have 39 clients listed on the PLUS-quoted market (based on the number of clients at the date of this document); and
- (ii) Astaire, an AIM-listed investment banking group owned as to approximately 54 per cent. by the Company, which via its subsidiaries will, following completion of the intended arm's length intra-group transfers outlined below, continue to provide a range of corporate finance and broking services and will have 91 clients listed on AIM (based on the number of clients at the date of this document), in addition to its other financial services.

#### **2. Information on WGC**

WGC is a corporate finance business that is authorised and regulated by the FSA. The firm is also an accredited PLUS Corporate Adviser and broker. The firm's focus is on assisting successful private companies to raise new equity or loan finance and to join the PLUS-quoted market.

WGC also provides corporate finance advice and support in connection with a wide range of other matters including acquisitions, corporate restructuring, secondary fundraising and transfers to and from other markets. WGC is currently appointed as PLUS Corporate Adviser to three PLUS-quoted companies.

In the year to 30 June 2009, the audited results of WGC show a distributable profit of £64,612 on turnover of £307,067. Net assets at 30 June 2009 were £190,243, which included £176,620 in cash.

### **3. Information on St Helen's Capital**

The STHC Business, which is the subject of the STHC Acquisition, is that of an independent institutional stockbroker and corporate finance adviser focused on companies in the small cap sector. The STHC Business provides its services, including research, to corporate clients traded on AIM or PLUS or which are at the pre-IPO stage. As at the date of this document, the STHC Business is broker to 8 AIM traded companies and PLUS Corporate Adviser to 20 PLUS-quoted companies. St Helen's Capital is authorised by the FSA and is a member of the London Stock Exchange.

St Helen's Capital today announced its unaudited results for the financial year ending 31 March 2009. The results show a loss after tax of £1,305,990 on revenue of £1,065,532. The revenues derive almost entirely from the STHC Business, the subject of the STHC Acquisition. St Helen's Capital's unaudited balance sheet at 31 March 2009 showed net assets of £1,101,163. St Helen's Capital will retain a number of its existing assets following completion of the STHC Acquisition which includes cash and a portfolio of quoted and unquoted investments. Further details of the STHC Acquisition are set out below.

Since the end of the financial year, St Helen's Capital has stated that trading conditions have continued to be extremely challenging for it.

### **4. Background to and Reasons for the WGC Acquisition**

Evolve was initially floated on AIM in 2007 to invest in companies on or intending to join the PLUS-quoted market and it has continued to pursue such opportunities. As envisaged at the time of Evolve's flotation, WGC has been the originator of Evolve's PLUS investments and other investment proposals.

The Independent Directors' continued belief in the PLUS Market proposition and its future has led them to propose the WGC Acquisition which, with the benefit of the STHC Acquisition will, they believe, make Evolve one of the largest advisers to PLUS-quoted companies, as measured by the number of corporate clients. The WGC Acquisition provides Evolve with another established PLUS Corporate Adviser and broker in the form of the STHC Business, which would otherwise be difficult and expensive for Evolve to acquire directly, particularly as Evolve does not have the requisite FSA and PLUS regulatory status.

Evolve is also the parent company of Astaire, an AIM quoted company of which Evolve holds approximately 54 per cent. of the issued share capital. Astaire owns Astaire Securities, which is focused on the provision of investment banking services to institutional and corporate clients, principally on AIM and the Official List. Astaire has also recently completed the acquisitions of Dowgate and Ruegg, which are (or were in the case of Ruegg) AIM Nominated Advisers and are both PLUS Corporate Advisers. These acquisitions place the Astaire Group as one of the largest Nominated Advisers and brokers to AIM companies, as measured by the number of companies for which it acts, and it will continue to focus its activities on the AIM market.

It is intended that once the WGC Acquisition is completed, arm's length arrangements will be made whereby all the AIM clients acquired with the STHC Business will be transferred to Astaire Group and all of Astaire Group's PLUS-quoted clients, including those recently acquired with Dowgate and Ruegg, will be transferred to WGC, and thus Evolve. As at the date of this document, Astaire Group is the PLUS Corporate Adviser to 16 PLUS-quoted companies.

The Independent Directors believe that this rationalises the corporate businesses according to the PLUS and AIM markets and provides each of Astaire and WGC with a critical mass of clients for future operations.

In order to service the respective client bases it is intended that certain employees of the STHC Business will become employed by Astaire Group, whilst Evolve will retain those employees focussed on its PLUS activities. This and other cost cutting measures proposed by WGC will enable overheads in the current STHC Business to be materially reduced. It is also proposed that Evolve will put in place a suitable share option based incentive scheme for its new employees.

The Independent Directors believe that the WGC Acquisition is a particularly beneficial and strategic consolidation for Evolve as the scale and scope of the enlarged Evolve Group should enable it to take advantage of opportunities that arise in the small cap sector, whether that be via WGC and PLUS or through Astaire Group and its AIM focus.

## **5. Related party transaction**

As the acquisition by the Company of the Membership Interests of each of the Non-independent Directors (and their connected parties (as applicable)) each constitutes a substantial property transaction for the purposes of section 190 of the CA 2006, the approval of Shareholders of such acquisition is required.

Oliver Vaughan and Edward Vandyk, the Chairman and Executive Director of the Company respectively, are Sellers and also Directors and whilst they are able to vote on the Resolution, it is appropriate that they do not vote on, or take any part in, any Board recommendation to disapprove or approve the Resolution.

The WGC Acquisition also constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies. The Independent Directors consider, having consulted the Company's nominated adviser, Fairfax, that the terms of the WGC Acquisition are fair and reasonable insofar as Shareholders are concerned.

