

**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.

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## **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**

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Notice of the general meeting of the Company to be held on 25 April 2022 at 10.00 a.m. (the “**General Meeting**”) at the offices of Juniper Partners Limited, 28 Walker Street, Edinburgh EH3 7HR is set out at the end of this document.

**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 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](http://www.investorcentre.co.uk/eproxy) as soon as possible, but in any event by not later than 10.00 a.m. on 21 April 2022.**

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### EXPECTED TIMETABLE

	<i>2022</i>
Latest time and date for receipt of forms of proxy	10.00 a.m. on 21 April
General Meeting	10.00 a.m. on 25 April

**Investors who do not hold their shares directly (including those who have invested through investor platforms) are encouraged to instruct their nominee to vote on their behalf in good time, to ensure that their votes, which are important to the Company, are received and taken into account. Investor platforms will have instructions on how votes should be submitted and the deadline for receipt. This is likely to be earlier than the time and date for receipt of forms of proxy set out in the expected timetable above.**

## 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  
P T Yates

### *Registered Office*

Murray House  
Murray Street  
Belfast  
BT1 6DN

4 April 2022

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. By allowing the Company to issue new ordinary shares of 25 pence each (“**Ordinary Shares**”) to meet demand from existing and new investors, the DCP has provided secondary market liquidity in the Company’s shares. Where required, it has also allowed the Company to buy back Ordinary Shares arising from secondary market selling and to re-issue these shares from treasury to meet demand.

The recent high issuance levels mean that the Company’s existing authority to issue shares on a non pre-emptive basis, granted at the general meeting held on 4 November 2021, is likely to be exhausted prior to being refreshed at the next annual general meeting, which is expected to be held in July 2022. In order therefore to continue to operate the DCP and to meet the continuing demand for Ordinary Shares, the Board is seeking to renew its shareholder authorities to issue Ordinary Shares on a non pre-emptive basis. (the “**Proposals**”).

The purpose of this document is to provide further details on the Proposals and to convene the general meeting at which approval for the Proposals will be sought. The General Meeting will be held at 10.00 a.m. on 25 April 2022 at the offices of Juniper Partners Limited, 28 Walker Street, Edinburgh EH3 7HR.

**The Directors believe that the Proposals are in the best interests of the Company and its shareholders as a whole. Shareholders are strongly encouraged by the Board to vote in favour of the resolutions to approve the Proposals or to instruct their nominees to do so 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 meeting demand from those who wish to acquire shares in the Company.

Since the policy was introduced, the Company has been issuing Ordinary Shares 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 and new money added has enhanced returns, and has not impacted portfolio performance. The costs of seeking fresh authorities and publishing a prospectus from time to time when 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 early renewal of the Board's authorities**

At the general meeting of the Company held on 4 November 2021, shareholders granted the Board authority to allot and issue up to an additional 3,476,880 Ordinary Shares (being equivalent to 20 per cent. of the issued share capital of the Company at that time) and to disapply pre-emption rights on the issue of such Ordinary Shares for cash. The authorities were granted for the period until the next annual general meeting which is expected to be held in July 2022. Such has been the demand for Ordinary Shares in the intervening period since the last general meeting that the Company is seeking additional allotment and non pre-emptive authorities in order to continue with the DCP.

At the last annual general meeting shareholders also granted the Company authority to repurchase 2,206,222 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. The Company published a 12-month prospectus on 17 June 2021 which will expire on 16 June 2022.

Since the adoption of the DCP in 2015 until 1 April 2022 (the latest practicable date prior to the publication of this document), the Company has issued 18,218,319 Ordinary Shares (representing 622 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 general meeting held on 4 November 2021, the Company has issued 3,086,504 Ordinary Shares raising proceeds of approximately £158 million. As at 1 April 2022 (the latest practicable date prior to the publication of this document) the Company has the capacity to issue only a further 936,655 Ordinary Shares on a non pre-emptive basis.

The Board believes that this current capacity under the existing shareholder authorities will prove insufficient to allow the Board to continue to satisfy demand for Ordinary Shares under the DCP during the period up to the Company's next annual general meeting. If such authorities are renewed, the Directors will only use the authorities 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 Proposals are conditional on the approval of shareholders. Given the current limited capacity to continue to issue further Ordinary Shares in accordance with the DCP, the Board believes that there is sufficient urgency to justify utilising their authority to call the General Meeting on 14 clear days' notice. 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 25 April 2022 at the offices of Juniper Partners Limited, 28 Walker Street, Edinburgh EH3 7HR.

The resolutions will be proposed at the General Meeting as an ordinary and a special resolution. The resolutions will, if passed, enable the Directors to allot and issue new Ordinary Shares, in addition to their existing authorities, and resell shares held in treasury for cash without first offering such Ordinary Shares to existing shareholders *pro rata* to their existing shareholdings up to an aggregate nominal amount of £1,046,873.75 (being 4,187,495 Ordinary Shares) which equates to 20 per cent. of the total Ordinary Share capital of the Company in issue as at 1 April 2022 (the latest practicable date prior to the publication of this document).

