

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to take, you should seek your own personal financial advice from your stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your Subscription Shares, you should pass this document 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.

Schroder UK Growth Fund plc

(an investment company under section 833 of the Companies Act 2006 registered in England and Wales number 02894077)

Directors:

Alan Clifton (*Chairman*)
Andrew J Hutton
Keith M Niven
Stella J Pirie OBE
David C Ritchie

Registered Office:

31 Gresham Street
London EC2V 7QA

23 December 2010

To the Subscription Shareholders of Schroder UK Growth Fund plc (the "Company").

Dear Shareholder,

Conversion of Subscription Shares: Reminder Notice

This notice is sent to you as a registered holder of subscription shares of 1p each in the Company (the "Subscription Shares") to remind you that you have the right ("Subscription Right") **(but not the obligation)** to convert your Subscription Shares into ordinary shares of 25p each of the Company (the "Ordinary Shares") on the subscription dates set out below. The next subscription date is 31 January 2011. **There are 2 subscription dates, 31 January and 31 July 2011, at which the exercise price is 119 pence per share.** The Subscription Price will then rise to 129 pence per share if exercised on either 31 January 2012 or 31 July 2012.

Each Subscription Share confers the right, exercisable by notice to the Company in the 28 days preceding each of 31 January and 31 July (each a "Subscription Date") up to and including 31 July 2012 (the "Subscription Period") and upon payment of the relevant subscription price (the "Subscription Price"), to convert the Subscription Share into one Ordinary Share in the Company on the same terms throughout the Subscription Period.

The Directors make **no recommendation** as to whether you should convert your Subscription Shares. To the extent that you do not convert your Subscription Shares on this occasion, you will have the right (subject to the Subscription Share terms and conditions) to do so on the same terms in the 28 days preceding the relevant Subscription Date(s) up to and including 31 July 2012 after which date the right to convert your Subscription Shares will lapse. You should, however, note the relevant Subscription Prices that will apply on each of those occasions as explained above.

Financial information

For your information, on 21 December 2010 (the latest practicable date before the printing of this notice) the middle market quotations as derived from the London Stock Exchange Daily Official List were 132.00p for the Ordinary Shares and 17.25p for the Subscription Shares.

The middle market quotations for the securities on the main market of the London Stock Exchange plc (the "London Stock Exchange") on the first dealing day in each of the six months before the date of this notice are:

	<i>Ordinary Shares</i>	<i>Subscription Shares</i>
1 July 2010	104.25p	8.73p
2 August 2010	120.25p	8.38p
1 September 2010	116.00p	8.75p
1 October 2010	123.00p	11.25p
1 November 2010	124.75p	13.75p
1 December 2010	123.00p	12.75p

The Company's net asset value per Ordinary Share as at 21 December 2010 (calculated to include current year revenue) was 143.03p. As at that date, there was dilution of the net asset value amounting to 3.91p per Ordinary Share in respect of the Subscription Rights attached to the Subscription Shares.

Total dividends paid on the Ordinary Shares for the year ended 30 April 2010 were 2.75p per Ordinary Share.

The financial effect of conversion

The following table illustrates the basis of conversion, applying as applicable the most recent figures given above.

	<i>Capital</i>	<i>Income</i>
Market value of Subscription Share	17.25p	–
Subscription Price	119.00p	–
Market value of resultant Ordinary Share	132.00p	Possibility of the second interim dividend in respect of the year ended 30 April 2011 and dividends for subsequent years

Terms and conditions

The rights attaching to the Subscription Shares are described in Part 4 of the Company's prospectus dated 9 July 2009, a copy of which is available on the Company's website, www.schroderukgrowthfund.com, and are set out in the Company's articles of association.

Procedure for exercise of Subscription Rights

The terms and conditions of the Subscription Shares allow for the Subscription Shares to be held in certificated form, by which they are evidenced by a Subscription Share certificate, or in uncertificated form (i.e. in CREST), in accordance with the Uncertified Securities Regulations 2001. Accordingly, the procedure for exercising your Subscription Rights depends on whether your Subscription Shares are held in certificated form or uncertificated form. The procedure is set out in the appendices below.

