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If you sell or have sold or otherwise transferred all of your Ordinary Shares before close of business on 10 February 2011 (the "Record Date"), you should send this document (the "Prospectus") and the accompanying Form of Proxy 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 laws or regulations, including any territory outside of the EEA, the Channel Islands and the Isle of Man.

POLAR CAPITAL TECHNOLOGY TRUST PLC

(Incorporated in England and Wales with Company No. 3224867 and registered as an investment company under section 833 of the Companies Act 2006)

Bonus Issue of Subscription Shares and Notice of a General Meeting

Sponsor and Financial Advisor

Cenkos Securities plc

This document, 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 document and (b) a prospectus relating to the 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, made available to the public in accordance with Rule 3.2 of the Prospectus Rules and filed with the National Storage Mechanism in accordance with Rule 9.6 of the Listing Rules.

The Company's Ordinary Shares are listed on the Official List with a premium listing 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 Subscription Shares to be admitted to the Official List of the UK Listing Authority with a standard listing 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 Subscription Shares will commence at 8.00 a.m. on 14 February 2011.

Cenkos Securities plc, which is authorised and regulated by the Financial Services Authority, is acting for the Company in connection with the Bonus Issue and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Securities plc or for advising any such person in connection with the Bonus Issue. Cenkos Securities plc is not responsible for the contents of this document.

The Directors of the Company, whose names appear on page 19 of this document, and the Company accept responsibility for the information contained in this document. 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 document 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 document to advice received by the Directors or the Company does not qualify the acceptance of responsibility for the information contained in this document.

The Company's Ordinary Shares, 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 United States Securities Act of 1933 (the "US Securities Act") or with any securities regulatory authority 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, resold, taken up, exercised, renounced, transferred or delivered, directly or indirectly, into or within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act ("Regulation S")). 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 and in reliance on 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. In addition, the Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "US Investment Company Act"), and the recipient of this document will not be entitled to the benefits of that Act. No offer or sale of the Subscription Shares, the Subscription Rights or the Ordinary Shares to be issued upon exercise of the Subscription Rights may be made except under circumstances which will not result in the Company being required to register as an investment company under the US Investment Company Act.

The Subscription Shares, the Subscription Rights and the Ordinary Shares to be issued upon exercise of the Subscription Rights have not 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 Bonus Issue 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 Subscription Shares, the Subscription Rights and the Ordinary Shares to be issued upon exercise of the Subscription Rights in the United States may constitute a violation of US law.

This document should not be distributed into the United States or to US Persons. The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of any country outside the EEA, the Channel Islands or the Isle of Man is drawn to the section entitled "Overseas Shareholders" in Part V of this document.

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Subscription Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or Cenkos Securities plc. Subscription Shares will not be allotted to any Overseas Shareholder. In particular, the offer and sale of Subscription Shares has not been and will not be registered under the applicable securities laws of any territory outside the United Kingdom. Subject to certain exemptions, the Subscription Shares may not be offered or sold within any territory outside the EEA, the Channel Islands and the Isle of Man.

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 Subscription Shares.

The Subscription Shares are only suitable for investors (a) who understand the potential risk of capital loss, (b) for whom an investment in the Subscriptions Shares is part of a diversified investment programme and (c) who fully understand and are willing to assume the risks involved in such an investment programme.

Notice of a General Meeting of Polar Capital Technology Trust plc to be held at 10.00 a.m. on 11 February 2011 at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS is set out at the end of this document. The Form of Proxy for use at the General Meeting accompanies this document 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 10.00 a.m. on 9 February 2011. 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.

This document should be read in its entirety. The attention of potential investors is drawn in particular to the section of this document entitled "Risk Factors" on page 8 of this document.

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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 participate in the Bonus Issue 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 was incorporated on 15 July 1996 and has elected to be an investment company under section 833 of the Companies Act 2006. The Company intends at all times to conduct its affairs so as to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 (to include following the amendment of such legislation as a result of the Finance Bill 2011). The Company's Ordinary Shares are admitted to the Official List of the United Kingdom Listing Authority and to trading on the Main Market of the London Stock Exchange.

The Company's assets are managed by Polar Capital LLP, the investment management business of Polar Capital Holdings plc, a UK-quoted asset management firm. The Manager manages hedge funds and specialist long-only products and had total funds under management of over US\$3.5 billion as at 31 December 2010.

The Manager is authorised and regulated by the FSA and as such is subject to the FSA's rules in the conduct of its investment business.

The Company's website is www.polarcapitaltechnologytrust.co.uk.

Summary of the Company's Investment Policy

The Company's investment objective is to maximise long-term capital growth by investing in a diversified portfolio of technology companies around the world.

The Company invests its technology assets in a portfolio comprised primarily of international quoted equities which is diversified across both regions and sectors within the overall investment objective to reduce investment risk.

The largest single investment that may be held in the Portfolio is limited to 5 per cent. of the Portfolio at the time of acquisition, except for US and UK government bonds, which may be used as part of the cash management process.

Investments in unquoted companies in aggregate will not exceed 10 per cent. of the Portfolio (measured at the time of investment).

The Manager may also use from time to time derivative instruments as approved by the Board such as financial futures, options, and currency hedges. These are used for the purpose of efficient portfolio management only.

The Bonus Issue

The Company is proposing to issue Subscription Shares to Qualifying Shareholders, being holders of Ordinary Shares whose names are on the Register as at the close of business on the Record Date (with the exception of Overseas Shareholders), on the basis of one Subscription Share for every five Ordinary Shares.

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 applicable Subscription Price in cash.

The first opportunity to exercise such right will be on the last Business Day in March 2011 and the last opportunity will be on the last Business Day in March 2014, after which the Subscription Rights under the Subscription Shares will lapse (the “**Exercise Period**”). During the Exercise Period, notice of the exercise of Subscription Rights may be given by 5.00 p.m. on the last Business Day of each month and the Ordinary Shares arising on conversion will be issued within ten Business Days of the first Business Day of the calendar month following the month in which the relevant notices are received by the Registrars. The Subscription Price will be equal to the unaudited Net Asset Value per Ordinary Share as at close of business on 9 February 2011, plus a percentage premium to such amount, rounded up to the nearest whole penny as follows:

- if exercised on any day between and including the last Business Day in March 2011 and the last Business Day in March 2012 – a 5 per cent. premium to such Net Asset Value per Ordinary Share; and
- if exercised on any day between and including 1 April 2012 and the last Business Day in March 2014 – a 25 per cent. premium to such Net Asset Value per Ordinary Share.

It is expected that an announcement setting out the Subscription Prices will be made on 10 February 2011.

The Bonus Issue is subject to Shareholder approval at the General Meeting, by way of special resolutions (requiring the approval of not less than 75 per cent. of Shareholders present and voting at the General Meeting in person or by proxy).

Reasons for the Bonus Issue

The Directors continue to believe that, over the longer term, investment in the technology sector through the management of Polar Capital will deliver relative outperformance over both the Benchmark Index and the equity markets in general. Accordingly, the Directors consider that subscription shares represent an attractive option for Shareholders to subscribe in the future for further Ordinary Shares in the Company.

Benefits of the Bonus Issue

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

- Subscription Shares allow investors to participate in the technology cycle through future growth in the Company’s Net Asset Value by giving them the choice of subscribing for further Ordinary Shares;
- Qualifying Shareholders will receive readily tradeable securities with a monetary value which may be converted into Ordinary Shares during the Exercise Period or sold in the secondary market;
- Qualifying Shareholders will receive securities that are qualifying investments for the stocks and shares component of an ISA, and are eligible for inclusion in a UK SIPP;
- any exercise of Subscription Rights will increase the capital available for the Company to invest, which may enhance its future growth;
- on any exercise of Subscription Rights, the capital base of the Company will increase, which should result in a decrease in its total expense ratio;
- following the exercise of Subscription Rights, the Company will have an increased number of Ordinary Shares in issue, which may improve their liquidity; and
- Overseas Shareholders will receive the cash proceeds from the sale in the market of the Subscription Shares which would otherwise be due to them.

Admission and Dealings

Application has been made to the UK Listing Authority for the Subscription Shares, to be issued pursuant to the Bonus Issue, to be admitted to the Official List with a standard listing and for such 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 dealings will commence on 14 February 2011.

General Meeting

The Proposals set out in Part I of this document are subject to Shareholder approval at the General Meeting, Notice of which is set out at the end of this document. The Resolutions to be proposed at the General Meeting include (among others) authority for the Board to allot the Subscription Shares on a non pre-emptive basis, the adoption of new articles of association that will enable the issue by the Company of the Subscription Shares, and authority for the Company to repurchase Subscription Shares (subject to specified limits).

Dividend Policy

The Company's revenue varies from year to year and the Board will consider the Company's dividend position in each year in order to maintain its status as an investment trust. However, due to the level of its accumulated revenue losses, the Company does not currently expect to pay a dividend for the foreseeable future.

Borrowing Powers

The Company may borrow money to invest in the Portfolio over both the long and the short term. Any commitment to borrow funds must be agreed by the Board. Borrowings may be in currencies which best match the currency in which the investments are denominated. The constitution of the Company permits borrowings of up to 100 per cent. of net assets but the limits agreed by the Board set a range of up to 20 per cent. at the time of drawing the relevant borrowings.

Overseas Shareholders

The Subscription Shares to be issued under the Bonus Issue are not being issued to Overseas Shareholders and this document will not be sent to them. So that Overseas Shareholders may, however, benefit from the Proposals the Company will allot any Subscription Shares due under the Bonus Issue to them to a market maker who will sell such Subscription Shares as soon as practicable following Admission. The proceeds of the sale will be paid to the Overseas Shareholders entitled to them save that entitlements of less than £5.00 per Overseas Shareholder will be retained by the Company.

Risk Factors

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

General risks

- Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's assets will occur or that the investment objective of the Company will be achieved.
- The past performance of the Company is not an indication of its future performance.

Risks relating to the Company

- The Company has no employees and is reliant on the performance of third party service providers.
- The Company may be adversely affected by currency movements.
- Changes in laws or regulations governing the Company's operations may adversely affect the Company's business.
- The Company's investment strategy may involve the use of borrowings, which exposes the Company to associated risks.

Risks relating to the Manager

- The Company is reliant on the Manager's ability to manage future growth and effectively implement the Company's investment strategy.

- The Manager may allocate some of its resources to activities in which the Company is not engaged and may provide services to other clients which compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest.
- Reputational risk in relation to the Manager may adversely affect the Company.
- Performance fees payable by investment companies may encourage speculative investment by the Manager.

Risks relating to investment in the technology sector

- The Company is subject to the specific risks of investing in the technology sector.

Risks relating to the Company's Portfolio

- The Company's portfolio diversification strategy may not mitigate portfolio risk and the Company's returns as a whole may be adversely affected by the unfavourable performance of technology stocks generally.
- The due diligence process that the Manager undertakes in connection with the Company's investments may not reveal all facts that may be relevant in connection with an investment.
- The Company may use derivative instruments. Derivatives and other exposures may be unlisted, difficult to value and, under certain circumstances, difficult to close out without incurring transaction costs and may lead to higher volatility in the Net Asset Value and Share price of the Company.
- The Company may invest in unlisted companies. Such investments, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in quoted securities and they may be more difficult to realise than quoted securities.
- Changes in the debt financing markets may negatively affect the ability of the Portfolio companies to obtain financing for their operations and may increase the cost of such financing if it is obtained.
- The Company's performance may be quite unlike that of the Benchmark Index or any index and the Company is an unsuitable investment for those who seek investments in some way correlated to a stock market index.

Risks relating to taxation

- Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company.

Risks relating to the Ordinary Shares

- Investing in the Ordinary Shares may involve a high degree of risk.
- 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 have traded, and may in the future trade at a discount to Net Asset Value.
- It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares.
- In the event of the winding up of the Company prior to the exercise of the Subscription Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution amongst the Ordinary Shareholders.
- The exercise of Subscription Rights may lead to the dilution of existing holdings of Ordinary Shareholders

Risks relating to the Subscription Shares in addition to those relating to the Ordinary Shares

- The Subscription Shares may expire worthless.
- The market price of the Company's Shares may fluctuate due to the Bonus Issue.
- Shareholders in certain jurisdictions may not be able to participate in the Bonus Issue.
- 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.

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 document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this document, 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 advisors before making an application to participate in the Bonus Issue.

General risks

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's assets will occur or that the investment objective of the Company will be achieved. Investors may not get back the full amount invested. The price of Shares may go down as well as up and the past performance of the Company is not an indication of its future performance.

Changes in general economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, local laws, tax legislation and other factors can substantially and adversely affect equity investments and the Company's prospects.

Risks relating to the Company

The Company has no employees and is reliant on the performance of third party service providers

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company is reliant on third party service providers for its executive function and in particular the Manager, the administrator (HSBC) and the Registrar. The Company relies on the financial, accounting and other data processing systems of the Manager and the administrator. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment or failure of any of the relevant third party service providers' data processing systems or internal controls could have a materially detrimental impact on the operation of the Company.

The Company may be adversely affected by currency movements

The proceeds of the exercise of any Subscription Rights pursuant to the Bonus Issue will be denominated in Sterling and the Directors intend that all monies returned to Shareholders and the reported Net Asset Value will be denominated in Sterling. Investments in the Portfolio may be made in currencies other than Sterling and any distributions and income from or the proceeds from the disposal of certain investments in the Portfolio may be realised in currencies other than Sterling. In particular, a significant proportion of the Company's investments are made in US\$.

Consequently, the value of investments in the Portfolio made in non-Sterling currencies will be affected by currency movements and will fall as Sterling appreciates against the currency in which such investments are denominated. The Directors have determined that the Company will not engage in currency hedging except where the Manager considers such hedging to be in the interests of efficient portfolio management. The Manager may from time to time seek to utilise the Company's borrowing facility in currencies which best match the currency of certain underlying investments as a form of currency hedging. As at 14 January 2011 the Company had borrowing denominated in Japanese Yen of ¥1,634,000,000 (£12,549,836 using the exchange rate as at that date) and in US Dollars of US\$28,200,000 (£17,980,917 using the exchange rate as at that date), with both amounts repayable on 2 August 2011. There can be no assurance that any currency hedging undertaken by the Company will

be effective and that the Company's financial condition will not be adversely affected by fluctuations in currency exchange rates. The Board and the Manager retain the right to vary the policy on currency hedging at their absolute discretion.

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

The Company is subject to laws and regulations enacted by national and local governments. In addition, the Company must comply with the Listing Rules for premium listed equity securities of investment companies and the Disclosure Rules and Transparency Rules which may be subject to change from time to time.

Any change in the laws and regulations affecting the Company may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment policy and on the value of the Company. In such event, the investment returns of the Company may be materially adversely affected. Any failure to comply with any changes to the Listing Rules may result in the Shares being suspended from listing. So far as the Company is aware, as at the date of this document, the Company complies with the Listing Rules.

The European Parliament adopted the Alternative Investment Fund Managers Directive on 11 November 2010. The directive seeks to regulate the activities of alternative investment fund managers established in the EU, or which market alternative investment funds to EU investors. It entered into force on 1 January 2011 although it will not have legal effect in any EU Member State until transposed into the national law of such EU Member State. The longstop date for transposition of the directive by each EU Member State into national law is 1 January 2013. The directive, at this stage, is still unclear in places and open to different interpretations. Furthermore, between now and January 2013 there will be a significant amount of secondary legislation issued which will elaborate upon certain of the directive's provisions. Although it is too early to be definitive as to the impact on the Company, there may be a material increase in the Company's governance and administration expenses and custodian fees.

The Company's investment strategy may involve the use of borrowings, which exposes the Company to associated risks

The Company may utilise borrowings in order to increase its investment exposure with a view to achieving its target returns within certain volatility parameters. The Company will use borrowings only in accordance with its published investment policy.

While borrowing presents opportunities for increasing total returns, it can also have the opposite effect of increasing losses. If income and capital appreciation on investments made with borrowed funds are less than the costs of borrowing, the Net Asset Value of the Company will decrease. The effect of the use of borrowings is to increase the investment exposure, the result of which is that, in a market that moves adversely, the possible resulting loss to investors' capital would be greater than if borrowings were not used.

As at 14 January 2011 the Company had borrowings denominated in Japanese Yen of ¥1,634,000,000 (£12,549,836 using the exchange rate as at that date) and in US Dollars of US\$28,200,000 (£17,980,917 using the exchange rate as at that date), with both amounts repayable on 2 August 2011, representing approximately 6.35 per cent. of the Company's Net Asset Value as at that date.

