

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, solicitor, accountant, bank manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all of your shares in Capital Gearing Trust P.l.c. (the “**Company**”), please send this document, together with the accompanying form of proxy, 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 onward transmission to the purchaser or transferee.

CAPITAL GEARING TRUST P.L.C.

(Incorporated and registered in Northern Ireland with registered number NI005574)

(Registered as an investment company under section 833 of the Companies Act 2006)

Notice of a General Meeting to renew the Board’s authority to issue further shares on a non pre-emptive basis

Notice of the general meeting of the Company to be held on 6 April 2021 at 10.00 a.m. (the “**General Meeting**”) at the offices of PATAC Limited, 28 Walker Street, Edinburgh EH3 7HR is set out at the end of this document.

As a result of the COVID-19 pandemic and the measures imposed by the UK and Scottish Governments to control the spread of the virus, physical attendance at the General Meeting will not be possible. In accordance with the Company’s Articles of Association the Company will impose entry restrictions on attendance and only the minimum number of attendees to form a quorum will be present. Shareholders are strongly encouraged to vote in favour of the resolution by using the enclosed form of proxy or by voting online. If you do not hold your shares directly you are encouraged to arrange for your nominee to vote on your behalf.

To be valid, the form of proxy accompanying this document must be completed and returned, in accordance with the instructions printed on it, so as to be received by the Company’s registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or lodged at www.investorcentre.co.uk/eproxy as soon as possible, but in any event by no later than 10.00 a.m. on 31 March 2021.

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	2
LETTER FROM THE CHAIRMAN	
Introduction	3
Importance of the DCP	3
Existing authorities and need for the Renewal of the Authority	4
The General Meeting	4
Action to be taken	5
Recommendation	5
NOTICE OF GENERAL MEETING	6

EXPECTED TIMETABLE

	<i>2021</i>
Latest time and date for receipt of forms of proxy	10.00 a.m. on 31 March
General Meeting	10.00 a.m. on 6 April

LETTER FROM THE CHAIRMAN

CAPITAL GEARING TRUST P.L.C.

*(Incorporated and registered in Northern Ireland with registered number NI005574)
(Registered as an investment company under section 833 of the Companies Act 2006)*

Directors

J G K Matterson (*Chairman*)
R Archibald
W M Colquhoun
A R Laing
P T Yates

Registered Office

Murray House
Murray Street
Belfast
BT1 6DN

10 March 2021

Dear Shareholder,

Notice of General Meeting

Introduction

Since its approval at the annual general meeting in 2015, the Company has successfully operated a discount and premium control policy (the “**DCP**”). This has kept the Company’s share price close to the prevailing net asset value and has allowed the Company to issue new ordinary shares of 25 pence each (the “**Ordinary Shares**”) to meet demand from existing and new investors in the Company and to buy back Ordinary Shares for re-issuance from treasury where the circumstances have required it.

The recent issuance levels mean that the Company’s existing authority to issue shares on a non pre-emptive basis, granted at the annual general meeting held on 3 July 2020, is likely to be exhausted prior to being refreshed at the next annual general meeting which is expected to be held in July 2021. As a result, in order to continue to operate the DCP and to meet the continuing demand for the Ordinary Shares, the Board is seeking the early renewal of its shareholder authority to issue Ordinary Shares on a non pre-emptive basis (the “**Renewal of the Authority**”).

The purpose of this document is to provide further details on the Renewal of the Authority and to convene a general meeting at which the appropriate shareholder authority will be sought. The General Meeting will be held at 10.00 a.m. on 6 April 2021 at the offices of PATAC Limited, 28 Walker Street, Edinburgh EH3 7HR.

The Directors believe that the Renewal of the Authority is in the best interests of the Company and its shareholders as a whole. Shareholders are encouraged strongly by the Board to vote in favour of the resolution to ensure the continued operation of the DCP.

Importance of the DCP

Under the DCP, the Company purchases or issues Ordinary Shares to ensure, in normal market conditions, that the Ordinary Shares trade consistently close to their underlying net asset value per share. The Board remains committed to the DCP which has been an important and constructive feature of the Company’s operation since it was introduced in 2015, not least in stabilising the pricing of the Ordinary Shares in the secondary market, providing liquidity for those investors who want to realise their shares in the secondary market and to meet demand from those who wish to acquire shares in the Company.

Since the policy was introduced the Company has been issuing on a regular basis into the market to meet demand from investors. The Company bought back a limited number of Ordinary Shares in 2015 shortly after the policy was introduced and again in March 2020. Where the Company has engaged in buy backs the Ordinary Shares have been placed in treasury and subsequently re-issued to meet demand.

