

EVOLVE CAPITAL PLC

(Incorporated in England and Wales with registered number 06383902)

Registered Office:

223a Kensington High Street
London
W8 6SG

14 July 2011

Dear Shareholder and, for information purposes only, Optionholders

Announcement of possible scheme of arrangement with Astaire Group plc

As you may have seen your Board announced on Wednesday 13 July 2011 a possible scheme of arrangement with Astaire Group plc (“Astaire”) whereby shareholders in Astaire would be offered a choice of new shares in Evolve Capital plc (“Evolve”), which would be quoted on AIM, or a cash alternative. Evolve currently own 53.6 per cent. of the current issued share capital of Astaire.

Set out below is a copy of the full announcement made by Evolve and Astaire on Wednesday 13 July 2011.

I would draw shareholders’ attention to the disclosure requirements of the Takeover Code provided at the end of the enclosed announcement and in particular the requirements of Rule 8.3 of the Takeover Code.

Should you have any queries regarding or want assistance with fulfilling your disclosure obligations please feel free to contact Allenby Capital Limited, our nominated adviser, who will be pleased to help. Their contact details can be found at the end of the enclosed announcement.

Yours faithfully

Oliver Vaughan
Chairman

Astaire Group Plc

Possible scheme of arrangement offering a choice of shares in Evolve Capital Plc or cash for every Astaire Share not already held by Evolve Capital Plc

13 July 2011

The stated policy of Astaire has, since 11 February 2011, been to realise assets with a view to returning cash to shareholders when possible. All of the operating businesses of Astaire were sold by 8 March 2011, but the Board was not able to distribute cash to shareholders pending the resolution of major litigation with Izodia plc.

Astaire announced on 24 June 2011 that the Izodia litigation had been settled, but that Evolve Capital Plc (“Evolve”), the holding company of Astaire Group PLC (“Astaire”), had recently notified Astaire that it was considering the strategy for Astaire with the option that Astaire become a more active investing company, rather than returning cash to shareholders. Evolve owns 110,067,610 ordinary shares in Astaire representing 53.6 per cent. of the current issued share capital of Astaire.

The Board of Astaire recognises that a number of its shareholders would prefer the company to return cash rather than retaining their Astaire shares and participating in any future investment returns. Particular concern has been expressed, in addition, that Astaire’s proposed de-listing would be very unattractive in the absence of this cash return.

Proposed course of action

The Boards of Astaire and Evolve have now discussed the options and concluded that it would be in the best interests of shareholders to put forward a proposal whereby Astaire Shares are redeemed under a Scheme of Arrangement with each Astaire shareholder having a choice of receiving new Evolve Shares, which will be quoted on AIM, or a cash alternative.

The proposed scheme is intended to enable those shareholders who wish to receive cash for the redemption of their Astaire Shares to elect to be paid the estimated net cash value per share. The other Astaire Shareholders would exchange their Astaire Shares for new Evolve Shares. If the proposed scheme is approved, this would result in Astaire becoming a wholly owned subsidiary of Evolve and all Evolve Shareholders (including former Astaire shareholders) participating in the costs of maintaining the corporate structure whilst seeking to recover any value in Astaire’s illiquid assets as well as in any value realised from the enlarged Evolve Group’s investment and trading activities.

Astaire’s assets include several unquoted securities, some quoted but illiquid investments and deferred consideration that may be due under the terms of sale of subsidiary businesses (such as loan notes issued by Rowan Dartington Holdings Limited) but which is subject to potential warranty claims over the next 3 to 5 years. There are also contingent liabilities under warranties and indemnities signed in relation to the sales of businesses and sundry creditors referred to above.

The estimated cash balance is expected to amount to up to 2 pence per Astaire Share. Due to the subjective nature of any valuation of the unquoted assets and difficulties inherent in estimating the extent of contingent liabilities it is not possible to publish a reliable figure for the realisable value of Astaire’s other assets and liabilities.

The Astaire board would only proceed with a scheme as summarised above if it has the support of several larger Astaire shareholders as the scheme will be expensive to implement (partly because it involves a Court approval for a reduction in Astaire’s issued share capital) . Evolve, which is willing in principle to consent to the scheme, will not be permitted to vote on it under the Companies Act 2006 alongside other shareholders. Accordingly Astaire and/or its advisers will endeavour to speak to known beneficial holders of over 2.5 per cent. of Astaire’s issued share capital to establish whether there is

sufficient support for it to justify the cost of proceeding with the proposed scheme. A further announcement will be made following this consultation exercise.

As the scheme, if it were to proceed, would amount to a potential transaction which would be subject to the Takeover Code, various shareholder disclosures and dealing rules apply as summarised below. References below to “paper offeror” apply to Evolve and references to “offeree” to Astaire.

James Noble, Chairman of Astaire, said “The Board of Astaire will be recommending, in its discussions with Astaire shareholders, that they proceed with this proposed scheme, as it offers the potential to realise cash or to continue their investment through Evolve shares as they choose. If this transaction does not receive the support of the Astaire shareholders, there can be no guarantee of any cash return to shareholders, as Evolve has a blocking shareholding for any necessary capital reconstruction, without which no payment can be made.”

Enquiries:

Astaire Group Plc
Chris Roberts, Finance Director

Tel: 020 7492 4757

Fairfax I.S. PLC
Nominated Adviser/Broker to Astaire Group Plc
David Floyd, Katy Birkin

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Evolve Capital plc
Oliver Vaughan, Chairman

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Allenby Capital Limited
Nominated Adviser/Broker to Evolve Capital Plc
Nick Naylor
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The persons responsible for this joint announcement are the directors of Astaire and of Evolve.

Rule 2.10 Information

Evolve has 283,356,099 ordinary shares of 0.1p each in issue with ISIN Number GB00B29WXB29.

Astaire has 205,309,518 ordinary shares of 0.1p each in issue with ISIN Number GB0031792194.

Neither Evolve nor Astaire holds any of its own shares in treasury.

Disclosure requirements of the Takeover Code (the “Code”)

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.