Risks relating to the Manager

The Company is reliant on the Manager's ability to manage future growth and effectively implement the Company's investment strategy

The success of the investment policy of the Company is reliant upon the expertise and performance of the Manager. The departure of an individual fund manager from the Manager may have an adverse effect on the performance of the Company. Under the terms of the Management Agreement, the Manager may at any time terminate the Management Agreement on 12 months' notice (or immediately on the occurrence of certain events, such as the Company's insolvency). The Manager would, from the date such notice takes effect, cease to make investments on behalf of the Company. 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.

There can be no assurance that the Directors of the Company would be able to find a suitable replacement manager if the Manager were to resign or an individual fund manager were to depart.

The Manager may allocate some of its resources to activities in which the Company is not engaged and may provide services to other clients which compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest

The Manager is not required to commit all of its resources to Company affairs and manages funds other than the Company which invest in technology. 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 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 which invest in technology. 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.

Reputational risk in relation to the Manager may adversely affect the Company

The Manager may be exposed to reputational risks. In particular, the Manager may be exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid, will harm its reputation. Any damage to the reputation of the Manager could result in potential counterparties and third parties being unwilling to deal with the Manager and by extension the Company. This could have an adverse impact on the ability of the Company to pursue its investment policy successfully.

Performance fees payable by investment companies may encourage speculative investment by the Manager

The performance fee payable to the Manager may result in substantially higher payments to the Manager than alternative arrangements in other types of investment vehicles. The existence of the performance fee may create an incentive for the Manager to make riskier or more speculative investments than it would otherwise make in the absence of such fee, which may adversely impact the Company's performance.

Risks relating to investment in the technology sector

The Company is subject to the specific risks of investing in the technology sector

The value of Shares may be susceptible to factors affecting technology related industries and to greater risk and market fluctuation than investment in a broader range of portfolio securities covering different economic sectors. Companies in the technology sector may be subject to shorter product life cycles than companies in other sectors and changes in dominant technologies may occur at a greater pace than changes in other industries. Such changes may impact on the returns of certain investee companies and therefore the Company's performance.

Technology and technology related industries may also be subject to greater government regulation than many other industries. Accordingly, changes in governmental policies and the need for regulatory approvals may have a materially adverse effect on these industries. Such changes may materially and adversely impact the Company's performance.

Additionally, these companies may be subject to risk of developing technologies, competitive pressures and other factors and are dependent upon consumer and business acceptance as new technologies evolve. Many companies in the technology sector are smaller companies and are therefore also subject to the risks attendant on investing in smaller capitalisation businesses.

Technology companies may be more exposed to the risk of loss of key personnel than companies in other sectors which may be less dependent on such personnel. The loss of key personnel in investee companies may have an adverse impact on its business and operations and consequently on the Company's performance.

Successful development of technology products by investee companies, which may substantially affect the Company's performance, may be highly uncertain and is dependent on numerous factors, many of which are beyond the control of investee companies. Products that appear promising in the early phases of development may fail to reach the market for several reasons including the results of trials, manufacturing and pricing issues, and the proprietary rights of others and their competing products and technologies that may prevent the product from being commercialised. Further, the patent positions of technology companies can be highly uncertain and involve complex legal and factual questions. Adverse decisions impacting the patent position of investee companies could force them to either obtain third-party licences at a material cost or cease using the technology or commercialising the product in dispute. This may adversely impact returns on such investments to the Company.

The corporate structure of technology companies may include convertible instruments such as warrants, convertible bonds and options which increase the risk of returns to ordinary equity holders in such companies being diluted. This may adversely impact returns on such investments to the Company.

Risks relating to the Company's Portfolio

The Company's Portfolio diversification strategy may not mitigate portfolio risk and the Company's returns as a whole may be adversely affected by the unfavourable performance of technology stocks generally

The Portfolio is intended to be diversified by factors such as geography, industry sub-sector and investment size. The Company may invest in companies in both mature and emerging markets and in a diverse range of technology sectors. Although the diversification of the Company's investments is intended to reduce the Company's exposure to adverse events associated with specific investments, the Company's returns as a whole may be adversely affected by the unfavourable performance of technology stocks generally. Where the Company invests in emerging markets it may be subject to additional risks including but not limited to the following:

- Currency risk: the currencies in which investments are denominated may be unstable, may be subject to significant depreciation and may not be freely convertible.
- Country risk: the value of the Company's assets may be affected by political, legal, economic and fiscal uncertainties. Existing laws and regulations may not be consistently applied and may be subject to sudden and arbitrary change.
- Market characteristics: emerging markets are still in the early stages of their development, have less volume, are less liquid and experience greater volatility than more established markets. Such markets are not highly regulated and may be more subject to fraud or other irregularities. Settlement of transactions may be subject to delay and administrative uncertainties.
- Custody risk: custodians are not able to offer the level of service and safe-keeping, settlement and administration of securities that is customary in more developed markets and there is a risk that the Company will not be recognised as the owner of securities held on its behalf by a sub-custodian.
- Disclosure risk: less complete and reliable financial and other information may be available to investors.

The due diligence process that the Manager undertakes 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 such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. 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 that 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 Company may use derivative instruments

The Company may use derivative instruments, including (but not limited to) financial futures, options, and currency hedges. These are used for the purpose of efficient portfolio management only.

Derivatives and other exposures may be unlisted, difficult to value and, under certain circumstances, difficult to close out without incurring transaction costs that may impact Shareholder returns. The use of derivatives may lead to a higher volatility in the Net Asset Value and the Share price than might otherwise be the case.

The Company may use one or more separate counterparties to undertake derivative transactions on behalf of the Company, and may be required to pledge collateral paid out of the property of the Company to secure the Company's obligations under such contracts. There may be a risk that the counterparty will wholly or partially fail to honour its contractual obligations regarding the return of collateral and any other payments due to the Company.

It should be noted that while derivatives used for hedging purposes can reduce or eliminate losses, such use can also reduce or eliminate gains and there can be no guarantee that any hedging using derivatives is effective and may result in losses being incurred by the Company.

The Company may invest in unlisted companies

The Company may invest in unlisted investments. Such investments, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in quoted securities and they may be more difficult to realise which may materially adversely affect the Company's business, results of operations and/or financial condition.

Further, unlisted companies may be subject to higher risks of default under financing arrangements, may have limited access to financing sources and may be more depending on the management talents and efforts of a founder or small group of persons and if any such persons were to cease to be involved in the management of such companies this could have a material adverse impact on those businesses. In the event that some or all of these risks were to materialise this may have a material and adverse impact on the value of the Company's investment in such unlisted companies.

As at 14 January 2011 approximately 0.17 per cent. of the Company's Portfolio was invested in unlisted companies.

Changes in the debt financing markets may negatively affect the ability of the 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. To the extent that the current credit markets have rendered such financing difficult to obtain or more expensive, this may negatively affect the operating performance of the companies within the Company's Portfolio and, therefore, the investment returns on the Company's Portfolio.

Correlation risks

The Company's Portfolio may be managed without reference to the composition of any stock market index. Accordingly there may be periods when the Company's performance will be quite unlike that of the Benchmark Index or any index (which may or may not be to the advantage of potential investors). The Company is an unsuitable investment for those who seek investments in some way correlated to a stock market index.

Risks relating to taxation

Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company

Any change in the Company's tax status, or in taxation legislation or practice in the UK 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.

The Directors intend that the Company will continue to satisfy the conditions necessary for HMRC approval of the Company as an investment trust for United Kingdom tax purposes. The UK investment trust rules are subject to ongoing consultation with final legislation to amend the rules not expected until the Finance Bill 2011 is published (together with subsequent regulations).

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

Risks relating to the Ordinary Shares

Investing in the Ordinary Shares may involve a high degree of risk

There can be no guarantee that the Company will be successful in pursuing its investment policy. The Company's ability to do so may be adversely affected in the event of significant or sustained changes in market conditions. Potential investors should not regard an investment in the Ordinary Shares as short-term in nature. Investors may not recover the full amount initially invested, or any amount at all.

The market price of the Ordinary Shares may fluctuate significantly and Shareholders may not be able to resell their Ordinary Shares at or above the price at which they purchased them. Factors that may cause the price of the Ordinary Shares to vary include changes in the Company's financial performance and prospects or in the financial performance and prospects of Portfolio companies or those which are 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 companies in which the Company makes investments; sales of Ordinary 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 Ordinary Shares. Furthermore, investors should be aware that a liquid secondary market in the Ordinary Shares cannot be assured.

As with any investment, the Company's investments may fall in value with the maximum loss on such investments being equal to or greater than the value of the initial investment and, where relevant, any gains or subsequent investments made.

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 or available to the Company's Shareholders. In addition, to avoid being required to register as an investment company under the US Investment Company Act and to avoid violating that Act, the Company has implemented restrictions on the ownership and transfer of the Ordinary Shares which may materially affect certain Shareholders' ability to transfer the Ordinary Shares.

The Ordinary Shares have traded, and may in the future trade, at a discount to Net Asset Value

The ordinary shares of investment trusts may trade at a discount to net asset value and the Ordinary Shares may trade at a discount to Net Asset Value for a variety of reasons, including due to market conditions, the technology sector falling out of favour with investors, or an imbalance between supply and demand for the Ordinary Shares. The price at which the Ordinary 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 the change in Net Asset Value.

It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. The Company's Share price may be subject to greater fluctuation on small volumes of trading of Ordinary Shares and the Ordinary Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares may not reflect their underlying Net Asset Value.

The Company is a listed closed-ended vehicle. Accordingly, Shareholders have no right to have their Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of Ordinary Shares in the manner described in this document, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company are therefore required to dispose of their Shares on the market. There can be no guarantee that a liquid market in the Ordinary Shares will subsist or that the Ordinary Shares will trade at prices close to their underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value or at all.

Rights of Subscription Shares on liquidation

In the event of the winding up of the Company prior to the exercise of the Subscription Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution amongst the Ordinary Shareholders.

The exercise of Subscription Rights may lead to the dilution of existing holdings of Ordinary Shareholders

The allotment of the Subscription Shares will mean that the equivalent of 20 per cent. of the Company's issued Ordinary Share Capital is under option immediately following the Bonus Issue. On each occasion the Subscription Shares Rights are exercised this will dilute the ordinary shareholding and hence the voting rights of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Rights attaching to their Subscription Shares or who have sold their Subscription Shares. However, if a Shareholder continues to hold the Subscription Shares issued to him pursuant to the Bonus Issue and exercises his Subscription Rights before their expiry, that Shareholder's percentage interest in the Ordinary Share Capital of the Company will not ultimately be reduced below his percentage interest in the Ordinary Share Capital of the Company immediately prior to the Bonus Issue.

The extent of such dilution will depend on the number of Subscription Shares which are converted on each occasion and the difference between the Subscription Price and the Net Asset Value per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to the exercise of the Subscription Rights. The perceived risk of dilution may cause the market price of the Ordinary Shares to reflect a lesser sensitivity to increases in the Net Asset Value per Ordinary Share than might otherwise be expected.

The market price of the Company's Shares may fluctuate due to 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 Bonus Issue. Such risk will depend in part on the market's response to the Bonus Issue.

Risks relating to the Subscription Shares (in addition to those relating to the Ordinary Shares)

The Subscription Shares may expire worthless

The Subscription Shares will have a limited life and will expire after the end of the Exercise Period. 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.

Shareholders in certain jurisdictions may not be able to participate in the Bonus Issue

Overseas Shareholders will not receive Subscription Shares and should not be sent or forwarded this document. In addition, securities laws of certain jurisdictions (such as the United States) may restrict the Company's ability to allow participation by Shareholders in 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 Bonus Issue. The Subscription Shares have not been and 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.

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 with a standard listing 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.

IMPORTANT NOTICES

General

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Subscription Shares 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 Subscription Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of 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 Subscription Shares. Prospective investors must rely upon their own representatives, including their own legal advisors 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 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.

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 and in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. 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 with any securities regulatory authority of any State or other jurisdiction of the United States and may not be offered, sold, resold, taken up, exercised, renounced, transferred or delivered, directly or indirectly, into or within the United States or to, or for the account or benefit of, US Persons. 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. In addition, the Company has not been and will not be registered under the US Investment Company Act, and the recipient of this document will not be entitled to the benefits of that Act. The Subscription Shares, the Subscription Rights and the Ordinary Shares to be issued upon exercise of the Subscription Rights have not 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 Bonus Issue 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 Subscription Shares, the Subscription Rights and the Ordinary Shares to be issued upon exercise of the Subscription Rights in the United States may constitute a violation of US law.

Each applicant for Subscription Shares will be required to certify that, among other things, the issue of Subscription Shares was 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 a Relevant Member State other than the United Kingdom, an offer to the public of the Subscription Shares 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 Subscription Shares 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 Cenkos Securities plc 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 Subscription Shares 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 Subscription Shares in any Relevant Member State means the communication in any form by any means of sufficient information on the terms of the Bonus Issue so as to enable an investor to decide to purchase or subscribe for the Subscription 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 Subscription Shares or an invitation to subscribe for any Subscription Shares 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

	<i>Date</i>
Publication of the Prospectus and the Notice of General Meeting	18 January 2011
Latest time and date for receipt of Forms of Instruction	close of Business on 4 February 2011
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 9 February 2011
Record Date	10 February 2011
Announcement of Subscription Price	10 February 2011
General Meeting	10.00 a.m. on 11 February 2011
Announcement of results of the General Meeting	11 February 2011
Admission and commencement of dealings in Subscription Shares on the London Stock Exchange	8.00 a.m. on 14 February 2011
Subscription Shares credited to CREST stock accounts (uncertificated holders only)	14 February 2011
Dispatch of definitive share certificates for the Subscription Shares in certificated form (to Qualifying Non-CREST Shareholders only)	week commencing 21 February 2011

Any changes to the expected timetable set out above will be notified by the Company through a Regulatory Information Service.

DEALING CODES FOR THE SUBSCRIPTION SHARES

ISIN	GB00B615W327
SEDOL	B615W32
Ticker	PCTS

DIRECTORS, MANAGER AND ADVISORS

Directors	RKA Wakeling (<i>Chairman</i>) BJD Ashford-Russell PF Dicks DJ Gamble RAS Montagu MB Moule
Registered Office	4 Matthew Parker Street London SW1H 9NP
Manager	Polar Capital LLP 4 Matthew Parker Street London SW1H 9NP
Sponsor and Financial Advisor	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Legal Advisors to the Company	Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS
Secretary	Polar Capital Secretarial Services Ltd. 4 Matthew Parker Street London SW1H 9NP
Auditors	PricewaterhouseCoopers LLP Hay's Galleria 1 Hay's Lane London SE1 2RD
Registrar and Receiving Agent	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Custodian	JPMorgan Chase Bank NA, London Branch 125 London Wall London EC2Y 5AJ

PART I

LETTER FROM THE CHAIRMAN

POLAR CAPITAL TECHNOLOGY TRUST PLC

*(incorporated in England and Wales with registered number 3224867 and an investment company
under section 833 of the Companies Act 2006)*

Directors:

RKA Wakeling (*Chairman*)
BJD Ashford-Russell
PF Dicks
DJ Gamble
RAS Montagu
MB Moule

Registered Office:

4 Matthew Parker Street
London
SW1H 9NP

Dear Shareholder,

1. Introduction

On 10 December 2010 the Company announced that the Board was considering a bonus issue of Subscription Shares to Shareholders in the first quarter of 2011. The Board believes that over the longer term investment in the technology sector through the management of Polar Capital will deliver relative outperformance over both the Benchmark Index and the equity markets in general and that Subscription Shares represent an attractive option for Shareholders to subscribe in the future for further Ordinary Shares in the Company.

Accordingly, the Board has today announced proposals (the “**Proposals**”) for the issue to Qualifying Shareholders, by way of the Bonus Issue, of one Subscription Share for every five Ordinary Shares held as at the Record Date (being 10 February 2011).

Each Subscription Share will entitle the holder to subscribe for one Ordinary Share at the applicable Subscription Price by 5.00 p.m. on the last Business Day of each month during the Exercise Period, as described in paragraph 2 below. This document is published to give you more information about the Proposals, including information about the General Meeting and the Resolutions that are required in order to effect the Proposals.

Notice of a General Meeting of the Company, to be held at 10.00 a.m. on 11 February 2011 at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS, is set out at the end of this document. Shareholders who hold their Ordinary Shares in certificated form will also find enclosed a Form of Proxy, which should be completed and returned in the manner described thereon. Shareholders who hold their Ordinary Shares through CREST will find instructions on how to vote set out in the notes to the Notice of General Meeting.

