

RAB CAPITAL

RAB Capital plc

("RAB" or "the Company")

Disposal

2 February 2009

RAB today announces an agreement to dispose of the business and assets vested in the Northwest brand.

On 14 November 2008, the Company reported the ways in which it was restructuring its business in the light of unprecedented stress on the alternative asset management industry. This included rationalising its offering down to those strategies - be they market neutral, long/short equity or deep value natural resources/energy investing - which are founded on RAB's core competency in fundamental research.

Consistent with the above, and pursuant to comments made in September concerning the structure of RAB's engagement with Northwest, the Company has agreed to sell the business and assets vested in the Northwest brand back to the original principals, George Philips and David Rogers (the "Disposal"). After consideration of alternatives it was concluded that a complete disposal best serves the operational efficiency and liquidity position of the Company, results in an offering more aligned with RAB's core infrastructure, and reduces costs in future years.

The three Northwest funds (Northwest Fund Limited, Northwest China Opportunities Fund Limited and Northwest Warrant Fund Limited) undertake Asian-focused investment management activities. At the proposed completion date of 2 April 2009, it is anticipated that the assets under management of the Northwest funds will be approximately \$300 million based on 31 December 2008 assets under management and notified redemptions.

The consideration for the Disposal is £1 million in cash. As a result of the transaction occurring within the vesting period for the original share based acquisition payment, George Philips and David Rogers will together forfeit the remaining 6.7 million Ordinary shares, out of a total of 13.4 million Ordinary shares that formed part of the original consideration. The Disposal is conditional on *inter alia*, approval from the FSA and the Irish Stock Exchange.

The cash consideration will be allocated to general working capital purposes and the Company intends to use the Ordinary shares forfeited for future employee incentivisation. The Disposal does not materially affect the guidance contained in our Trading Update of 21 January 2009, but it does marginally improve the liquidity position - net current assets and investments as at 31 December 2008 increase by approximately £3 million to a total in excess of £113 million, equivalent to 23.1p per Ordinary share.

On a pro-forma basis the business and assets which are subject to disposal generated a profit before tax of approximately £9 million in 2007 and were expected to generate a loss before taxation in 2008 prior to accounting for the effects of this transaction. As of 30 June 2008, the book value of the assets being disposed of was approximately £20 million which was almost entirely comprised of goodwill and other intangible assets.

George Philips was a Director of RAB Capital plc until 7 July 2008 and both George Philips and David Rogers were also formerly directors of RAB Capital (Asia) Limited, a Group subsidiary. They are both therefore deemed to be related parties under the AIM Rules and the Disposal is classified as a related party transaction. The Directors consider, having consulted with the Company's adviser KBC Peel Hunt Ltd, that the terms of the Disposal are fair and reasonable insofar as the shareholders of RAB Capital plc are concerned.

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