

8 January 2010

Dear Shareholder

Capital re-organisation of Gladstone plc (the “Company”) to enable the payment of dividends

I have pleasure in enclosing details of an Extraordinary General Meeting of the Company which will be held at the offices of K&L Gates LLP, 110 Cannon Street, London EC4N 6AR at 11.00 a.m. on 2 February 2010 (the “EGM”). The EGM is being convened to approve the cancellation of the Company’s share premium account.

To pay dividends to its shareholders, the Company must (amongst other requirements) have profits available for that purpose. The Company presently has a deficit on its profit and loss account which means that it is not in a position to pay dividends. Therefore, it is proposed that the reserves of the Company be restructured by way of a cancellation of the Company’s share premium account in order to eliminate the accumulated losses and create a positive distributable reserve.

In order to become effective, the proposed cancellation of the Company’s share premium account must be approved by shareholders at the forthcoming EGM, and must then be confirmed by the High Court of Justice and thereafter, the Court’s order must be lodged at Companies House. If these requirements are met, the Company will be in a position in which it has positive distributable reserves which may be used for the payment of dividends at a time and level deemed appropriate by the directors. Further details in relation to this proposal and the Court process are set out in the Notes accompanying the enclosed Notice of EGM.

The Board has approached a number of shareholders in relation to this proposal and has not, as at the date of this letter, encountered any opposition to the proposed action. Indeed the prospect of the Company being in a position to pay dividends has been welcomed.

You will find enclosed with this letter a form of proxy for use at the EGM. Whether or not you are able to attend the EGM, I would urge you to complete the form of proxy and to return it to the Company’s registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event so as to arrive not later than 11.00 a.m. on 29 January 2010. Completion and return of the form of proxy will not preclude you from attending the EGM and voting in person. **Please note the date of the EGM, to be held on 2 February 2010, is different from the date of the Annual General Meeting (“AGM”) to be held on 26 February 2010.** The proxy form for the AGM was posted to shareholders with a copy of the Annual Report and Accounts 2009 on 23 November 2009 and cannot be used for the EGM.

Shareholders will be aware that the Company released an announcement on 6 November 2009 stating that it had received approaches from third parties regarding a possible offer for the Company and that one of those approaches had led to an indicative offer at a price of 33 pence in cash per share. Discussions with third parties are continuing and the directors will update shareholders on their progress in due course, as appropriate.

Recommendation

Your directors consider that the resolution to be proposed at the EGM in relation to cancellation of the Company’s share premium account is in the best interests of the Company and its shareholders as a whole and unanimously recommend shareholders to vote in favour of the resolution as they intend to do in respect of their own beneficial shareholdings.

Yours faithfully



Dr. Said Ziai
Chairman and CEO