2. The Bonus Issue and the rights attaching to Subscription Shares

The Bonus Issue (of one Subscription Share for every five Ordinary Shares held) will be made to Qualifying Shareholders only, being holders of Ordinary Shares whose names are on the Register as at the close of business on the Record Date (with the exception of Overseas Shareholders). The Subscription Shares will be issued, free of subscription cost, to Qualifying Shareholders on the terms and conditions set out in Part IV of this document. The Bonus Issue is subject to Shareholder approval at the General Meeting. For the avoidance of doubt, fractions of Subscription Shares will not be issued or allotted and entitlements will be rounded down to the nearest whole number of Subscription Shares.

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 applicable Subscription Price in cash.

The first opportunity to exercise such right will be on the last Business Day in March 2011 and the last opportunity will be on the last Business Day in March 2014, after which the Subscription Rights will lapse (the “**Exercise Period**”). During the Exercise Period, notice of exercise of Subscription Rights may be given by 5.00 p.m. on the last Business Day of each month and the Ordinary Shares arising on subscription will be issued within ten Business Days of the first Business Day of the following calendar month.

The Subscription Prices will be an amount equal to the unaudited Net Asset Value per Ordinary Share as at close of business on 9 February 2011, plus a premium to such amount, rounded up to the nearest whole penny, as follows:

- if exercised on any day between and including the last Business Day in March 2011 and the last Business Day in March 2012 – a 5 per cent. premium to such Net Asset Value per Ordinary Share; and
- if exercised on any day between and including 1 April 2012 and the last Business Day in March 2014 – a 25 per cent. premium to such Net Asset Value per Ordinary Share.

It is expected that an announcement setting out the Subscription Prices will be made on 10 February 2011.

In order to exercise the Subscription Rights which are conferred by any Subscription Shares that are in certificated form, the Subscription Shareholder must lodge the relevant Subscription Share certificate(s) at the office of the registrars for the time being of the Company by not later than 5.00 p.m. on the relevant Subscription Date, having completed the notice of exercise of Subscription Rights thereon, accompanied by a remittance for the applicable Subscription Price for the Ordinary Shares in respect of which the Subscription Rights are exercised. Holders of Subscription Shares in uncertificated form may similarly exercise their Subscription Rights by submitting an uncertificated subscription notice by not later than 5.00 p.m. on the relevant Subscription Date, together with payment of the applicable Subscription Price. Further details in relation to the exercise of Subscription Rights are set out in Part IV of this document.

Subscription Shareholders are not entitled to attend or vote at general meetings of the Company, but the rights attached to the Subscription Shares may only be altered or abrogated with the sanction of a Special Resolution of the Subscription Shareholders. A detailed explanation of the rights of the Subscription Shares is set out in Part IV of this document.

3. Benefits of the Proposals

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

- Subscription Shares allow investors to participate in the technology cycle through future growth in the Company’s Net Asset Value by giving them the choice to subscribe in future for Ordinary Shares at a date of their choosing within the Exercise Period at a pre-determined price;
- Qualifying Shareholders will receive readily tradeable securities with a monetary value which may be converted into Ordinary Shares during the Exercise Period or sold in the secondary market;
- Qualifying Shareholders will receive securities that are qualifying investments for the stocks and shares component of an ISA, and are eligible for inclusion in a UK SIPP;
- any exercise of Subscription Rights will increase the capital available for the Company to invest in accordance with its investment policy and which may enhance the future growth of the Company’s Net Asset Value;
- on any exercise of Subscription Rights, the capital base of the Company will increase, allowing operating costs to be spread across a larger number of Ordinary Shares and hence the total expense ratio should fall; and
- following the exercise of Subscription Rights, the Company will have an increased number of Ordinary Shares in issue, which may improve the liquidity in the market for its Ordinary Shares; and

- Overseas Shareholders will receive the cash proceeds from the sale in the market of the Subscription Shares which they would have been allotted were they not Overseas Shareholders.

4. The Resolutions and the General Meeting

The Resolutions

The Proposals are subject to Shareholder approval. A notice convening the General Meeting of the Company to be held at 10.00 a.m. on 11 February 2011 at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS is set out at the end of this document. The Notice includes the full text of the Resolutions summarised below.

All three Resolutions are special resolutions and require the approval of not less than 75 per cent. of Shareholders present at the General Meeting (in person or by proxy) and voting to be passed. Shareholders should note that Resolutions 2 and 3 are both conditional on the passing of Resolution 1 and that Resolution 3 is additionally conditional on the passing of Resolution 2. Accordingly, if Resolution 1 is not approved at the General Meeting then Resolutions 2 and 3 will also not be passed.

The matters for approval pursuant to the Resolutions are as follows:

New Articles – Resolution 1

Resolution 1 is for the adoption by the Company of new articles of association (the “**New Articles**”) that will contain the rights attaching to the Subscription Shares.

Authority to allot – Resolution 2

The Directors’ existing authority to allot equity securities was granted by Shareholders at the Company’s most recent annual general meeting on 28 July 2010 and permitted the Directors to allot Ordinary Shares up to a maximum nominal amount of £1,581,223 representing approximately 5 per cent. of the Company’s then issued Ordinary Share capital (excluding treasury shares). The Company needs to increase the Directors’ authority to allot Subscription Shares and the Ordinary Shares in respect of the Subscription Shares for the period during which Subscription Rights may be exercised. Resolution 2 includes approval of this authority to allot.

Disapplication of pre-emption rights – Resolution 2

Subscription Shares and Ordinary Shares allotted as a result of the exercise of Subscription Rights will be issued to the relevant Shareholders on a non-pre-emptive basis. Accordingly, if approved, Resolution 2 (which is conditional on the passing of Resolution 1) will also give the Directors authority to allot Shares pursuant to the authority referred to above for cash without complying with the pre-emption rights in the Companies Act.

Authority to capitalise amounts standing to the credit of the Company’s reserve accounts – Resolution 2

Resolution 2 includes the approval of the capitalisation of amounts standing to the credit of the Company’s reserve accounts for the purpose of paying up in full at par the Subscription Shares to be issued under the Bonus Issue in the proportion of one Subscription Share for every five Ordinary Shares held on the Record Date, with fractions of a Subscription Share being ignored and for the purpose of making any further allotments of Subscription Shares.

Consolidation, sub-division or redemption of share capital – Resolution 2

Resolution 2 also includes authorisation of the Directors to consolidate, sub-divide or redeem any share capital if, in the Directors’ opinion, such action is required to give effect to any exercise of Subscription Rights by Subscription Shareholders.

Repurchases of Subscription Shares – Resolution 3

Resolution 3, which is conditional on the passing of Resolutions 1 and 2, seeks Shareholder approval for authority for the Company to repurchase Subscription Shares in the market. The authority limits the number of Subscription Shares that may be purchased to a maximum of 3,982,027 Subscription Shares, (or, if lower, such number of Subscription Shares as is equal to 14.99 per cent. of one fifth of the number of Ordinary Shares in issue on the Record Date) and sets minimum and maximum prices.

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

Quorum

The quorum for the General Meeting will be two persons entitled to vote upon the business to be transacted at the General Meeting, each being a Shareholder or a proxy for a Shareholder or a duly authorised representative of a corporation which is a Shareholder (including for this purpose two persons who are proxies or corporate representatives of the same Shareholder).

If a quorum is not present within half an hour after the time appointed for holding the General Meeting, or if during the General Meeting a quorum ceases to be present, the General Meeting will stand adjourned and (subject to the provisions of the Companies Act) the chairman of the General Meeting shall either specify the time and place to which it is adjourned or state that it is adjourned to such time and place as the Directors may determine. If at the adjourned General Meeting a quorum is not present within 15 minutes after the time appointed for holding the General Meeting, the General Meeting will be dissolved.

5. Costs of the Proposals

The total expenses in connection with the Proposals payable by the Company, including legal fees, the fees of the Sponsor, and printing and other administrative costs, are estimated to be approximately £386,000 (inclusive of VAT).

6. Overseas Shareholders

The attention of Shareholders, in particular those who are resident in territories outside the EEA, the Channel Islands and the Isle of Man, is drawn to the paragraphs below as the allotment of the Subscription Shares to persons who have a registered or mailing address in countries outside such jurisdictions may be affected by the law or regulatory requirements of the relevant jurisdiction.

The Subscription Shares to be issued under the Bonus Issue are not being issued to Overseas Shareholders and this document is not being sent to Overseas Shareholders.

So that Overseas Shareholders may benefit from the proposals, the Company will allot any Subscription Shares that would have been issued under the Bonus Issue to the Overseas Shareholders had they not been Overseas Shareholders to a market maker who will sell such Subscription Shares as soon as practicable following Admission at the best price obtainable. The proceeds of sale will be paid to the relevant Overseas Shareholder, save that entitlements of less than £5.00 per Overseas Shareholder will be retained by the Company for its own account.

Notwithstanding any other provision of this document the Company reserves the right to permit any Shareholder, including Overseas Shareholders, to take up Subscription Shares under the Bonus Issue at the discretion of the Directors.

Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send it to any US Person or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not been, and will not be, registered under the US Investment Company Act and 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 with any securities regulatory authority of any State or other jurisdiction of the United States. Accordingly, the Subscription Shares, the Subscription Rights and the Ordinary Shares to be issued upon exercise of the Subscription Rights are only being issued outside the United States to non-US Persons in “offshore transactions” in accordance with and in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. The Subscription Shares, the Subscription Rights and the Ordinary Shares to be issued upon exercise of the Subscription Rights may not be

offered, sold, resold, taken up, exercised, renounced, pledged or otherwise transferred or delivered, directly or indirectly, into or within the United States or to, or for the account or benefit of, any US Person.

The attention of Overseas Shareholders is also drawn to paragraph 5 of Part V of this document.

7. Admission and dealings

The Subscription Shares will be in registered form and may be issued either in certificated or uncertificated form. No temporary documents of title will be issued. Pending dispatch of definitive certificates, transfers of Subscription Shares in certificated form will be certified against the Company's share register. All documents sent by or to Shareholders will be sent through the post at the risk of the Shareholder.

Applications will be made to the UK Listing Authority for the Subscription Shares to be admitted with a standard listing to the Official List and to the London Stock Exchange for such Shares to be admitted to trading on its main market. It is expected that Admission will occur, and that dealings will commence, in respect of the Subscription Shares on 14 February 2011. On Admission, the Subscription Shares will confer rights to subscribe for new Ordinary Shares representing, in aggregate, up to 20 per cent. of the then issued Ordinary Share Capital of the Company.

8. Taxation

The attention of prospective investors is drawn to the summary of United Kingdom tax matters set out in Part VII 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 advisor.

9. Action to be taken

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, Equiniti Limited, as soon as possible and, in any event, so as to arrive by no later than 10.00 a.m. on 9 February 2011.

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.

10. Recommendation

The Board considers that the Proposals are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolutions relating to the Proposals at the General Meeting, as the Directors each intend to do in respect of their own holdings of Ordinary Shares, which total 324,634 Ordinary Shares in aggregate (representing approximately 0.26 per cent. of the Company's Ordinary Share Capital as at the date of this document).

Yours faithfully

Richard Wakeling
Chairman

PART II

INFORMATION ON THE COMPANY

1. Introduction

The Company was incorporated in England and Wales as a public limited company on 15 July 1996 and its Ordinary Shares, which are denominated in Sterling and issued in registered form, were admitted to listing on the premium segment of the Official List of the United Kingdom Listing Authority and to trading on the Main Market of the London Stock Exchange on 16 December 1996. The Company's website is www.polarcapitaltechnologytrust.co.uk.

The Company has elected to be an investment company pursuant to section 833 of the Companies Act 2006, and intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 (as may be amended and in light of the ongoing consultation on the UK investment trust tax rules).

The Company's assets are managed by Polar Capital LLP, a limited liability partnership incorporated in England and Wales, which is authorised and regulated in the UK by the FSA.

As at 14 January 2011, (being the latest practicable date prior to the publication of this document) the Company had unaudited net assets of £480.5 million and a market capitalisation of £478.6 million.

In the period from 15 January 2010 to 14 January 2011, the unaudited Net Asset Value per Share has increased from 283.90 pence to 379.85 pence, representing an increase of 33.8 per cent. as compared to an increase of 18.2 per cent. in the Benchmark, being the Dow Jones World Technology Index (total return, Sterling adjusted) over the same period.

The following tables set out the Company's cumulative and discrete unaudited Net Asset Value performance and share price performance against the Benchmark over a period of five years to 31 December 2010:

Cumulative Performance (%) to 31/12/2010

	<i>1 Month</i>	<i>3 Months</i>	<i>6 Months</i>	<i>1 Year</i>	<i>5 Years</i>
Share Price	12.93	19.43	29.53	46.68	53.58
Net Asset Value per Share	6.68	14.01	28.63	29.70	51.03
Benchmark	6.40	12.15	19.38	16.66	38.96

Discrete Annual Performance (%)

	<i>31/12/2009</i>	<i>31/12/2008</i>	<i>31/12/2007</i>	<i>29/12/2006</i>	<i>30/12/2005</i>
	<i>31/12/2010</i>	<i>31/12/2009</i>	<i>31/12/2008</i>	<i>31/12/2007</i>	<i>29/12/2006</i>
Share Price	46.68	79.02	-31.50	-12.57	-2.35
Net Asset Value per Share	29.70	51.92	-22.80	0.34	-1.04
Benchmark	16.66	44.45	-23.23	10.39	-2.70

Source: the Company/the Manager

2. Investment policy

Investment objective and policy

The Company's investment objective is to maximise long-term capital growth by investing in a diversified portfolio of technology companies around the world.

Technology may be defined as the application of scientific knowledge for practical purposes and technology companies are defined accordingly. While this offers a very broad and dynamic investing universe and covers many different companies, the Portfolio is focused on technology companies which use technology or which develop and supply technological solutions as a core part of their business models. This includes areas as diverse as information, media, communications, environmental, healthcare and renewable energy, as well as the more obvious applications such as computing and associated industries.

The Company invests its technology assets in a portfolio comprised primarily of international quoted equities which is diversified across both regions and sectors within the overall investment objective to reduce investment risk.

The largest single investment that may be held in the Portfolio is limited to 5 per cent. of the Portfolio at the time of acquisition, except for US and UK government bonds, which may be used as part of the cash management process.

Unquoted investments

The Company may invest in unquoted companies from time to time subject to prior Board approval. Investments in unquoted companies in aggregate will not exceed 10 per cent. of the Portfolio (measured at the time of investment).

Derivatives

The Manager may also use from time to time derivative instruments as approved by the Board such as financial futures, options, and currency hedges. These are used for the purpose of efficient portfolio management only.

Investment approach

Equities are selected on the basis of their potential for Shareholder returns, not on the basis of technology for its own sake. Rigorous fundamental analysis is applied with a focus on:

- management quality
- the identification of new growth markets
- the globalisation of major technology trends and
- exploiting international valuation anomalies and sector volatility

Asset allocation

The Portfolio is constructed without specific reference to any individual market, index or benchmark and the Board regularly discusses asset allocation. The maximum exposure to any one market may be 100 per cent., but the Board has agreed a set of parameters which are based upon current market conditions and provides a range which guides the Manager depending on market conditions and future expectations. The Board believes that this provides the necessary flexibility for the Manager to pursue the investment objective, given the dynamic and rapid changes in the field of technology, while maintaining a spread of investments.

As well as the market parameters shown below, the Board also monitors the Portfolio’s exposure to different sub-sectors within technology and the spread of investments across different market capitalisations. Cyclical changes in markets and new technologies will bring certain sub-sectors or companies of a particular size or market capitalization into or out of favour.

Although the Company has its Benchmark, which the Board expects the Manager to consider, this is neither a target nor an ideal investment strategy. The purpose of the Benchmark is to set a reasonable return for Shareholders above which the Manager is entitled to a share of the extra performance it has delivered.

Market parameters

With current and foreseeable investment conditions the Portfolio is invested in accordance with the investment objective across worldwide markets within the following geographical and market parameters:

<i>Market</i>	<i>Maximum Portfolio exposure</i>
North America	85%
Europe	40%
Japan and Asia	55%
Rest of World	10%

The Board has set an aggregate limit of 25 per cent. of the Portfolio that may be exposed to emerging markets (as defined by the MSCI Emerging Markets Index) with specific upper limits for certain countries.

Investment restrictions

In addition to the restrictions set out above in relation to the largest single investment and aggregate exposure to unlisted companies, the Company is subject to Chapter 15 of the Listing Rules applicable to closed ended investment companies with a premium listing on the Official List. In accordance with Chapter 15 of the Listing Rules the Company will manage its assets in accordance with its published investment policy as set out above and will, at all times, invest and manage its assets in a way which is consistent with the object of spreading investment risk and in accordance with its published investment policy.