The Board believes that the DCP and the Company’s continuing ability to issue Ordinary Shares at a premium to net asset value increases liquidity, spreads the fixed costs of the Company over a larger asset base and reduces discount and premium volatility by preventing the build-up of excessive supply

or demand for Ordinary Shares. The Manager continues to find investments into which fresh capital can be deployed effectively. The costs of seeking fresh authorities, and publishing a prospectus from time to time where required, are relatively limited and are expected to be fully covered by the premium at which new Ordinary Shares are issued.

It remains the Board's firm intention, in accordance with the DCP, to repurchase Ordinary Shares should the share price fall below the underlying net asset value at any stage in the future. This commitment to buying back Ordinary Shares in accordance with the DCP has not changed and, should the circumstances require it, the Board is confident that the Company has sufficient liquidity in its portfolio to meet buy back requirements in normal market conditions.

Existing authorities and need for the Renewal of the Authority

At the annual general meeting of the Company held on 3 July 2020, shareholders granted the Board authority to allot and issue up to 3,889,854 Ordinary Shares (being equivalent to approximately one third of the issued share capital of the Company at that time). In addition, the Board was granted authority to disapply pre-emption rights on the allotment and issue of 2,333,912 Ordinary Shares for cash (being equivalent to approximately 20 per cent. of the issued share capital of the Company at that time). Both authorities were granted for the period until the next annual general meeting which is expected to be held in July 2021.

At the last annual general meeting shareholders also granted the Company authority to repurchase 1,749,267 Ordinary Shares (being equivalent to 14.99 per cent. of the issued share capital of the Company at that time). No Ordinary Shares have been bought back under this authority and therefore sufficient authority remains to undertake buy backs under the DCP if required.

Since the adoption of the DCP in 2015 until the date of this document, the Board has issued 10,841,707 new Ordinary Shares (representing 370 per cent. of the Company's issued share capital at the time the policy was introduced) at a premium to the prevailing net asset value per share. The premium on the issue of such new Ordinary Shares has fully covered the cost of operating the DCP and has also provided net asset value enhancement for existing investors.

Since the annual general meeting held on 3 July 2020, the Company has issued 1,759,500 Ordinary Shares raising proceeds of approximately £80.9 million. As at 9 March 2021 (the latest practicable date prior to the publication of this document) the Company has the capacity to issue only a further 574,412 Ordinary Shares on a non pre-emptive basis.

The Board believes that the current capacity under the existing disapplication of pre-emption rights authority will prove insufficient to allow the Board to continue to satisfy demand for the Ordinary Shares during the period up to the Company's next annual general meeting. The Directors will only use the authority to issue Ordinary Shares: (a) at a premium to net asset value; (b) to meet demand from investors; and (c) when the Directors believe that it is in the best interests of the Company and its shareholders to do so.

The General Meeting

The Renewal of the Authority is conditional on the approval of shareholders. You will find set out at the end of this document a notice convening the General Meeting at which shareholders will be asked to consider and, if thought fit, approve the proposals. The General Meeting is to be held at 10.00 a.m. on 6 April 2021 at the offices of PATAC Limited, 28 Walker Street, Edinburgh EH3 7HR.

The Company has sufficient general authority to allot new Ordinary Shares but requires additional authority to disapply pre-emption rights in respect of such allotments to operate the DCP. Accordingly, the resolution to be proposed at the General Meeting, which will be proposed as a special resolution, seeks authority to disapply pre-emption rights in respect of the issue of up to 1,356,084 Ordinary Shares (being 10 per cent. of the current issued share capital of the Company) in addition to the authority remaining from the annual general meeting.

The authority will expire at the next annual general meeting which is expected to be held in July 2021. It is expected that the Company will seek renewed issuance and buy back authorities at the next annual general meeting to allow the continued operation of the DCP for the period after the annual general meeting.

All shareholders are entitled to vote at the General Meeting. As a result of the COVID-19 pandemic and the measures imposed by the UK and Scottish Governments to control the spread of the virus, physical attendance at the General Meeting will not be possible. In accordance with the Company's Articles of Association the Company will impose entry restrictions on attendance and only the minimum number of attendees to form a quorum will be present.

In the light of these entry restrictions the Company will address any questions shareholders may have in respect of the business to be transacted at the General Meeting by email correspondence. Any such questions should be sent to the Company at the following email address, company.secretary@capitalgearingtrust.com, to be received by the Company no later than 12 noon on 29 March 2021 in order that any such questions may be addressed prior to the proxy vote closing.

