

Evolve Capital plc
(‘Evolve’ or the ‘Company’)

Additional Loan Facility from Existing Shareholder

The Board of Evolve announces that, on 22 August 2011, the Company entered into a loan agreement (the “**2011 Loan Agreement**”) with Kimono Investment Holdings Limited (“**Kimono**”) whereby Kimono has agreed to advance an unsecured loan of £775,000 to Evolve (the “**Loan**”) and to consolidate the existing indebtedness of the Company to Kimono of £479,635.75 and the Loan under a single loan agreement. The funds from the Loan will be utilised by Evolve to make further investments in accordance with Evolve’s investment strategy. Kimono is an existing shareholder in Evolve and is currently beneficially interested in 5.96 per cent. of the current issued share capital of Evolve.

The key terms of the Loan are as follows:

- (i) It carries interest at 5 per cent. per annum (accruing daily) payable in arrears on 30 June and 31 December in each year;
- (ii) It is repayable in full on the earlier of:
 - o 31 December 2012; or
 - o the date which is 14 business days from the date upon which Astaire Group plc (“**Astaire**”) becomes a wholly owned subsidiary of Evolve.
- (iii) It is transferable by Kimono; and
- (iv) It is not convertible into new ordinary shares in Evolve.

Evolve currently owns 53.6 per cent. of the current issued share capital of Astaire and it was announced on 13 July 2011 that the Boards of Astaire and Evolve had concluded that it would be in the best interests of each company’s shareholders to put forward a proposal whereby, pursuant to a scheme of arrangement, Astaire shareholders would be given the choice of receiving new ordinary shares in Evolve or a cash alternative. Details on the possible scheme of arrangement and this proposed course of action were announced by Evolve on 13 July 2011. Further announcements will be made by Astaire and Evolve in due course on the terms and timing of the possible scheme of arrangement. It is envisaged that the implementation of any proposed scheme of arrangement would result in Astaire becoming a wholly owned subsidiary of Evolve.

Amendment to the terms of the Existing Loan Facility with Kimono

As previously announced by Evolve on 8 September 2010, Kimono subscribed for £479,635.75 of loan notes (the “**Existing Kimono Loan**”) pursuant to a loan note instrument entered into on 8 September 2010 at the time of the underwriting by Kimono of a share issue by Evolve which raised approximately £1.0 million for the Company. The key terms of the Existing Kimono Loan were:

- It carried interest at 5 per cent. per annum payable on 30 June and 31 December in each year;
- It was repayable on 30 June 2020 or earlier at the discretion of the Evolve board;
- It was transferable by Kimono; and
- It was convertible into new ordinary shares in Evolve, subject to certain regulatory restrictions, at the rate of 200 new ordinary shares in Evolve for each GBP1.00 of Existing Kimono Loan (a conversion price of 0.5 pence per Evolve share) which would entail the issue of 95,927,150 new ordinary shares in Evolve.

Under the 2011 Loan Agreement, the terms of the Existing Kimono Loan have been amended such that the Existing Kimono Loan is now on the same terms as the Loan (the key terms of which are detailed above) (taken together the “**Total Loan**”). Under the amendments to the terms of the Existing Kimono Loan, none of the indebtedness of the Company to Kimono is now convertible into new ordinary shares in Evolve.

The Total Loan which has therefore been advanced by Kimono to Evolve under the terms of the 2011 Loan Agreement is £1.25 million.

The Total Loan will not be convertible into new ordinary shares in Evolve.

In addition, and forming part of the amendment to the terms of the Existing Kimono Loan, Kimono has been issued with 70,900,000 warrants (the “**Warrant**”) to subscribe for new ordinary shares in Evolve on terms which reflect the conversion terms of the Existing Kimono Loan, namely that the Warrants will be exercisable at a subscription price of 0.5 pence per Evolve share. The Warrants will be fully transferable by Kimono and exercisable at any time up until 30 June 2020. The Warrants have been granted under the Evolve directors’ existing share allotment authorities.

If the Total Loan is repaid in full on or before 31 March 2012, a further 5,841,720 warrants to subscribe for new ordinary shares in Evolve will be issued to Kimono, this being subject to a warrant deed being adopted and approved by the Evolve directors and such deed being in the same form as that in respect of the Warrants. If the Total Loan is not repaid in full on or before 31 March 2012, a further 25,027,150 warrants to subscribe for new ordinary shares in Evolve will be issued to Kimono, this being subject to an identical warrant deed.

The issue of these additional warrants will be subject to Evolve shareholders granting the Evolve directors the authority to issue and allot the warrants, such authority to be sought and expected to be granted in a general meeting of the Company to be held before 30 June 2012.

The terms of the Total Loan and the issue of the Warrants will enable Evolve to continue to pursue its investment strategy and thereby take advantage of short term investment opportunities pending the anticipated proposal from Astaire in relation to the proposed scheme of arrangement. In addition the terms of the Total Loan will, subject to repayment of the Total Loan before 31 March 2012, reduce by 20 per cent the overall dilutive effect of the Existing Kimono Loan on shareholders of Evolve.

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