Further, the Company will continue to observe investment restrictions based upon the restrictions applicable to investment companies with securities listed on the Official List under Chapter 15 of the Listing Rules which were in force until 28 September 2007. Further details of these restrictions are set out in Part VIII of this document.

The Company seeks to manage its Portfolio in such a way as to meet the tests set down in Sections 1158 and 1159 of the Corporation Tax Act 2010 (previously Section 842 of the Income and Corporation Taxes Act 1988) and thus retrospectively qualify on an annual basis as an investment trust and will operate in accordance with the investment restrictions imposed by the UK investment trust rules. Further details of the current restrictions are set out in Part VIII of this document. The UK Government is currently conducting a review of the UK investment trust rules, with any new legislation expected to take effect from late 2011 or early 2012. The Company intends to meet the tests set down in any revised Sections 1158 and 1159 of the Corporation Tax Act 2010 and any subordinate legislation following the enactment of such new legislation.

Cash and borrowings

From time to time the Company may hold cash or near cash equivalents if the Manager believes that these will, at a particular time or over a period, enhance the performance of the Portfolio. The management of cash is through the purchase of appropriate government bonds, money market funds or bank deposits depending on the Manager's view of the investment opportunities.

The Company may also borrow money to invest in the Portfolio over both the long and short term. Any commitment to borrow funds is agreed by the Board. Borrowings may be in currencies which best match the currencies in which the investments are denominated. The constitution of the Company permits borrowings up to 100 per cent. of net assets but the limits agreed by the Board set a range of up to 20 per cent. at the time of drawing the relevant borrowings.

Changes to investment policy

Any material change to the investment policy will require the approval of the Shareholders by way of an ordinary resolution at a general meeting. The Company will promptly issue an announcement to inform Shareholders and the public of any change of its investment policy.

3. Investment Portfolio

Details of the Company's investments and the types of investee companies within its investment Portfolio, which represents a comprehensive and meaningful analysis of the Company's investment Portfolio, are set out below.

(please turn over)

As at the close of business on 14 January 2011 (the latest practicable date before the publication of this document) the Company's top 21 investments, representing 50.27 per cent. of the value of the total Portfolio, were as follows:

<i>Investment</i>	<i>Value (£)</i>	<i>%</i>
Apple	41,033,789	8.54%
Google	23,582,142	4.91%
Microsoft	19,711,633	4.10%
Oracle	18,780,606	3.91%
Samsung Electronics	16,580,142	3.45%
IBM	13,317,801	2.77%
Qualcomm	12,153,917	2.53%
Cisco	11,125,868	2.32%
Intel	7,964,234	1.66%
Taiwan Semiconductor	9,939,246	2.07%
Infosys Techs	5,633,993	1.17%
EMC	8,524,332	1.77%
Texas Instruments	6,774,712	1.41%
Canon	6,013,734	1.25%
Hewlett Packard	7,280,713	1.52%
Juniper Networks	5,545,748	1.15%
Ericsson	5,215,261	1.09%
Cognizant	5,625,396	1.17%
ASML Holdings	5,291,876	1.10%
NetApp	5,666,845	1.18%
Tencent	5,779,581	1.20%
Total	241,541,569	50.27%

(source: unaudited management accounts)

There has been no significant change in the Company's investments since the close of business on 14 January 2011.

As at the close of business on 14 January 2011 (being the latest practicable date prior to the publication of this document), the geographic and sectoral breakdown of the Company's Portfolio was as follows:

	<i>North America</i>	<i>Europe</i>	<i>Asia</i>	<i>Total as at</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>14 January 2011</i>
				<i>%</i>
Computing	17.2	—	2.4	19.6
Components	0.1	—	—	0.1
Software	20.4	0.7	—	21.1
Semiconductors	11.7	3.7	8.9	24.3
Healthcare	0.6	—	—	0.6
Telecoms/media	—	0.4	—	0.4
Services	1.2	0.5	3.3	5.0
Communications equipment	10.7	1.2	3.4	15.3
Internet/consumer	6.8	—	2.6	9.4
Clean energy	—	0.1	—	0.1
Defence/Security	—	0.2	—	0.2
Other sectors	—	—	0.8	0.8
Unquoted Investments	—	0.2	—	0.2
Total Investments	68.7	7.0	21.4	97.1
Other net assets (excluding loans)	6.6	1.4	1.2	9.2
Loans	(3.7)	—	(2.6)	(6.3)
GRAND TOTAL (net assets of £480,501,000)	71.6	8.4	20.0	100.0

(source: unaudited management accounts)

As at the close of business on 14 January 2011 (being the latest practicable date prior to the publication of this document), the market capitalisation exposure of the Company's Portfolio (excluding PCT Finance Limited) was as follows:

	<i>Market Capitalisation</i>		
	<i><US\$2bn</i>	<i>US\$2bn- US\$10bn</i>	<i>>US\$10bn</i>
% of invested assets at 14 January 2011	17.4	15.2	67.4

(source: unaudited management accounts)

The table below shows, by currency, the split of the Group's non-sterling monetary assets, liabilities and investments that are priced in currencies other than sterling as at the close of business on 14 January 2011 (being the latest practicable date prior to the publication of this document):

	<i>Currency exposure as at 14 January 2011 £'000</i>
Monetary Assets:	
<i>Cash and short term receivables</i>	
Japanese yen	6,162
US dollars	35,903
Taiwan dollars	892
Euros	3,784
Hong Kong dollars	734
Canadian dollars	—
Norwegian kroner	51
Swiss francs	3
Swedish kroner	582
Monetary Liabilities:	
<i>Other payables</i>	
Swedish kroner	—
Japanese yen	(126)
US dollars	(4,398)
Taiwan dollars	(179)
Hong Kong dollars	(1,543)
<i>Borrowings under loan facility</i>	
Japanese yen	(12,423)
US dollars	(17,757)
Foreign currency exposure on net monetary items	11,685
Non-Monetary Items:	
Investments at fair value through profit or loss that are equities	
US dollars	361,149
Japanese yen	25,118
Taiwan dollars	15,717
Korean won	18,726
Euros	15,218
Hong Kong dollars	12,000
Swedish kroner	5,215
Indonesian rupiah	—
Canadian dollars	—
Australian dollars	—
Total net foreign currency exposure	464,898

(source: unaudited management accounts)

4. Existing Borrowings

As at 14 January 2011 the Company had banking facilities with ING Bank NV for up to £30 million which was drawn down on 2 August 2010 in the amount of Japanese Yen ¥1,634,000,000 (£12,549,836, using the exchange rate as at that date) and US Dollar of 28,200,000 (£17,980,917, using the exchange rate as at that date) with both amounts repayable on 2 August 2011.

As at 14 January 2011 these borrowings represented approximately 6.35 per cent. of the Company's Net Asset Value.

5. Currency Hedging

In addition to Sterling denominated investments, the Company has and makes investments in other currencies. The Directors have determined that the Company will not engage in currency hedging except where the Manager considers such hedging to be in the interests of efficient portfolio management. The Manager may from time to time seek to utilise the Company's borrowing facility in currencies which best match the currency of certain underlying investments as a form of currency hedging.

The Board, after consultation with the Manager, may vary the Company's policy on currency hedging at its discretion.

6. Market Outlook

This section sets out the Board's view of the market outlook and the position of the Company as advised by the Manager.

The Board believes that the developed world is likely to experience a multi-year period of sub trend growth as the effects of deleveraging impact investment and demand. Sub-trend global growth is expected to continue to provide a positive backdrop for the technology sector, as it should result in greater corporate focus on delivering productivity.

The Board believes that the technology sector is in the early stages of a new cycle that is based on three key drivers: (i) the shift towards cloud computing; (ii) growth in broadband applications; and (iii) mobile data. The recent acceleration in M&A activity may be best understood as large cap incumbent technology companies re-positioning themselves in preparation for this new cycle. As a result, the Company will continue to de-emphasise its exposure to large cap incumbent companies that have much to lose from the new technology cycle which challenges their current business models and competitive dominance and which may precipitate a change in the competitive landscape.

Valuations for the technology sector, relative to the wider market, appear undemanding, especially given the sector's superior aggregate balance sheet and the sector continues to offer some defensive characteristics in the form of high net cash positions and low pension liabilities relative to other sectors. Recent corporate action in the technology sector is also supportive, with a number of companies issuing debt or using retained cash to announce significant buybacks and/or dividend increases. Likewise, the return of private equity driven M&A activity has further stimulated interest in technology stocks. While IT budget growth is likely to remain subdued in 2011, the Board believes that value creation will become increasingly uneven as the re-allocation of IT budgets and the deflationary impact of the new technology cycle takes its toll. This is likely to intensify the competitive pressures impacting the incumbent technology vendors, a dynamic being accelerated through virtualisation and cloud computing.

Consequently, the Company intends to continue to move the Portfolio away from the Benchmark Index as it expects the next phase of the cycle to be characterised by continued small and mid cap outperformance. This could see the Company run permanently higher exposures in small and mid cap companies, and may account for up to half of the Company's Portfolio going forward. Although these companies may trade at higher forward price to earnings ratios, they have been able to deliver organic growth somewhat independent of cyclical tailwinds and/or financial engineering. The Board expects this superior growth trajectory to continue to support premium valuations of such companies, not least because it expects the recent acceleration in M&A activity to persist.

7. Life of the Company

The Company's Existing Articles require the Company to put an ordinary resolution to its Shareholders every five years, at the annual general meeting, to approve the continuation of the Company as an investment trust. This resolution was approved at the Company's last annual general meeting on 28 July 2010 and accordingly, the next such continuation vote will be held in 2015.

8. Dividend Policy

The Company's revenue varies from year to year and the Board will consider the Company's dividend position in each year in order to maintain its status as an investment company. However, due to the level of its accumulated revenue losses, the Company does not currently expect to pay a dividend for the foreseeable future.

9. Share Rating Management

The Board appraises the performance of the Company and the Investment Manager as the key supplier of services to the Company against key performance indicators as set out on page 33 of the Company's annual report for the period ended 30 April 2010 and which include monitoring and reacting to issues created by the discount or premium of the share price to the Net Asset Value per Share with the aim of achieving reduced discount volatility for Shareholders.

On 30 December 2010 the Company block listed 6,324,890 Ordinary Shares under a general corporate purposes scheme under which Ordinary Shares may be issued free from pre-emption rights (subject to the periodic relevant authority having been granted to the Directors by Shareholders) at prices not less than the Net Asset Value per Ordinary Share (diluted as applicable). Where Ordinary Shares are issued at prices above the prevailing Net Asset Value per Ordinary Share, after taking into account any relevant costs of such issuance, this will enhance the Net Asset Value per Ordinary Share. Shares may be issued without the publication of a prospectus in accordance with exemptions set out in the Prospectus Rules, which currently allow for the issue of Shares representing, over a period of 12 months, less than 10 per cent. of the number of Shares of the same class already admitted to trading on the same regulated market, provided that such issue is not made by way of an offer of the Company's securities to the public.

Further, at the Company's most recent annual general meeting, on 28 July 2010, Shareholders approved the Directors' authority to buy back up to 14.99 per cent. of the Ordinary Shares. Repurchases of Ordinary Shares will be made at the discretion of the Board, and will only be made in the market at prices below the prevailing Net Asset Value per Ordinary Share as and when market conditions are considered by the Board to be appropriate and in accordance with the Listing Rules. It is the Company's current intention to cancel all of the Ordinary Shares it may purchase pursuant to this authority.

The level of Share price discount or premium to Net Asset Value together with policies for the repurchase or issuance of new Shares, including the use of treasury shares, are kept under review by the Board.

In addition, Resolution 3 to be proposed at the General Meeting will, if approved, give the Directors authority to repurchase Subscription Shares in the market. The ability to repurchase Subscription Shares will allow the Board the potential to manage the dilutive effect of the Subscription Shares. The authority to be granted limits the number of Subscription Shares that may be purchased to a maximum of 3,982,027 Subscription Shares (or, if lower, such number of Subscription Shares as is equal to 14.99 per cent. of one fifth of the number of Ordinary Shares in issue on the Record Date) and sets minimum and maximum prices. Any Subscription Shares repurchased by the Company will be cancelled and will not be held in treasury for reissue or resale.

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.

The minimum price that may be paid for an Ordinary Share will be 25p per Ordinary Share. The minimum price that may be paid for a Subscription Share will be 1p per Subscription Share. Investors should note that the issuance or repurchase of any Shares is entirely at the discretion of the Board, and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of any Shares that may be issued or repurchased.

10. Net Asset Value Publication and Calculation

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

The unaudited Net Asset Value per Ordinary Share is calculated in accordance with the AIC guidelines and published each Business Day by the Manager. For the purposes of calculating the Net Asset Value per Ordinary Share, the Company's listed investments are valued at bid prices. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its net realisable value. Unlisted investments are valued by the Board. In making its valuations the Board takes into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors.

Following Admission of the Subscription Shares the Company will publish a diluted Net Asset Value per Ordinary Share which will be calculated in accordance with the AIC guidelines from time to time.

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

- (A) there are 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 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 July.

The Company's annual report and accounts are prepared up to 30 April each year and copies are normally sent to Shareholders in June. Shareholders will also receive each year an unaudited interim report for the six months to 31 October. The interim report is expected to be published within the two months following 31 October 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

An investment in the Company is intended to be suitable for institutional investors and professionally-advised private investors seeking exposure to global technology related equities. The Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment.

PART III
DIRECTORS AND MANAGEMENT

1. The Directors

The Directors are responsible for determining the Company's investment policy and have overall responsibility for the Company's activities, including the review of the investment activity and performance, and the control and supervision of the Manager.

The Board consists of six non-executive Directors, all of whom are considered to be independent of the Manager with the exception of BJD Ashford-Russell who is also a partner of the Manager and a director of and shareholder in Polar Capital Holdings plc, the ultimate holding company of the Manager.

The Directors of the Company are as follows:

Chairman: RKA Wakeling

Mr Wakeling was appointed to the Board and as Chairman in 1996. Formerly chief executive of Johnson Matthey plc 1991-1994 and a non-executive director of Logica plc from 1995-2002, Mr Wakeling retired as a non-executive director of The Brunner Investment Trust plc in 2010. Following 14 years of service Mr Wakeling has announced that he will stand down as Chairman of the Board at the next AGM in August 2011. A successor will be appointed during the first half of 2011.

BJD Ashford-Russell

Mr Ashford-Russell was appointed to the Board in 1996. Mr Ashford-Russell is a director and founder of Polar Capital Partners Limited, a partner of Polar Capital LLP and a director of and shareholder in Polar Capital Holdings plc, the ultimate holding company of Polar Capital LLP. He was previously head of the technology team at Henderson Global Investors. He managed the Company from launch until 30 April 2006.

PF Dicks

Mr Dicks was appointed to the Board in 1996 and elected Senior Independent Director in 2004. Mr Dicks is chairman of the Company's Remuneration Committee. He is the chairman of Private Equity Investor plc and Sportingbet plc as well a director of several other companies including Standard Microsystems Corporation and Graphite Enterprise Trust plc.

DJ Gamble

Mr Gamble was appointed to the Board in 2002. He is chairman of Hermes Property Unit Trust and Montanaro UK Smaller Companies Investment Trust plc. Mr Gamble is a director of IBM Pension Trustees Ltd., JPMorgan Emerging Markets Investment Trust plc, Barrie & Hibbert plc, Vencap International plc and Dunedin Enterprise Investment Trust plc. Mr Gamble was Chief Executive of British Airways Pension Investment Management Ltd. until his retirement in 2004.

RAS Montagu

Mr Montagu was appointed to the Board in 2007. Mr Montagu co-founded Montagu Newhall Associates in 2000, a specialist investor in technology and healthcare venture capital industries where he was a partner until 2010.

MB Moule

Mr Moule was appointed to the board in 2007 and elected chairman of the Company's Audit Committee in 2010. Mr Moule was a director of investment trusts at Henderson Global Investors, where he had been the investment manager for The Bankers Investment Trust plc and Law Debenture Corporation plc until his retirement in 2003. He is a director of The European Investment Trust plc and Montanaro UK Smaller Companies Investment Trust plc.

2. The Manager

The Company's assets are managed by Polar Capital LLP, the investment management business of Polar Capital PLC, a UK-quoted asset management firm. The Manager manages hedge funds and specialist long-only products and had total funds under management of over US\$3.5 billion as at 31 December 2010.