Action to be taken

The Board would encourage all shareholders to exercise their votes in advance of the General Meeting. Shareholders may vote online or alternatively will find enclosed a form of proxy for use in connection with the General Meeting. Shareholders who wish to vote using the form of proxy are requested to complete, sign and return the form of proxy as soon as possible, in accordance with the instructions printed on it. If you do not hold your shares directly you are encouraged to arrange for your nominee to vote on your behalf.

To be valid, the enclosed form of proxy must be lodged with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or lodged at www.investorcentre.co.uk/eproxy as soon as possible and, in any event, so as to arrive by no later than 10.00 a.m. on 31 March 2021.

Recommendation

The Directors consider the passing of the resolution to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders vote in favour of the resolution.

The Directors intend to vote in favour of the resolution in respect of their own beneficial holdings of Ordinary Shares (amounting to 34,307 Ordinary Shares, representing approximately 0.25 per cent. of the issued share capital of the Company as at the date of this document).

Yours faithfully

J G K Matterson
Chairman

CAPITAL GEARING TRUST P.L.C.

(Incorporated and registered in Northern Ireland with registered number NI005574)
(Registered as an investment company under section 833 of the Companies Act 2006)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Capital Gearing Trust P.l.c. (the “**Company**”) will be held at 10.00 a.m. on 6 April 2021 at the offices of PATAc Limited, 28 Walker Street, Edinburgh EH3 7HR to consider and, if thought fit, pass the following resolution:

SPECIAL RESOLUTION

THAT, in addition to all existing authority, the directors of the Company be and are hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the “**Act**”) to allot equity securities (within the meaning of section 560 of the Act) pursuant to any authority for the time being in force under section 551 of the Act and to sell shares held by the Company in treasury, wholly for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:

- (a) shall be limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £339,021 (being 1,356,084 ordinary shares of 25 pence each) which equates to approximately 10 per cent. of the total ordinary share capital of the Company in issue as at 9 March 2021 (the latest practicable date prior to the date of the notice convening the meeting at which this resolution is proposed); and
- (b) expires on the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By order of the Board

PATAc Limited
Company Secretary

Registered office
Murray House
Murray Street
Belfast
BT1 6DN

10 March 2021

Notes:

1. As a result of the COVID-19 pandemic and the measures imposed by the UK and Scottish Governments to control the spread of the virus physical attendance at the General Meeting will not be possible. In accordance with the Company’s Articles of Association the Company will impose entry restrictions on attendance and only the minimum number of attendees to form a quorum will be present. In the meantime, shareholders are strongly encouraged to vote in favour of the resolutions by using the enclosed form of proxy or by voting online. If you do not hold your Ordinary Shares directly you are encouraged to arrange for your nominee to vote on your behalf.
2. As a shareholder you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the General Meeting. Under normal circumstances a proxy need not be a member of the Company but must attend the General Meeting to represent you or you may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. However, given the restrictions in place on attendance at the General Meeting, you should only appoint the Chairman of the General Meeting as your proxy as any other named person will not be permitted to attend the General Meeting. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form.
3. A form of proxy is enclosed with this notice, together with a pre-paid reply envelope. Alternatively, proxies may be lodged at www.investorcentre.co.uk/eproxy. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or through www.investorcentre.co.uk/eproxy no later than 48 hours (excluding non-working days) before the time of the meeting or any adjourned meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the registrar’s website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a 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.

5. 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 instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 registrar (ID 3RA50) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. 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 Application Host) from which the Company's registrar 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.
6. 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 message. 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 a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
8. To have the right to vote at the General Meeting (and also for the purposes of calculating how many votes a member may cast on a poll) shareholders must be registered in the Register of Members of the Company no later than 6.30 p.m. on the day which is two days (excluding non-working days) before the day of the General Meeting or any adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to vote at the meeting.
9. As at 9 March 2021 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 13,560,863 Ordinary Shares carrying one vote each. Therefore, the total number of shares in the Company with voting rights as at 9 March 2021 were 13,560,863 Ordinary Shares.
10. A quorum consisting of two or more shareholders present in person or by proxy is required for the General Meeting. If, within half an hour after the time appointed for the General Meeting, a quorum is not present the General Meeting shall be adjourned for seven days at the same time and place or to such other day and at such other time and place as the Board may determine and no notice of adjournment need be given at any such adjourned meeting. Those shareholders present in person or by proxy shall constitute the quorum at any such adjourned meeting.