The authorities will expire at the next annual general meeting which is expected to be held in July 2022. It is expected that the Company will seek renewed issuance and buy back authorities at the next annual general meeting, or if required earlier at general meetings, to allow the continued operation of the DCP.

As a shareholder, you are entitled to attend and vote at the General Meeting. However, in case restrictions due to the Covid-19 pandemic are re-instated and it is not possible for shareholders to attend in person, shareholders are encouraged to submit their votes by proxy, or by voting online, in advance of the meeting. The Board will continue to carefully consider the arrangements for the General Meeting in the light of the latest Government guidance and the Company will issue a regulatory news announcement, which will also be posted on the Company's website, if the only attendees permitted will be those required to form the quorum and allow the business to be conducted.

In the light of possible 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](mailto:company.secretary@capitalgearingtrust.com), to be received by the Company no later than 12 noon on 20 April 2022 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 strongly 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](http://www.investorcentre.co.uk/eproxy) as soon as possible and, in any event, so as to arrive by not later than 10.00 a.m. on 21 April 2022.

#### **Recommendation**

The Directors consider the passing of the resolutions to be in the best interests of the Company and its shareholders as a whole in order to be able to continue operating the DCP. Accordingly, the Directors unanimously recommend that shareholders vote in favour of the resolutions.

The Directors intend to vote in favour of the resolutions in respect of their own beneficial holdings of Ordinary Shares (amounting to 20,532 Ordinary Shares, representing approximately 0.1 per cent. of the issued share capital of the Company as at the date of this document).

Yours faithfully

**Jean 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 25 April 2022 at the offices of Juniper Partners Limited, 28 Walker Street, Edinburgh EH3 7HR to consider and, if thought fit, pass the following resolution 1 set out below, which will be proposed as an ordinary resolution and resolution 2 set out below, which will be proposed as a special resolution:

### ORDINARY RESOLUTION

1. THAT, in addition to all existing authority, the directors be generally and unconditionally authorised, pursuant to section 551 of the Companies Act 2006 (the “**Act**”), to exercise all powers of the Company to allot relevant securities (within the meaning of section 551 of the Act) up to a maximum aggregate nominal value of £1,046,873.75 (being 4,187,495 ordinary shares of 25p each) which equates to 20 per cent. of the total ordinary share capital of the Company in issue as at 1 April 2022 (the latest practicable date prior to the date of the notice convening the meeting at which this resolution is proposed) provided that such authority shall expire at the conclusion of the annual general meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

### SPECIAL RESOLUTION

2. 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 £1,046,873.75 (being 4,187,495 ordinary shares of 25p each) which equates to 20 per cent. of the total ordinary share capital of the Company in issue as at 1 April 2022 (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

**Juniper Partners Limited**  
*Company Secretary*

*Registered office*

Murray House  
Murray Street  
Belfast  
BT1 6DN

4 April 2022

Notes:

1. As a shareholder, you are entitled to attend and vote at this meeting. You may also appoint one or more proxies to attend, speak and vote on your behalf. Such a proxy need not also 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. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form. If you do not hold your Ordinary Shares directly you are encouraged to arrange for your nominee to vote on your behalf.
2. 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](http://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](http://www.investorcentre.co.uk/eproxy) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjourned meeting.
3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)).

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: 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of General Meeting. For this purpose, the time of the 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.
4. 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.
5. 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.
6. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person"), you may have a right under an agreement between you and the shareholder of the Company who has nominated you to have information rights (a "Relevant Shareholder") to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Shareholder (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you. The statement of the rights of members in relation to the appointment of proxies in Note 1 above does not apply to a Nominated Person.
7. Under section 319A of the Companies Act 2006, any member attending the meeting has a right to ask questions. The Company must answer any question you ask relating to the business being dealt with at the meeting unless: (a) answering the question would interfere unduly with the preparation for the meeting or 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 meeting that the question be answered.
8. As at 1 April 2022 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 20,937,475 Ordinary Shares carrying one vote each. Therefore, the total number of shares in the Company with voting rights as at 1 April 2022 was 20,937,475 Ordinary Shares.
9. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at <https://www.capitalgearingtrust.com/investor-information>.
10. A quorum consisting of two or more shareholders present in person or by proxy or by corporate representative is required for the General Meeting. If, within five minutes (or such longer interval as the Chairman in their absolute discretion thinks fit) after the time appointed for the General Meeting, a quorum is not present the General Meeting shall be adjourned to a day at least 10 clear days after the General Meeting and to a time and place as the Chairman may determine and, subject to the Company's articles of association, no notice of adjournment need be given at any such adjourned meeting. Those shareholders present in person or by proxy or by corporate representative shall constitute the quorum at any such adjourned meeting.