The Manager was incorporated in England and Wales on 15 August 2005 and has registered number OC314700. The Manager is regulated by the FSA and as such is subject to its rules in the conduct of its investment business. The principal legislation under which the Manager operates is the Limited Liability Partnerships Act 2000. The address of the registered office of the Manager is 4 Matthew Parker Street, London SW1H 9NP.

The management team for the Company's Portfolio is led by Ben Rogoff. Ben has been a technology specialist for thirteen years having begun his career in fund management at CMI as a global technology analyst. He moved to Aberdeen Fund Managers in 1998 where he spent four years as a senior technology manager prior to joining Polar Capital in May 2003. He is lead manager for the Company's Portfolio. He is also joint manager of Polar Capital Global Technology Fund. Ben graduated from St Catherine's College, Oxford in 1995.

3. Management Agreement

The Company and the Manager have entered into a Management Agreement, a summary of which is set out in paragraph 7.1 of Part VIII of this document, under which the Manager has sole responsibility for the discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment policy, subject to the overall control and supervision of the Directors.

Details of the fees and expenses payable to the Manager are set out in the section headed "Fees and expenses" below.

4. Administration of the Company

The Manager procures and provides the day to day administration of the Company and the general secretarial functions required by the Companies Act. The Manager is also responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting and statutory records. The Manager has, with the consent of the Directors, delegated the provision of certain of these administrative functions to HSBC and to Polar Capital Secretarial Services Ltd., but remains liable for the acts of any such third party.

5. Custody

JPMorgan Chase Bank NA, London Branch acts as global custodian for all the Company's investments.

Under the terms of the custody agreement between the Company and the Custodian, the services provided by the Custodian include settlement of trades, the opening and maintenance of one or more cash accounts and securities accounts, safe custody of assets, income collection, corporate action and voting processing, tax reclaims and standard custody and electronic reporting. The custody agreement is terminable by the Company on 14 days' notice to the Custodian and by the Custodian on 60 days' notice to the Company.

JPMorgan Chase Bank NA, London Branch was registered as a branch company in England and Wales on 1 January 1993 with number BR000746. Its registered office is at 125 London Wall, London EC2Y 5AJ. The Custodian is a wholly owned subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Custodian offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the United States Office of the Comptroller of the Currency.

6. Ongoing Fees and Expenses

The Company's annual expenses for its last accounting period (ended 30 April 2010) were approximately 1.16 per cent. of the average of the Company's Shareholders' funds over the year.

The Company's ongoing annual expenses include the following:

(i) **Manager**

Under the terms of the Management Agreement, the Manager is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

The Management Fee is payable quarterly in arrears and at the rate of 1 per cent. per annum of the Company's Net Asset Value plus its borrowings. Any investments in funds managed by Polar Capital are wholly excluded from the base management fee calculation. Management fees of £3,302,000 were paid for the year to 30 April 2010.

The Manager may also be entitled to a performance fee, equal to 15 per cent. of the amount by which the increase in the adjusted Net Asset Value per Share exceeds the total return on the Dow Jones World Technology Index (total return, Sterling adjusted) multiplied by the time weighted average of the number of Shares in issue during that period, subject to a high water mark (the "**Performance Fee**"). The Net Asset Value per Share is adjusted for the purposes of the Performance Fee calculation by adding back any accruals for unpaid Performance Fees, and any dividends paid or payable by reference to the Performance Period. In addition, the Net Asset Value per Share is adjusted so as to remove the impact on such Net Asset Value due to any issue or repurchase of Shares at a price other than the Net Asset Value per Share.

Any Performance Fee accrual will be calculated daily and included in the Net Asset Value per Share calculated in accordance with the AIC guidelines. The Performance Fee which can be paid by the Company in any one Performance Period is capped at 2 per cent. of the Company's Net Asset Value as at the date of calculation. No performance fees were paid for the year to 30 April 2010. As at 14 January 2011 the performance fee accrual was approximately £3,789,000.

The current high water mark is 315.13 pence per Share.

(ii) **Administration**

The Manager has delegated certain administrative functions to HSBC under the terms of an Administration Delegation Agreement. For these services, HSBC is entitled to an administration fee (paid by the Manager) calculated on an agreed tariff for the functions that it undertakes.

(iii) **Registrar**

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee of £1.05 per Shareholder account per annum, subject to a minimum fee of £2,500 per annum. The Registrar is also entitled to activity fees under the Registrar Agreement.

(iv) **Directors**

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Existing Articles and with the remuneration policy established by the Company's Remuneration Committee.

Remuneration arrangements for 2009/2010

In the year to 30 April 2010 the Directors' fees were paid at the following annual rates: the Chairman £30,000; other Directors £20,000. Mr Ashford-Russell waived his fee for 2009/2010.

Remuneration arrangements for 2010/2011

The Company's remuneration committee has determined that the following increases should be implemented:

- An increase in Directors' fees from £20,000 to £23,000 over two equal steps of £1,500 with effect from 1 May 2010 and 1 May 2011.
- An increase in the fees paid to the Chairman of the Board from £30,000 to £35,000 over two equal steps of £2,500 with effect from 1 May 2010 and 1 May 2011.

- The chairman of the audit committee will receive an additional fee of £3,000 for added responsibilities with effect from 1 May 2010.
- The senior independent director will receive an additional fee of £3,000 for performing this role with effect from 1 May 2010.

All of the Directors will also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

(v) ***Other operational expenses***

Other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company are borne by the Company including travel, accommodation, printing, audit and legal fees. All out of pocket expenses of the Manager, the Registrar, the Custodian and the Directors relating to the Company are borne by the Company.

If the management fee shown is added to the other administrative expenses and based on the average Shareholders' equity over the year the Company's total expense ratio was 1.16%, for the financial year ended 30 April 2010.

7. Conflicts of Interest

The Manager and its officers and employees may from time to time act for other clients or manage other funds, which may have a similar investment objective and policy to that of the Company. Circumstances may arise where investment opportunities will be available to the Company and which are also suitable for one or more such clients of the Manager or funds. The Directors have satisfied themselves that the Manager has procedures in place to address potential conflicts of interest and that, where a conflict arises, the Manager will allocate the opportunity on a fair basis and in accordance with the contractual provisions described in this document.

The Manager is required to consult and discuss with the Board, prior to launch by the Manager, the likely impact on the Company of any new products or funds with the same or a similar investment objective and policy to that of the Company.

8. Corporate Governance

The Company is obliged to comply with the UK Corporate Governance Code (which has replaced the Combined Code) or explain any non compliance. Additionally, 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 the UK Corporate Governance 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 reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to Shareholders. The Company complies with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code. The Board has put in place a framework for corporate governance which, save as explained below, enabled the Company to comply voluntarily with the main principles of the Combined Code and the AIC Guide in respect of previous accounting periods and as at the date of this document enables the Company to comply with the UK Corporate Governance Code and the AIC Guide.

The Board consider for the year to 30 April 2010 the Directors, Board and Company has complied with the recommendations of the AIC Code in so far as they apply to the Company's business and with the relevant provisions of the Combined Code. For the reasons set out in the AIC Guide, and in the preamble to the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company.

- As all directors are non-executive and day to day management has been contracted to third parties the Company does not have a separate role for a Chief Executive from that of Chairman of the Board.
- As there are no executive directors it does not comply with the UK Corporate Governance Code in respect of executive directors' remuneration.
- The Company does not have an internal audit function as it relies on the systems of control operated by third party suppliers in particular those of the Manager.

The Company's Audit Committee is chaired by MB Moule and consists of all the independent Directors and excludes BJD Ashford-Russell. The Audit Committee will meet at least three times a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee examines the effectiveness of the Company's control systems. It will review the half-yearly and annual reports and also receives information from the Manager. It will review the scope, results, cost effectiveness, independence and objectivity of the external auditor.

In accordance with the AIC Code the Company has established a Management Engagement Committee, which is chaired by RKA Wakeling and which consists of all the independent Directors and excludes BJD Ashford-Russell. The Management Engagement Committee meets at least once a year or more often if required. Its principal duties will be consider the terms of appointment of the Manager and it will annually review that appointment and the terms of the Management Agreement.

The Company's Nomination Committee is chaired by RKA Wakeling and consists of all the independent Directors and excludes BJD Ashford-Russell. The Nomination Committee meets at least once a year, close to year end, to consider whether or not Directors retiring by rotation or reaching a pre-determined age limit should be put forward for re-appointment at the annual general meeting and to review the statement in the annual report concerning its activities.

The Company's Remuneration Committee is chaired by PF Dicks and consists of PF Dicks, RAS Montagu and MB Moule. The Remuneration Committee meets at least once year, close to year-end, to determine and agree with the Board the framework or broad policy for the remuneration of the Directors and to review the ongoing appropriateness and relevance of the remuneration policy.

PART IV

THE SUBSCRIPTION SHARES

The Subscription Shares will carry the rights described below which are contained in the New Articles.

1. 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 by following the procedures set out in paragraph 1(d) below (in the case of Subscription Shares in certificated form) and in paragraph 1(e) below (in the case of Subscription Shares in uncertificated form). Subscription Rights may be exercised up to 5.00 p.m. on any Business Day but shall take effect as at 5.00 p.m. on the last Business Day of the relevant month, in the period between the last Business Day in March 2011 and the last Business Day in March 2014 (the **“Final Subscription Date”**), both dates inclusive, and on any other date falling prior to the Final Subscription Date determined by the Directors from time to time (any date on which subscription occurs being a **“Subscription Date”**) for all or any of the Ordinary Shares to which his Subscription Shares relate. The price per Ordinary Share payable on the exercise of Subscription Rights shall be determined by the Company as being equal to the unaudited Net Asset Value per Ordinary Share as at the close of business on 9 February 2011 plus a percentage premium on such amount rounded up to the nearest whole penny (the **“Subscription Price”**) payable in full in Sterling on subscription as follows:
- (i) if exercised on any day between and including the last Business Day in March 2011 and the last Business Day in March 2012 a 5 per cent. premium to such Net Asset Value per Ordinary Share; and
 - (ii) if exercised on any day between and including 1 April 2012 and the last Business Day in March 2014 a 25 per cent. premium to such Net Asset Value per Ordinary Share.

It is expected that an announcement setting out the Subscription Prices will be made via a Regulatory Information Service on or around 10 February 2011.

- (b) Each Subscription Share has a Subscription Right to one Ordinary Share, but the Subscription Price will be subject to adjustment as provided in paragraph 2 below. No fraction of an Ordinary Share will be issued on the exercise of 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 on the relevant 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”** or **“Relevant 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 5.00 p.m. on the relevant month-end 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. Any notice of exercise received after 5.00 p.m. on any Business Day will be treated as having been received on the following Business Day. 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 5.00 p.m. on 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 later than 30 days before the Final 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.
- (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 within ten Business Days of the first Business Day of the calendar month following the month in which the relevant notice of exercise of Subscription Rights was given, save in the case of the Final Subscription Date when the relevant Ordinary Shares will be allotted not later than 14 days after the Final Subscription Date. The Ordinary Shares arising shall be allotted with effect from the date of their allotment (and not the date upon which the notice of exercise is given or deemed to be given). 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 relevant allotment 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).
- (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 ten Business Days of the first Business Day of the calendar month following the month in which the relevant notice of exercise of Subscription Rights was given 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 allotment 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 allotment date, provided that, on any allotment falling to be made pursuant to paragraph 3(f) 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 Ordinary Shares are admitted to listing on the Official List and to trading on the London Stock Exchange, it is the intention of the Company to apply to the UK Listing Authority and to the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of Subscription Rights to be admitted to the Official List with a premium listing and to trading on the London Stock Exchange respectively and, if such an application is made, the Company will use all reasonable endeavours to obtain the admissions pursuant thereto not later than 28 days after the relevant Subscription Date.
- (l) The Subscription Shares and the Ordinary Shares arising on the exercise of Subscription Rights have not been and will not be registered under the US Securities Act and the relevant exemptions have not been and will not be obtained from the securities commission or similar regulatory authority of any province of Canada. The Subscription Shares, the Subscription Rights and the Ordinary Shares to be issued upon exercise of the Subscription Rights may not be offered, sold, resold, taken up, exercised, renounced, transferred or delivered, directly or indirectly, into or within Canada or the United States or to any citizen or resident of Canada (a “**Canadian Person**”) or to any US Person or to or for the benefit of any such person. Persons subscribing for Ordinary Shares in connection with the exercise of Subscription Rights shall (unless the relevant Ordinary Shares can lawfully be allotted to them) be deemed to represent and warrant to the Company that they are not Canadian Persons or US Persons and that they are not subscribing for such Ordinary Shares for the account of any such person and are not subscribing with a view to the re-offer or re-sale of such Ordinary Shares, directly or indirectly, in Canada or the United States and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such Ordinary Shares in Canada or the United States or to or for the benefit of any Canadian Person or US Person.
- (m) The exercise of Subscription Rights by any Subscription Shareholder who is a US Person or a Canadian 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 other 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 the US Securities Act or the US Investment Company Act).

2. Adjustments of Subscription Rights

The Subscription Price 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) on a date (or by reference to a date) prior to the Final Subscription Date, 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(h) 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(f) 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 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 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 Ordinary Shares comprised in such Rights Offer 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) above 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 advisors 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 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 advisors appointed by the Board. For the purposes of this paragraph 2, and for the purposes of 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, registered as fully paid, 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. The Directors shall, and are hereby 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 the additional Subscription Shares so created and to be issued as provided in this paragraph 2(e). Any restrictions and limitations in the New Articles relating to capitalisation issues generally shall not apply to any capitalisation or creation or issue of shares pursuant to this paragraph;
- (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, which will be notified through a Regulatory Information Service;

- (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 advisors 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(f) below;

C = the average of the middle market quotations (as derived from the Official List) for one Subscription Share for the five consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(f) 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 five 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(f) below shall be adjusted in such manner as the independent financial advisors 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(f) 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(h) 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 advisors 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 paragraph 3(h) 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 five 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 advisors 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 advisors 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(i) 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 Final 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 as applicable) except for Ordinary 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 (save as to the date from which such new Ordinary 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(i) below or (ii) Subscription Shares as envisaged by paragraph 6 below;
- (e) 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;
- (f) subject as provided in paragraph 3(g) 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 share capital of the Company and the Company becomes aware on or before the Final 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 providing for the acquisition by any person of the whole or any part of the issued share capital of the Company shall be deemed to be the making of an offer for the purposes of this paragraph 3(f) and references herein to such an offer shall be read and construed accordingly;
- (g) if under any offer as referred to in paragraph 3(f) 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 advisors 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 advisors 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(f) above and, subject to the offer referred to in paragraph 3(f) above becoming or being declared wholly unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued 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 respect of Subscription Shares which are in certificated form (or to take or procure the taking of such action as shall be required in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned, in respect of Subscription Shares which are in uncertificated form) in consideration of the issue of securities to subscribe for ordinary shares in the offeror as aforesaid whereupon all the Subscription Rights 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;
- (h) 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) 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 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 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

- (i) notwithstanding paragraphs 3(a) to (h) above, the Company may, without the sanction of a 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 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 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 payable per Subscription Share as specified 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 reissue 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.

Any recipient of Subscription Shares will be deemed to represent as set out in Section 6 of Part V of this document.

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 above, the provisions of the New 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 advisors 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(h) 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 Rights as provided in paragraph 8(j) below) no right to be redeemed (although the Company may elect to purchase Subscription Shares pursuant to paragraph 6 above). Subscription Shareholders are not entitled to attend or vote at meetings of Shareholders and, save as provided in paragraph 3(h) 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 Shareholders to be repaid the nominal value of 25 pence 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 issued (subject to the adjustment of the number of Subscription Shares in accordance with paragraph 2 of this Part IV (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 New 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 exercise of such notice (the “**Notice Period**”) and for this purpose the Notice Period shall expire at 3.00 p.m. on the 21st day. Such notice shall set out the Final 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 all 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 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 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 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 of 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 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) above 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 Rights 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 other 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 monies 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 monies 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 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 any 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 Ordinary 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 Ordinary Shares of 25 pence 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 25 pence (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 ordinary shares (“**Deferred Shares**”) which shall carry the limited rights set out in the New Articles and paragraph 9 below 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) above and that are, on any Subscription Date, 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 relevant Subscription Date.