## **6. Key terms of the WGC Acquisition Agreement**

The Company has conditionally agreed to acquire the Memberships Interest of each of the Sellers for an aggregate cash consideration of £475,000 which is due to be paid on Completion.

Prior to Completion the Sellers have agreed to procure that WGC will carry on its business in the ordinary and usual course in accordance with certain restrictions set out in the WGC Acquisition Agreement.

The WGC Acquisition Agreement contains customary warranties from the Sellers to the Company. Furthermore, the Sellers have agreed not to allow or procure, and to procure that WGC will not allow or procure, any act or omission which would render any such warranties untrue, inaccurate or misleading if repeated at any time prior to Completion, save that this does not apply to all matters arising out of or and in connection with the STHC Business Purchase Agreement.

Completion of the WGC Acquisition is conditional on: (a) receipt of the FSA's consent to the Company being a 50 per cent. or more controller of WGC as described under Part XIII of FSMA and such consent not having lapsed or been withdrawn (notwithstanding any subsequent renewal of the same) prior to Completion; (b) completion of the STHC Business Purchase Agreement in accordance with its terms; and (c) the passing of the Resolution.

Following Completion WGC will be a wholly owned subsidiary undertaking of the Company. The FSA has given its consent to Evolve becoming the ultimate controlling shareholder of WGC's regulated financial services business noted in condition (a) above.

## **7. Key terms of the STHC Business Purchase Agreement**

WGC has conditionally agreed to acquire the STHC Business for an aggregate cash consideration of £200,000 which is due to be paid on completion of the STHC Business Purchase Agreement. The STHC Business comprises all the institutional stockbroking, corporate finance and PLUS corporate advisory work currently undertaken by St Helen's Capital. The STHC Business Purchase Agreement

also allows WGC to use the name “St Helen’s Capital” or derivatives thereof, following completion of the STHC Acquisition.

Prior to completion of the STHC Acquisition, St Helen’s Capital has agreed to procure that it will carry on its business in the ordinary and usual course in accordance with certain restrictions set out in the STHC Business Purchase Agreement.

The STHC Business Purchase Agreement contains customary warranties from St Helen’s Capital to WGC. WGC has reserved the right to assign its right, title, benefit and interest in and to such Warranties and any claims arising under the STHC Business Purchase Agreement to any member of its group. St Helen’s Capital has agreed not to allow or procure, and to procure that it will not allow or procure, any act or omission which would render any such warranties untrue, inaccurate or misleading if repeated at any time prior to completion of the STHC Business Purchase Agreement.

Completion of the STHC Acquisition is conditional, *inter alia*, on the despatch by St Helen’s Capital to its shareholders of a circular convening a general meeting and the passing at that general meeting of certain resolutions approving, *inter alia*, the STHC Acquisition.

## **8. General Meeting**

Set out at the end of this document is a notice convening the General Meeting of the Company to be held at 11.00 a.m. on 14 September 2009 at 223a Kensington High Street, London W8 6SG at which the Resolution will be proposed.

## **9. Action to be taken**

You will find enclosed a Form of Proxy for use at the General Meeting. You are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be received by the Company’s registrars, Share Registrars Limited, not later than 11.00 a.m. on 12 September 2009. Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you so wish.

## **10. Recommendation**

**The Independent Directors consider that the terms of the WGC Acquisition are fair and reasonable and in the best interests of Shareholders as a whole.**

**Accordingly the Independent Directors unanimously recommend that all Shareholders vote in favour of the Resolution at the General Meeting as they have undertaken to do so in respect of their own beneficial holdings of 4,596,250 Ordinary Shares representing approximately 2.72 per cent. of the issued share capital of the Company as at the date of this document.**

The Non-independent Directors took no part in the decision of the Independent Directors decision to recommend Shareholders to vote in favour of the Resolution.

Yours faithfully,

Michael Jackson, James Noble and David Snow  
*The Independent Directors*

# EVOLVE CAPITAL PLC

(incorporated and registered in England and Wales with Company No. 06383902)

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Evolve Capital PLC will be held at 223a Kensington High Street, London W8 6SG on 14 September 2009 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution. Expressions used in this notice have the meanings given to them in the document of which this notice forms part unless the context otherwise requires.

## ORDINARY RESOLUTION

That the acquisition by the Company of the Membership Interest of each of the Non-independent Directors (and their connected parties (as applicable)) pursuant to the terms of the WGC Acquisition Agreement, each being a substantial property transaction involving a Director, be and are hereby approved pursuant to and for the purposes of section 190 of the Companies Act 2006.

Dated 28 August 2009

*Registered Office:*

223a Kensington High Street  
London  
W8 6SG

*By Order of the Board:*

Oliver Cooke  
*Company Secretary*

*Notes:*

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders registered on the Company's register of members not less than 48 hours before the time of the meeting shall be entitled to attend, speak and vote at the meeting.
2. If you are a Shareholder at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a Shareholder but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Ordinary Shares. You may not appoint more than one proxy to exercise rights attached to any one Ordinary Share. To appoint more than one proxy, please contact the Company's registrars at the address set out in note 5.
5. The notes to the proxy form explain how to direct your proxy how to vote on the resolution or withhold their vote.  
To appoint a proxy using the proxy form, the form must be:
  - completed and signed;
  - sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL; and
  - received by Share Registrars Limited no later than 11.00 a.m. on 12 September 2009.In the case of a Shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.  
Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
6. 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 Company's register of members in respect of the joint holding (the first-named being the most senior).
7. As at 5.00 p.m. on the day immediately prior to the date of posting of the notice of this general meeting, the Company's issued share capital comprised 169,040,071 Ordinary Shares. 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 5.00 p.m. on the day immediately prior to the date of posting of the notice of this General Meeting is 169,040,071.