- (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 New 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 New Articles, such Subscription Shares will be reclassified as Deferred Shares.
- (l) The Directors may make such arrangements or regulations (if any) as they may from time to time in their absolute discretion think fit in relation to the evidencing, issue, conversion and transfer of uncertificated Subscription Shares, the payment of any monies in respect of uncertificated Subscription Shares and otherwise for the purpose of implementing and/or supplementing the provisions of the New Articles and the CREST Regulations and the facilities and requirements of the relevant system concerned; and such arrangements and regulations (as the case may be) shall have the same effect as if set out in the New Articles.

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) above, 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) 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 Ordinary 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 1 pence for all the Deferred Shares redeemed, at any time upon giving the registered holder(s) of such share or shares not less than 14 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 their Deferred Share or Ordinary Shares which are to be redeemed in order that such shares may be cancelled.

PART V

BONUS ISSUE ARRANGEMENTS

1. Introduction

The Subscription Shares will be issued free of subscription cost to Qualifying Shareholders. Qualifying 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 Record Date. Fractions of Subscription Shares will not be issued or allotted and entitlements will be rounded down to the nearest whole number.

The Bonus Issue is conditional on the Resolutions at the General Meeting being passed and Admission becoming effective by not later than 8.00 a.m. on 14 February 2011 (or such later time and date as the Company, the Manager and Cenkos Securities plc may agree).

The attention of 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 V. In particular, subject to the provisions set out in "Overseas Shareholders" in paragraph 5 of this Part V, this document and any accompanying document will not and should not be made available to Overseas Shareholders and Overseas Shareholders will not be allotted Subscription Shares or be sent certificates for 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.

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).

2. CREST

Subscription Shares will be denominated in sterling and will be issued in registered form.

Subscription Shares will be eligible for settlement through CREST with effect from Admission. The Company will arrange for Euroclear to be instructed to credit the appropriate Euroclear accounts of the holders of Ordinary Shares in certificated form concerned or their nominees with their respective entitlements to Subscription Shares.

3. Dealings

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

It is expected that issue of the Subscription Shares will take place on 14 February 2011 and that dealings in such Subscription Shares will commence on the same date.

The ISIN number and SEDOL code for the Subscription Shares are GB00B615W327 and B615W32 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 Shareholders, 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, 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. The Subscription Shares, the Subscription Rights 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 "offshore transactions" in accordance with and in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. The Subscription Shares, the Subscription Rights and the Ordinary Shares to be issued upon exercise of the Subscription Rights may not be offered, sold, resold or otherwise transferred, directly or indirectly, into or 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 V are intended as a general guide only and any Shareholder who is in doubt as to his position should consult their own independent professional advisor without delay.

5.1 General

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 territory outside of the UK or any state, province or territory thereof.

Any Qualifying Shareholder or person (including, without limitation, nominees, agents and trustees) outside the United Kingdom wishing to exercise Subscription Rights 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.

5.2 Overseas Shareholders

Only Qualifying Shareholders may participate in the Bonus Issue and receive Subscription Shares. Overseas Shareholders will not receive certificated Subscription Shares or have their securities account in CREST credited with entitlements to uncertificated Subscription Shares. Furthermore, Overseas Shareholders will not and should not be sent or forwarded this document.

Overseas Shareholders will, however, participate in and benefit from the proposals, as the Company will allot any Subscription Shares that would otherwise have been allotted to such Shareholder were they not an Overseas Shareholder to a market maker who will sell such

Subscription Shares as soon as practicable following Admission at the best price obtainable. The proceeds of sale will be paid to the relevant Overseas Shareholders save that entitlements of less than £5.00 per Overseas Shareholder will be retained by the Company for its own account.

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 will not constitute or form part of an offer in or into a territory outside the EEA, the Channel Islands or the Isle of Man or to, or for the account or benefit of, any Overseas Shareholder or US Person. In those circumstances, this document must be treated as sent for information only and should not be copied or redistributed.

Recipients of this document should not distribute or send this document or the Subscription Shares in or into, or transfer Subscription Shares or Ordinary Shares issuable upon exercise of Subscription Rights in or into, any territory outside of the EEA, the Channel Islands or the Isle of Man or to, or for the account or benefit of, any Overseas Shareholder or US Person. Furthermore, such persons 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).

5.3 *Company Discretion*

Notwithstanding any other provision of this document, the Company reserves the right to permit any Overseas Shareholder to be allotted Subscription Shares if the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. If the Company is so satisfied, the Company will arrange for the relevant 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 Company further reserves the right, in its sole and absolute discretion, to treat as invalid 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 territory outside of the UK or by an Overseas Shareholder or 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 territory outside of the United Kingdom, 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;
- (iv) 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 V and, as applicable, the Subscription Notices.

5.4 *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, resold, taken up, exercised, renounced, transferred or delivered, directly or indirectly, into or 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 and in reliance on 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. 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.

5.5 *Waiver*

The provisions of this section “Overseas Shareholders” and of any other terms of the Bonus Issue relating to Overseas 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 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 EEA jurisdictions, the Channel Islands and the Isle of Man only.

Qualifying 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 advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to hold or transfer Subscription Shares or to exercise Subscription Rights or acquire Ordinary Shares. If you are in any doubt as to your eligibility to hold Subscription Shares, Subscription Rights or Ordinary Shares, you should contact your appropriate professional advisor immediately.

Each holder of Subscription Shares 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 and the Ordinary Shares issued upon exercise of the Subscription Rights will be deemed by its purchase of or subscription for 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 into or within 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 been 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, 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. In addition, if an investor is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Tax Code, its purchase, holding and disposition of the Subscription Shares and the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (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 under circumstances which will not require the Company to register under the US Investment Company Act and, in particular, it will offer, sell, transfer, assign or otherwise dispose of such Subscription Shares or Ordinary Shares only in an offshore transaction to a person not known to be a US Person or to the Company or an affiliate of the Company. It further 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 Existing 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 territory outside of the EEA, the Channel Islands and the Isle of Man 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 (outside the United States), 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, advisors 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 Cenkos Securities plc may require evidence in connection with the issue of Subscription Shares to Qualifying Shareholders, including further identification of Qualifying 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 Shareholder to produce any information required for verification purposes, the Directors, in consultation with Cenkos Securities plc and the Manager, may refuse to issue Subscription Shares to such Qualifying Shareholder, or refuse the transfer of Subscription Shares issued by the Company held by any such Qualifying Shareholder.

PART VI
FINANCIAL INFORMATION

1. Published annual reports and accounts for the financial years ended 30 April 2008, 2009 and 2010 and unaudited interim report for the period ended 31 October 2010

1.1 Historical financial information

The published annual reports and audited accounts of the Company for the financial years ended 30 April 2008, 30 April 2009 and 30 April 2010 (which have been incorporated in this document by reference) included, on the pages specified in the table below, the following information:

	<i>Year ended 30 April 2008</i>	<i>Year ended 30 April 2009</i>	<i>Year ended 30 April 2010</i>
Balance sheet	36	40	56
Income statement	34	38	54
Cash flow statement	37	41	57
Accounting policies	38-41	42-46	58-63
Notes to the financial statements	42-55	47-60	63-82
Audit report	33	37	52-53

The Company has also published unaudited interim financial statements for the six month period to 31 October 2010, which have been incorporated in this document by reference.

1.2 Selected financial information

The key audited figures that summarise the financial condition of the Company in respect of the financial years ended 30 April 2008, 30 April 2009 and 30 April 2010 and the unaudited figures in respect of the six month period to 31 October 2010, which have been extracted without material adjustment from the historical financial information referred to in paragraph 1.1 above (unless otherwise indicated in the notes below the following table) are set out in the following table:

	<i>As at 30 April 2008</i>	<i>As at 30 April 2009</i>	<i>As at 30 April 2010</i>	<i>As at 31 October 2010</i>
Net Asset Value (£'000)	300,425	274,179	398,627	421,379
Net Asset Value per Share (p)	226.72	216.75	315.13	333.11
Earnings per Share (p)	(14.45)	(13.28)	98.38	17.98
Dividends per Share (p)	Nil	Nil	Nil	Nil

1.3 Operating and financial review

The published annual reports and audited accounts of the Company for the financial years ended 30 April 2008, 30 April 2009 and 30 April 2010 and the unaudited interim financial statements for the six month period to 31 October 2010 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.

	<i>Year ended 30 April 2008</i>	<i>Year ended 30 April 2009</i>	<i>Year ended 30 April 2010</i>	<i>Six months ended 31 October 2010</i>
Chairman's Statement	03-04	03-04	02-03	None
Manager's review	05-13	05-13	05-19	02-04
Investment portfolio	14-16	14-19	20-28	07-13

1.4 *Availability of financial statements for inspection*

Copies of the published annual reports and audited accounts of the Company for the financial years ended 30 April 2008, 30 April 2009 and 30 April 2010 and the unaudited interim financial statements for the six month period to 31 October 2010 are available online at this www.polarcapitaltechnologytrust.co.uk (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 14 of Part VIII of this document.

2. **Capitalisation and indebtedness**

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

	<i>31 October 2010 £'000</i>
<i>Total Current Debt</i>	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	30,326
<i>Total Non-Current Debt</i>	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
<i>Shareholder equity</i>	
Share capital	31,624
Share premium	117,902
Other reserves	271,853
<i>Net indebtedness</i>	
A. Cash	39,874
B. Cash equivalent	—
C. Trading securities	—
D. Liquidity (A+B+C)	39,874
E. Current financial receivables	8,885
F. Current bank debt	30,326
G. Current proportion of non-current debt	—
H. Other current financial debt	9,521
I. Current financial debt (F+G+H)	39,847
J. Net current financial indebtedness/(receivables) (I-E-D)	(8,912)
K. Non-current bank loans	—
L. Bonds issued	—
M. Other non-current loans	—
N. Non-current financial indebtedness (K+L+M)	—
O. Net financial indebtedness/(receivables) (J+N)	(8,912)

There is no indirect or contingent indebtedness.

The information set out above has been extracted from unaudited interim financial statements of the Company as at 31 October 2010.

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 VII

TAXATION

UK Taxation

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.

The Company

It is the intention of the Directors to continue 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 1158 of the Corporation Tax Act 2010 (previously section 842 of the Income and Corporation Taxes Act 1988). However, neither the Manager nor the Directors can guarantee that this approval will be maintained. 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.

Shareholders should be aware that the UK investment trust tax rules are the subject of an ongoing consultation by the UK Government. It is expected that changes to the rules will be introduced by the Finance Bill 2011 and by subsequent regulations. The Directors intend and expect that the Company will continue to satisfy the conditions necessary for HMRC approval as an investment trust under any new set of rules.

Since 1 September 2009 an investment trust approved under section 1158 of the Corporation Tax Act 2010, 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.

As a result of further changes introduced by Finance Act 2009, the Company should in practice continue to 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” set out in Part 9A of the Corporation Tax Act 2009.

Shareholders

The Subscription Shares

The Bonus Issue should be treated, for the purposes of UK capital gains tax and corporation tax on chargeable gains, as a reorganisation of the share capital of the Company. This means that a Qualifying Shareholder should not be treated as making a disposal of all or part of its existing holding of Ordinary Shares by reason of the Bonus Issue. Subscription Shares issued to a Qualifying Shareholder pursuant to the Bonus Issue will be deemed, on acquisition, to be part of a single asset comprised of the Subscription Shares and that Qualifying Shareholder's existing holding of Ordinary Shares. The tax base cost of that single asset will be the consideration given for the existing holding of Ordinary Shares.

For the purposes of calculating chargeable gains or allowable losses on any future disposals of Subscription Shares and/or Ordinary Shares, as a result of the Bonus Issue the Shareholder's aggregate tax base cost of his or her deemed single asset will be required to be apportioned between his or her holding of Subscription Shares and Ordinary Shares by reference to their respective market values on the day on which the Subscription Shares are admitted to trading on the Main Market of the London Stock Exchange. 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.

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 2010-2011. Capital gains tax at the rate of 18 per cent. (for basic rate taxpayers) and 28 per cent. (for higher and additional rate taxpayers) will be payable on any gain on disposals during the tax year 2010-2011.

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.

Taxation of dividends

(A) Non “interest distributions”

The Directors have not elected for the new “streaming” regime to apply to any dividends paid by the Company and, accordingly, 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 notional 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.

Since 6 April 2010, a new additional rate of income tax of 50 per cent. applies for individual Shareholders with income over £150,000. A dividend tax rate of 42.5 per cent. applies, 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 Ordinary Shares through an ISA.

(B) “Interest distributions”

Should the Directors elect to apply the “streaming” regime to any dividends paid by the Company, and 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 an individual Shareholder would be subject to UK income tax at the rate of 20 per cent., 40 per cent. or 50 per cent., depending on the level of the Shareholder’s income. 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, are not entitled to claim a repayment of the tax credit attaching to dividends paid by the Company.

UK resident corporate Shareholders are in practice not generally (as a result of revised rules in force since 1 July 2009) 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, the Directors did elect for the “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 are not generally 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 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.

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 and Subscription Shares within the CREST system will generally be 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 European Union law is uncertain.

ISAs, SIPPs and SSASs

Subscription Shares acquired by a UK resident individual Shareholder pursuant to the Bonus Issue should be eligible to be held in a stocks and shares ISA and should not count towards the annual subscription limit if the Qualifying Shareholder’s Ordinary Shares are held in a stocks and shares ISA.

Any 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 applicable annual subscription limits (£10,200 in the tax year 2010-2011). 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 was 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 Ordinary 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 SIPP or a SSAS, subject to the discretion of the trustees of the SIPP or the SSAS, as the case may be.

PART VIII
GENERAL INFORMATION

1. The Company and the Manager

1.1 *Incorporation*

1.1.1 The Company was incorporated in England and Wales as a public limited company on 15 July 1996. The Company is registered as an investment company under Section 833 of the Companies Act with registered number 3224867. The address of the registered office of the Company is 4 Matthew Parker Street, London, SW1H 9NP. The Company's objects are not limited by its memorandum.

1.1.2 The Company is not regulated as a collective investment scheme by the Financial Services Authority.

1.1.3 The 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 Ordinary Shares is GB004220025. The ISIN of the Subscription Shares is GB00B615W327.

1.1.4 The principal legislation under which the Company operates and under which the Subscription Shares (and any new Ordinary Shares) will be created is the Companies Act and regulations promulgated thereunder. The Company is domiciled in the UK and currently has a subsidiary, PCT Finance Limited, a wholly owned dealing company incorporated in England and Wales whose results are consolidated with those of the Company. The Company currently has no employees.

1.2 *Principal activities of the Company*

The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010. In summary, the conditions are currently:

- that the Company is not a close company at any time during the accounting period for which approval as an investment trust is sought;
- that the Company is resident in the UK throughout that accounting period;
- that the Company's income for the accounting period is derived "wholly or mainly" from shares or securities;
- that the Company does not at any time during the accounting period have a holding in another company that represents more than 15 per cent. by value of the Company's investments (with the exception of holdings in other companies which are themselves investment trusts, or would be but for not meeting the listing condition referred to below);
- that each class of the Company's ordinary share capital is included in the Official List throughout the accounting period;
- that the Articles prohibit the distribution as dividend of surpluses arising from the realisation of investments; and
- that the Company must not retain in respect of any accounting period an amount greater than 15 per cent. of its income derived from shares and securities.

2. Share Capital

- 2.1 The following table shows the issued share capital (excluding treasury shares) of the Company as at 31 October 2010 (being the last date in respect of which the Company has published financial information) and as at 14 January 2011 (being the latest practicable date prior to the publication of this document):

	<i>14 January 2011</i>		<i>31 October 2010</i>	
	<i>Nominal Value (£)</i>	<i>Number of Shares</i>	<i>Nominal Value (£)</i>	<i>Number of Shares</i>
Issued Ordinary Share Capital (fully paid)	31,624,479	126,497,914	31,624,479	126,497,914

As at 30 April 2008 there were 132,508,914 Ordinary Shares in issue. During the financial year to 30 April 2008 1,035,907 Ordinary Shares were purchased and cancelled under the shareholder authority granted at the annual general meeting in 2006 and 6,446,000 Ordinary Shares were purchased and cancelled under the shareholder authority granted at the annual general meeting in 2007. As at 30 April 2009 there were 126,497,914 Ordinary Shares in issue. During the financial year to 30 April 2009, 467,000 Ordinary Shares were purchased and cancelled under the shareholder authority granted at the annual general meeting in 2007 and 5,544,000 Ordinary Shares were purchased and cancelled under the shareholder authority granted at the annual general meeting in 2008. As at 30 April 2010 there were 126,497,914 Ordinary Shares in issue. During the financial year to 30 April 2010 no Ordinary Shares were purchased by the Company.

- 2.2 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. The Company does not currently hold any shares in treasury.
- 2.3 With effect from Admission, all of the Subscription Shares will be in registered form and, subject to the Subscription Shares being admitted to and accordingly enabled for settlement in CREST, all 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 At the General Meeting, Shareholders will be asked to pass resolutions in relation to the Company to:
- 2.4.1 adopt the New Articles to, among other things, provide for the rights attaching to the Subscription Shares
 - 2.4.2 create the Subscription Shares;
 - 2.4.3 authorise the Directors to allot Shares in connection with the Bonus Issue and thereafter;
 - 2.4.4 authorise the Directors to allot Shares in connection with the Bonus Issue and thereafter without regard to statutory pre-emption rights;
 - 2.4.5 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
 - 2.4.6 authorise the Company to make market purchases of Subscription Shares subject to certain limits on volume and on price.
- 2.5 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 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

3.1 The Existing Articles contain among other things, material provisions summarised in this paragraph 3.1. The proposed changes that will be effected if the New Articles are adopted at the General Meeting relate to the rights, preferences and restrictions attaching to the Subscription Shares and are summarised separately at Part IV above. Unless otherwise stated, the substantive provisions of the Existing Articles, as described below, will not be altered by the adoption of the New Articles.

3.1.1 Life

The Existing Articles contain a provision requiring the Directors to propose an ordinary resolution approving the continuation of the Company as an investment trust at every fifth annual general meeting (with the next such vote to be held in 2015). In the event that the resolution is not passed the Directors shall no later than three months following the date of the relevant general meeting convene an extraordinary general meeting of the Company to consider such proposals for the voluntary liquidation or other reorganisation of the Company as they consider fit.

3.1.2 Share capital

Without prejudice to any rights attached to any existing shares, any Share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, if the Company has not so determined, as the Directors may determine.

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

The Subscription Shares have such rights, preferences and restrictions attached to them as are set out in the New Articles and summarised at Part IV above.

3.1.3 Alteration to Share capital

The Company may by ordinary resolution consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares or, subject to the provisions of the acts identified at Chapter 2 of the Companies Act, sub-divide its Shares, or any of them, into Shares and determine that, as between the Shares resulting from such a sub-division, one or more Shares may, as compared with the others, have any such preferred, deferred or other rights or be subject to any such restrictions, as the Company has the power to attach to unissued or new Shares. Where any difficulty arises in regard to any consolidation or division, the Directors may settle such difficulty as they see fit.

3.1.4 Redemption of Shares

Any Share may be issued which is or is to be liable to be redeemed at the option of the Company or the holder, and the Directors may determine the terms, conditions and manner of redemption of any such Share.

3.1.5 Dividends

Subject to the provisions of the Companies Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the Shareholders but no dividends shall exceed the amount recommended by the Directors. Subject to the provisions of the Companies Act, the Directors may pay a dividend at intervals settled by them at a fixed rate if it appears to them that the profits available for distribution justify the payment. If the Directors act in good faith they shall not incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any Shares having deferred or non-preferred rights.

Subject to the provisions of the Companies Act and except as otherwise provided by the Articles or the rights attached to Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares on which the dividend is paid. If any Share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend

accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amount paid up on the Shares during any portion(s) of the period in respect of which the dividend is paid.

Without prejudice to the rights attached to any Shares, the Company or the Directors may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made. No dividends or other money payable in respect of a Share shall bear interest against the Company, unless otherwise provided by the rights attached to the Share. Notwithstanding any provisions of the Companies Act and except as otherwise provided by the Articles, any dividend which has remained unclaimed for 12 years from the date which it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

3.1.6 *Capitalisation of profits*

With the authority of an ordinary resolution of the Company, the Directors may (amongst other things) resolve to capitalise any profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company (including any share premium account, capital redemption reserve, merger reserve or revaluation reserve). In addition, the Directors may appropriate the sum resolved to be capitalised to the members in proportion to the nominal amounts of the shares (whether or not fully paid) held by them respectively which would (or in the case of treasury shares, which would if such Shares were not held as treasury shares) entitle them to participate in a distribution of that sum if the Shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up any unpaid amounts on the Shares, or in paying up in full Shares or debentures of the Company of a nominal amount equal to that sum, and allot such Shares or debentures credited as fully paid to those members. The Directors may also resolve that any Shares allotted to any member in respect of a holding of partly-paid Shares shall, so long as such Shares remain partly-paid rank, for dividend only to the extent that the latter shares rank for dividend.

Where, as part of an employees' share scheme under the Companies Act, the Company has granted options to subscribe for Shares on terms which provide for adjustments to the subscription price payable on the exercise of such options or to the number of Shares to be allotted upon such exercise, then Directors may capitalise any such profits and certain other sums to the extent necessary to pay up the unpaid balance of the nominal value of the Shares which fall to be allotted on the exercise of such options and apply such amount in paying up such balance and allot Shares fully paid accordingly.

3.1.7 *Voting Rights*

Subject to any rights or restrictions attached to any Shares, on a show of hands every Shareholder present in person has one vote and every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote, and on poll every Shareholder (whether present in person or by proxy) has one vote for every Share of which he is the holder. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register.

For the avoidance of doubt, the holders of Subscription Shares will not be entitled to attend or vote at meetings of Shareholders.

No Shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of Shares, either in person or by proxy, in respect of any Share held by him unless all amounts presently payable by him in respect of that Share have been paid.

For the purposes of determining which persons are entitled to attend or vote at a general meeting and how many votes such persons may cast, the Company may specify in the notice convening the meeting a time, being not more than 48 hours before the time fixed for the meeting (and for this purpose no account shall be taken of any part of a day that is not a working day), by which a person must be entered on the Register in order to have right to attend or vote at the meeting.

3.1.8 *Share Warrants*

Subject to the provisions of the Companies Act and of the Articles, the Company may issue warrants to subscribe for Shares in the Company. The Directors may determine the terms and conditions of such warrants. The Directors are permitted to include terms and conditions which provide that, on a winding-up of the Company, a holder of warrants may be entitled to receive out of the assets of the Company available in the liquidation, *pari passu* with the holders of Shares of the same class as the Shares in respect of which the subscription rights conferred by the warrants can be exercised, such a sum which he would have received had he exercised the subscription rights conferred by his warrants prior to the winding-up but after deduction of the price (if any) payable on exercise of such subscription rights.

3.1.9 *Transfer of Shares*

A Share in certificated form may be transferred by an instrument of transfer in any usual form or in any other form approved by the Directors, executed by or on behalf of the transferor and, where the Share is not fully paid, by or on behalf of the transferee. A Share in uncertificated form may be transferred by means of the relevant system concerned.

In their absolute discretion, the Directors may refuse to register the transfer of a Share in certificated form which is not fully paid provided that nothing shall prevent dealings in the Shares from taking place on an open and proper basis. The Directors may also refuse to register a transfer of a Share in certificated form (whether fully paid or not) unless the instrument of transfer:

- if lodged, duly stamped, at the registered office of the Company or such other place as the Directors may appoint and is accompanied by the certificate for the Share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- is in respect of only one class of Share; and
- is not in favour of more than four transferees.

The Directors may refuse to register a transfer of a Share in uncertificated form to a person who is to hold it thereafter in certificated form in any case where the Company is entitled to refuse to register the transfer under the CREST regulations.

If the Directors refuse to register a transfer of a Share, they shall send the transferee notice of that refusal with reasons for the refusal within two months after the date on which the transfer was lodged with the Company (for the transfer of a Share in certificated form) or the date the operator-instruction was received by the Company (for the transfer of the Share in uncertificated form which will be held thereafter in certificated form).

No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any Share.

The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the directors refuse to register shall (except in the case of fraud) be returned to the person lodging it when notice of the refusal is given.

3.1.10 *Limitations on Shareholdings*

If at any time the Directors believe that the aggregate number of US Persons who are beneficial owners of Shares or warrants carrying the right to subscribe for Shares is more than 80 or the holding or beneficial ownership of Shares meets certain defined situations set out in the Articles (all of which relate to the holding of the Company's Shares by US Persons), the Directors will have certain powers in relation to those Shares, including to procure the transfer of such Shares.

3.1.11 *Distribution of assets on a winding up*

If the Company is wound up the liquidator may, with the sanction of a special resolution and any other sanction required by law and subject to the Companies Act, divide among the Shareholders in specie the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. With the like sanction, the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he may with the like sanction determine, but no Shareholder shall be compelled to accept any assets upon which there is a liability.

3.1.12 *Restrictions on rights: failure to respond to a section 793 notice*

If a Shareholder, or any other person appearing to be interested in Shares held by that Shareholder, fails to provide the information requested in a notice given to him under section 793 of the Companies Act by the Company in relation to his interest in Shares (the “**default Shares**”) within 14 days of the notice, sanctions shall apply unless the Directors determine otherwise. The sanctions available are the suspension of the right to attend or vote (whether in person or by representative or proxy) at any general meeting or any separate meeting of the holders of any class or on any poll and, where the default Shares represent at least 0.25 per cent. of their class (excluding treasury Shares), the withholding of any dividend payable in respect of those Shares and the restriction of the transfer of any Shares (subject to certain exceptions).

3.1.13 *Untraced Shareholders*

Subject to various notice requirements, the Company may sell any of a Shareholder's Shares if, during a period of 12 years, at least three dividends (either interim or final) on such Shares have become payable and no cheque for amounts payable in respect of such Shares has been presented and no warrant or other method of payment has been effected and no communication has been received by the Company from the Shareholder or person concerned.

3.1.14 *Appointment of Directors*

Unless the Company determines otherwise by ordinary resolution, the number of Directors (other than alternate Directors) shall not be subject to any maximum but shall not be less than two.

Subject to the Articles, the Company may by ordinary resolution appoint a person who is willing to act, and is permitted by law to do so, to be a Director either to fill a vacancy or as an additional Director. The Directors may appoint a person who is willing to act, and is permitted by law to do so, to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number to exceed any number fixed as the maximum number of Directors. A Director so appointed shall retire at the next annual general meeting and shall then be eligible for reappointment.

3.1.15 *Number and identity of Directors to retire by rotation*

Every year, at the annual general meeting of the Company, those Directors who held office at the time of each of the two preceding annual general meetings and who did not retire either by rotation or, having been appointed by their fellow Directors, as described at 3.1.14 above, shall retire from office by rotation.

In addition, any non-executive Director (other than the Chairman) who has held office as a non-executive Director for nine years or more shall retire from office at each annual general meeting and shall be eligible for reappointment.

3.1.16 *Powers of Directors*

The business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company. No alteration of the Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given shall not be limited by any special power given to the Directors by the Articles and a meeting of the Directors at which a quorum is present may exercise all powers exercisable by the Directors.

The Directors may appoint one or more of their number to the office of managing director or to any other executive office of the Company and, subject to the provisions of the Companies Act, any such appointment may be made for such term, at such remuneration and on such other conditions as the Directors think fit.

Any Director (other than an alternate Director) may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director and may remove such an alternate Director from office.

3.1.17 *Borrowing powers*

The Directors shall restrict the borrowings of the Company so as to secure (and insofar as they can secure in relation to the Company's subsidiary undertakings) that the aggregate principal amount (including any premium payable on final repayment) outstanding of all money borrowed by the Company shall not at any time, save with the prior sanction of an ordinary resolution of the Company, exceed an amount equal to the aggregate of (a) the amount paid up, or credited as paid up, on the share capital of the Company (excluding any share capital presented as debt); and (b) the total of the capital and revenue reserves of the group including any share premium account, capital redemption reserve and credit balance on the revenue reserve (but excluding certain other amounts).

3.1.18 *Voting at Board meetings*

No business shall be transacted in any meeting of the Directors unless a quorum is present and the quorum may be fixed by the Directors; unless so fixed at any other number the quorum shall be two. A Director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate Director who is not himself a Director shall, if his appointor is not present, be counted in the quorum. An alternate director who is himself a Director shall only be counted once for the purpose of determining if a quorum is present.

Questions arising at a meeting of the Directors shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting (unless he is not entitled to vote on the resolution in question) shall have a second or casting vote.

3.1.19 *Restrictions on voting*

Subject to any other provision of the Articles, a Director shall not vote at a meeting of the Directors on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in Shares, debentures or other securities of, or otherwise in or through, the Company) unless his interest arises only because the case falls within certain limited categories specified in the Articles.

3.1.20 *Directors' interests*

Subject to the provisions of the Companies Act and provided that the Director has disclosed to the other Directors the nature and extent of any material interest of his, a Director, notwithstanding his office, may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is interested and such a Director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate.

Moreover, such a Director shall not infringe his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company as a result of any such office or employment or any such transaction or arrangement or any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

3.1.21 *Indemnity*

Subject to the provisions of the Companies Act, the Company may indemnify any person who is or was a Director, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any loss or liability whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise in relation to the Company or any associated company, indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any liability incurred by him in connection with the Company's activities as trustee of an occupational pension scheme, and/or purchase and maintain insurance for any person who is or was a Director, or a director of any associated company, against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company.

3.1.22 *General Meetings*

Meetings may be called by the Directors. If there are not sufficient Directors to form a quorum in order to call a general meeting, any Director may call a general meeting. If there is no Director, any Shareholder may call a general meeting.

Subject to the provisions of the Companies Act, an annual general meeting and all other general meetings of the Company shall be called by at least such minimum period of notice as is prescribed under the Companies Act.

No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a Shareholder or a proxy for a Shareholder or a duly authorised representative of a corporation which is a Shareholder (including for this purpose two persons who are proxies or corporate representatives of the same Shareholder), shall be a quorum.

A Shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. A Shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by him.

Subject to the provisions of the Companies Act, any corporation (other than the Company itself) which is a Shareholder may, by resolution of its directors or other governing body, authorise such person(s) to act as its representative(s) at any meeting of the Company, or at

any separate meeting of the holders of any class of Shares. Delivery of an appointment of proxy shall not preclude a Shareholder from attending and voting at the meeting or at any adjournment of it.

Directors may attend and speak at general meetings and at any separate meeting of the holders of any class of Shares, whether or not they are Shareholders. A poll on a resolution may be demanded at a general meeting either before a vote on a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

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 to 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. Interests of Directors, major Shareholders and related party transactions

5.1 *Directors' interests*

As at 14 January 2011 (being the latest practicable date before the publication of this document), the Directors had interests in the following number of Shares:

<i>Name</i>	<i>Number of Existing Ordinary Shares</i>	<i>% of issued Ordinary Share capital</i>
<i>Beneficial</i>		
R K A Wakeling	18,000	0.014%
B J D Ashford-Russell	250,000	0.198%
P F Dicks	30,000	0.024%
D J Gamble	5,902	0.005%
R A S Montagu	10,500	0.008%
M B Moule	7,000	0.006%
<i>Legal</i>		
PF Dicks	1,057	0.001%
RAS Montagu	2,175	0.002%

5.2 The Directors are Qualifying Shareholders and as such will be issued with Subscription Shares pursuant to the Bonus Issue.

5.3 Save as disclosed in paragraph 5.1 and 5.2 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.

5.4 *Directors' contracts with the Company*

5.4.1 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 Articles and without compensation. The Directors are subject to retirement by rotation in accordance with the Articles. There is no notice period specified in the letters of appointment or Articles for the removal of Directors. The 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; and (iii) written request of the other Directors;

5.4.2 Following 14 years of service Mr Wakeling has announced that he will stand down as Chairman of the Board at the next AGM in August 2011. A successor will be appointed during the first half of 2011.

5.4.3 In the year ended 30 April 2010, the Directors' remuneration was as follows:

<i>Name</i>	<i>Remuneration (£)</i>
R K A Wakeling	30,000
B J D Ashford-Russell	nil
P F Dicks	20,000
D J Gamble	20,000
R A S Montagu	20,000
M B Moule	20,000

5.4.4 Remuneration is reviewed on an annual basis. None of the Directors receives any non-cash benefits or pension entitlements.

5.4.5 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.

5.5 *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:

<i>Name</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
RKA Wakeling		The Brunner Investment Trust PLC
BJD Ashford-Russell	Polar Capital Partners Holdings PLC Polar Capital Partners Limited Polar Capital Partners LLP Polar Capital Secretarial Services Ltd.	
PF Dicks	Abingworth Limited Boost Career Limited Champion Communications Services Inc Daniel Stewart Securities PLC Foresight Technology VCT PLC Foresight 2 VCT PLC Foresight 3 VCT PLC Foresight 4 VCT PLC Gartmore Fledgling Trust PLC GEI Group Limited Graphite Enterprise Trust PLC ISEC Securities Limited London Trust Productions Limited Mercia Fund Management Limited PCT Finance Limited Private Equity Investors PLC Second London American Trust PLC Sportingbet PLC SVM Ofex Fund PLC The East German Investment Trust PLC Unicorn AIM VCT PLC United Industries PLC Vencap International PLC Waterline Limited	
DJ Gamble	Barrie & Hibbert Limited Dunedin Enterprise Investment Trust PLC Dunedin Enterprise Limited Heartwood Wealth Group Limited IBM United Kingdom Pensions Trust Limited JPMorgan Emerging Markets Investment Trust Plc Montanaro UK Smaller Companies Investment Trust Plc Vencap International PLC	F&C Emerging Markets Investment Trust Plc MCP III Limited Symetric Associates Limited Vencap 6 LLC Vencap 9 LLC

<i>Name</i>	<i>Current Directorships and Partnerships</i>	<i>Past Directorships and Partnerships</i>
RAS Montagu	Montagu Capital Limited Jephson Investments Limited	109 Flood Street Limited Montagu Newhall Associates (UK) Limited
MB Moule	The European Investment Trust plc Montanaro UK Smaller Companies Investment Trust Plc	The Bankers Investment Trust Plc Lowland Investment Company Plc Old Mutual South Africa Trust Plc

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

5.6.1 do not have any convictions in relation to fraudulent offences;

5.6.2 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

5.6.3 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.

5.7 *Major Shareholders*

5.7.1 As at 14 January 2011 (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 in the Company (being the threshold of notification under the Companies Act):

<i>Shareholder</i>	<i>Ordinary Shares</i>	<i>% of voting rights</i>
Rathbone Brothers Plc	6,324,232	5.08 (indirect)
Lazard Asset Management LLC	6,337,822	5.01 (indirect)
Rensburg Sheppards Investment Management	6,043,815	4.78 (indirect)
Legal & General Group Plc	5,035,261	3.98 (direct)

5.7.2 All Shareholders have the same voting rights in respect of the respective classes of Share capital of the Company.

5.7.3 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.

5.7.4 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.

5.8 *Related party transactions*

Other than entering into the restated Management Agreement referred to in paragraph 7.1 below, 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 30 April 2010 or during the period 1 May 2010 to 14 January 2011 (being the latest practicable date before publication of this document).

5.9 *Other material interests*

Mr Ashford-Russell is a partner of Polar Capital LLP and a shareholder in Polar Capital Holdings plc, the ultimate holding company of Polar Capital LLP, and as such he has an interest in the investment management contract. Save as described above, 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.

6. Share options and share scheme arrangements

Other than in relation to the Subscription Shares, no Share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

7. 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.

7.1 Management Agreement

The Management Agreement dated 1 August 2007 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 Manager procures and provides the day to day administration of the Company and the general secretarial functions required by the Companies Act. The Manager is also responsible for the Company’s general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company’s accounting and statutory records. The Manager has, with the consent of the Directors, delegated the provision of certain of these administrative functions to HSBC and to Polar Capital Secretarial Services Ltd, but remains liable for the acts of any such third party.

Under the terms of the Management Agreement, the Manager is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

The Management Fee is payable quarterly in arrears and at the rate of 1 per cent. per annum of the Company’s Net Asset Value plus its borrowings. Any investments in funds managed by Polar Capital are wholly excluded from the base management fee calculation. Management fees of £3,302,000 were paid for the year to 30 April 2010.

The Manager may also be entitled to a performance fee, equal to 15 per cent. of the amount by which the increase in the adjusted Net Asset Value per Share exceeds the total return on the Dow Jones World Technology Index (total return, Sterling adjusted) multiplied by the time weighted average of the number of Shares in issue during that period, subject to a high water mark (the “**Performance Fee**”). The Net Asset Value per Share is adjusted for the purposes of the Performance Fee calculation by adding back any accruals for unpaid Performance Fees, and any dividends paid or payable by reference to the Performance Period. In addition, the Net Asset Value per Share is adjusted so as to remove the impact on such Net Asset Value due to any issue or repurchase of Shares at a price other than the Net Asset Value per Share. Any Performance Fee accrual will be calculated daily and included in the Net Asset Value per Share calculated in accordance with the AIC Guide. The Performance Fee which can be paid by the Company in any one Performance Period is capped at 2 per cent. of the Company’s Net Asset Value as at the date of calculation.

The Management Agreement may be terminated by either party by giving 12 months' notice, but under certain circumstances the Company may be required to pay up to one year's Management Fee if immediate notice is given and compensation will be on a sliding scale if less than 12 months' notice is given.

The Management Agreement may be terminated by either party with immediate effect on the occurrence of certain events, including: (i) subject to certain conditions, where the other party commits a material breach of the Management Agreement; (ii) where any indebtedness of the other party becomes due prior to its stated maturity or the relevant party defaults on its obligations to repay such indebtedness; (iii) where a trustee, receiver, administrator or similar officer is appointed in respect of all or part of the business or assets of the other party; (iv) the other party becomes or is declared insolvent; or (v) if an order has been made or an effective resolution passed for the liquidation of the other party.

The Company has given certain market standard indemnities in favour of the Manager in respect of the Manager's potential losses in carrying on its responsibilities under the Management Agreement.

The Management Agreement is governed by the laws of England and Wales.

8. Litigation

Save as described immediately below, 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.

In 2004 a test case was brought by the AIC and JPMorgan Fleming Claverhouse Investment Trust plc with regard to the VAT treatment of fees relating to the management of investment trusts. Unlike the position regarding UK authorised unit trusts and UK open-ended investment companies, fees relating to the management of the assets of investment trusts were subject to value added tax at the standard rate. The AIC and JPMorgan Fleming Claverhouse Investment Trust plc won their case against HMRC to establish that investment trusts are exempt from VAT on management fees.

The Company recovered £1.1 million of VAT charged on management fees and interest of £182,000 in the year ended 30 April 2009.

Subsequent to the AIC case, the House of Lords' ruling in the Condé Nast and Fleming (t/a Bodycraft) cases in January 2008 opened the possibility for investment trusts to reclaim VAT paid in respect of the period from 1990 to 1996 in addition to 2001 to 2007, which was previously thought to have been barred.

The Company has in conjunction with several other investment trusts made a claim against The Commissioners for Her Majesty's Revenue and Customs for the repayment of VAT which was unlawfully levied. The claim has been stayed pending the outcome of the lead claimants case. At this stage the outcome of the claim is uncertain.

9. Significant change

There has been no significant change in the financial or trading position of the Company since 31 October 2010, being the date to which the latest financial statements of the Company were published.

10. Third party information and consents

Where information has been sourced from third parties, the Company confirms that this information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Cenkos Securities plc 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.

Polar Capital LLP, 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.

11. 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 2 of Part II of this document.

In order to comply with the current Listing Rules the Company will not invest more than 10 per cent. of its gross assets at the time of acquisition in other listed closed ended investment funds, whether managed by the Manager or not. This restriction does not apply to investments in closed ended investment funds which themselves have published investment policies to invest no more than 15 per cent. of their total assets in other listed closed ended investment funds. The Company must not conduct any trading activity which is significant in the context of its group as a whole.

The Company will also continue to observe the following investment restrictions, which are based upon the restrictions applicable to investment companies with securities listed on the Official List under Chapter 15 of the Listing Rules which were in force until 28 September 2007:

- it will not conduct a trading activity;
- a maximum of 20 per cent. of the gross assets of the Company (at the time the investment is made) may be lent to or invested in the securities of any one company or group at the time the investment or loan is made;
- the Company will not take legal or management control of the issuers of the underlying investments in its Portfolio;
- dividends will not be paid unless they are covered by income received from underlying investments, and for this purpose a share of profit of an associated company is unavailable unless and until distributed to the Company; and
- the distribution as dividends of surpluses arising from the realisation of investments will be prohibited.

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.

12. General

12.1 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.

12.2 The most recent annual fees paid to the auditors for audit services was £27,000. Apart from these fees and the fees payable to the Manager, the Custodian and Cenkos Securities plc as disclosed in paragraph 9 above, there are no other material fees payable by the Company.

12.3 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 Subscription Shares issued under this document. The Company will also announce the issue of the Subscription Shares via a Regulatory Information service.

13. Auditors

The auditor to the Company for the financial years ended 30 April 2008, 2009 and 2010 was PricewaterhouseCoopers LLP, Hay's Galleria, 1 Hay's Lane London SE1 2RD. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales

14. Documents on display

14.1 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, 4 Matthew Parker Street, London, SW1H 9NP on the morning of the General Meeting from the date of this document until the conclusion of the General Meeting:

14.1.1 this document;

14.1.2 the Existing Articles together with the New Articles; and

14.1.3 the audited accounts of the Company for the financial years ended 30 April 2008, 2009 and 2010 respectively and the unaudited interim financial statements for the six month period to 31 October 2010.

Dated: 18 January 2011

PART IX

DEFINITIONS

“Admission”	the admission of the 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
“Articles”	the articles of association of the Company, as amended from time to time
“Auditors”	PricewaterhouseCoopers LLP
“Benchmark Index”	Dow Jones World Technology Index (total return, Sterling adjusted)
“Bonus Issue”	the issue of Subscription Shares on the basis of one Subscription Share for every five Ordinary Shares held on the Record Date
“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
“Canadian Person”	any citizen or resident of Canada
“certificated” or “in certificated form”	not in uncertificated form
“Certificated Subscription Notice”	the meaning given to it in paragraph 1(d) of Part IV of this document
“Chairman”	the chairman of the Company
“Channel Islands”	the Bailiwick of Guernsey and the Bailiwick of Jersey
“City Code”	The City Code on Takeovers and Mergers as amended from time to time
“Companies Act”	the UK Companies Act 2006, as amended, modified, consolidated, re-enacted or replaced from time to time
“Company”	Polar Capital Technology Trust plc
“Company’s Registrars”	the meaning given to it in paragraph 1(d) of Part IV of this document
“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 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
“Custodian”	means JPMorgan Chase Bank NA, London Branch
“Deferred Shares”	the meaning given to it in paragraph 8(k)(iii) of Part IV 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 FSMA
“Early Subscription Trustee”	the meaning given to it in paragraph 8(g) of Part IV of this document
“EEA”	the European Economic Area
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Exercise Period”	has the meaning given to it in paragraph 2 of Part I of this document
“Existing Articles”	the articles of association of the Company as at the date of this document
“Final Subscription Date”	the meaning given to it in paragraph 1(a) of Part IV of this document
“Final Subscription Trustee”	the meaning given to it in paragraph 8(h) of Part IV of this document
“Financial Services Authority” or “FSA”	the single regulatory authority for the UK financial services industry, and any replacement body
“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 11 February 2011 at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS, or any adjournment thereof
“HMRC”	HM Revenue & Customs
“HSBC”	HSBC Securities Services (UK) Limited
“Interested Party”	the meaning given to it in paragraph 5.9 of Part VIII of this document
“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 August 2007 between the Manager and the Company summarised in paragraph 7.1 of Part VIII of this document
“Management Fee”	means the management fee described in paragraph 6 of Part III of this document
“Manager”	Polar Capital LLP
“Member State”	any member state of the EEA
“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 Resolution 1 set out in the Notice is passed at the General Meeting
“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 IV of this document
“Official List”	the official list maintained by the UK Listing Authority
“Ordinary Share Capital”	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 on the Record Date with a registered address in territories outside the Channel Islands, the Isle of Man, or any Member State
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Performance Fee”	has the meaning given to it in paragraph 6 of Part III of this document

“Performance Period”	the three most recent accounting periods of the Company
“Polar Capital”	Polar Capital LLP, the Company’s Manager
“Portfolio”	means the portfolio of assets and investments acquired by the Company from time to time, consisting primarily of international quoted technology equities
“Proposals”	has the meaning given to it in paragraph 1 of Part I of this document
“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 FSMA
“Qualifying C Share Issue”	the meaning given to it in paragraph 4(b) of Part IV of this document
“Qualifying CREST Bonus Issue Shareholders”	Qualifying Shareholders holding Ordinary Shares in uncertificated form in CREST
“Qualifying Non-CREST Bonus Issue 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 Overseas Shareholders
“Receiving Agent”	Equiniti Limited
“Record Date”	the date on which Qualifying Shareholders’ entitlements to the Open Offer will be assessed against the Register, being close of business on 10 February 2011
“Register”	the register of members of the Company
“Registrar”	Equiniti Limited
“Regulation S”	Regulation S under the US Securities Act
“Regulatory Information Service” or “RIS”	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 IV 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 IV 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 IV of this document
“RIS”	a regulatory information service that is approved by the FSA
“Shareholder”	a holder of Shares

“Shareholders’ Rights Regulations”	the UK Companies (Shareholders’ Rights) Regulations 2009
“Shares”	shares in the Company of whatever class
“Special Resolution of the Subscription Shareholders”	the meaning given to it in paragraph 8(b) of Part IV of this document
“Subscription Date”	the meaning given to it in paragraph 1(a) of Part IV of this document
“Subscription Notice”	the meaning given to it in paragraph 8(k) of Part IV of this document
“Subscription Price”	the meaning given to it in paragraph 1(a) of Part IV of this document
“Subscription Right”	the meaning given to it in paragraph 1(a) of Part IV of this document
“Subscription Shareholder”	a holder of Subscription Shares
“Subscription Shares”	redeemable subscription shares of 1p each in the Company allotted pursuant to the Bonus Issue
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the Principles of Good Governance and Code of Best Practice as published by the UK Financial Reporting Council as amended from time to time
“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 IV 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
“US Investment Company Act”	the United States Investment Company Act of 1940, as amended from time to time
“US Person”	a US Person as defined for the purposes of Regulation S
“US Securities Act”	the United States Securities Act of 1933

NOTICE OF GENERAL MEETING

POLAR CAPITAL TECHNOLOGY TRUST PLC

NOTICE IS HEREBY GIVEN that a General Meeting of Polar Capital Technology Trust plc (the “**Company**”) will be held at 10.00 a.m. on 11 February 2011 at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS to consider and, if thought fit, pass the following Resolutions, all of which shall be proposed as special resolutions:

SPECIAL RESOLUTIONS

1. THAT 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.
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 Bonus Issue (as defined in the prospectus relating to the Company published on 18 January 2011 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 £6,906,786 (or, if lower, an amount equal to (i) 1 penny multiplied by a number equal to 20 per cent. of the number of Ordinary Shares in issue on the Record Date, plus (ii) 25 pence multiplied by a number equal to 20 per cent. of number of the Ordinary Shares in issue on the Record Date), 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 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 be 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 26,564,560 Subscription Shares (or, if lower, such number of Subscription Shares as is equal to 20 per cent. of the number of Ordinary Shares in issue on the Record Date), 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 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

- (iv) any consolidation, sub-division or redemption of share capital required in the opinion of the Directors to give effect to any exercise of Subscription Rights by Subscription Shareholders be and is hereby approved.
3. THAT, subject to and conditional upon the approval of Resolutions 1 and 2, the Company be and 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 3,982,027 (or, if lower, such number of Subscription Shares as is equal to 14.99 per cent. of one fifth of the number of Ordinary Shares in issue on the Record Date);
 - (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 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 conclusion of the next annual general meeting of the Company or on the expiry of 12 months from the passing of this resolution, 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

Registered Office:
4 Matthew Parker Street
London SW1H 9NP

Polar Capital Secretarial Services Ltd.
Company Secretary

Dated 18 December 2011

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, Equiniti Limited on 0871 384 2476 (calls to this number cost 8p per minute from a BT landline; other providers' costs may vary) or at +44 121 415 7047 from outside the UK (lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday) or at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. 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, Equiniti Limited; or (b) a CREST Proxy Instruction (see note 7 below), in each case so that it is received no later than 10.00 a.m. on 9 February 2011.

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 he/she is 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 RA19 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. The CREST manual can be viewed at www.euroclear.com/CREST.
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 9 February 2011 or, if the meeting is adjourned, in the register of members forty eight hours before the time and date of any adjourned meeting (and for this purpose no account shall be taken of any part of a day that is not a working day), 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 9 February 2011 or, if the meeting is adjourned, in the register of members less than forty eight hours (not including any day that is not a working day) before the time and date of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the meeting.
9. As at 5.00 p.m. on 14 January 2011 (being the last business day prior to the publication of this notice), the Company's issued Share capital comprised 126,497,914 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 5.00 p.m. on 14 January 2011 was 126,497,914.
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, investment manager, 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 such main contact. 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 General Meeting. 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. In accordance with section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the GM 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.polarcapitaltechnologytrust.co.uk.
14. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