Admission to the Official List

Application will be made to the UK Listing Authority for all the Ordinary Shares issued pursuant to the exercise of Subscription Rights to be admitted to the Official List and to the London Stock Exchange for those securities to be admitted to trading on the London Stock Exchange's market for listed securities. The Company will use all reasonable endeavours to obtain such admission not later than 14 days after the Subscription Date.

Dividends

The Ordinary Shares resulting from the exercise of the Subscription Rights will rank pari passu with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant Ordinary Shares).

The Ordinary Shares arising on the exercise of Subscription Rights will be allotted within 14 days of the relevant Subscription Date (and with effect from the Subscription Date) or such later date as may be necessary to ensure the correct treatment of entitlement to dividends.

Taxation

On the basis of the present legislation, the exercise of Subscription Rights will not constitute a disposal for the purposes of United Kingdom taxation on chargeable gains unless you nominate some other person to receive the Ordinary Shares arising from the exercise. Instead, these Ordinary Shares will be treated as the same asset as the Subscription Shares which they replace, and your base cost in each Ordinary Share arising from the exercise will be your deemed base cost in the Subscription Share that it replaces plus the Subscription Price paid for the Ordinary Share.

If you received your Subscription Shares under the bonus issue (rather than, say, buying them in the market since), it is expected that your original base cost in your Ordinary Shares will have been apportioned between your Ordinary Shares and the Subscription Shares by reference to their respective market values on 7 August 2009, being the day that the Subscription Shares were admitted to trading on the main market of the London Stock Exchange. The respective market values of the Ordinary Shares and the Subscription Shares on that day were 98.25p and 7.50p.

These statements are intended only as a general guide to the tax treatment of shareholders on an exercise of their Subscription Rights, based on current United Kingdom tax law and what is understood to be the current practice of HM Revenue & Customs, and they may not apply to certain shareholders. For instance, investments held in ISAs will be free of United Kingdom tax on capital gains. If you are resident outside the United Kingdom or are in any doubt as to the potential tax or other consequences of exercising your Subscription Rights, you should consult your own professional adviser.

This notice is sent as a reminder of your right to elect to convert your Subscription Shares into Ordinary Shares. It is not intended in any way to convey a recommendation by the Directors as to whether or not you should exercise that right. In this respect, if you require advice, you should contact an independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

Yours faithfully

Alan Clifton
Chairman

Appendix 1

Subscription Shares held in certificated form

For those who hold Subscription Shares in certificated form, the form of notice of exercise is set out on the reverse of the Subscription Share certificate (“Notice of Exercise of Subscription Rights”).

If you wish to exercise your Subscription Rights, in whole or in part, on 31 January 2011 you should complete the Notice of Exercise of Subscription Rights on the reverse of your share certificate and send it, together with your remittance for the relevant aggregate Subscription Price, to the Company’s Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA (the “Registrar”), to be received no earlier than 4 January 2011 and no later than 5:00 pm on 31 January 2011.

If you wish to exercise your Subscription Rights on any future Subscription Date, in whole or in part, you should complete the Notice of Exercise of Subscription Rights on the reverse of your share certificate and send it, together with your remittance for the relevant aggregate Subscription Price, to the Company’s Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA (the “Registrar”), to be received no earlier than 28 days before the relevant Subscription Date and no later than 5:00 pm on the Subscription Date.

Payment must be made by cheque or bankers’ draft in pounds Sterling drawn on a branch in the United Kingdom of a bank or building society and bear a UK bank sort code number in the top right hand corner. Cheques, which must be drawn on a personal account of the individual investor where they have sole or joint title to the funds, should be made payable to “Schroder UK Growth Fund Plc” and crossed “Not Negotiable, Account Payee”. Third party cheques will not be accepted, with the exception of building society cheques or bankers’ drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society/bankers draft to such effect. The account name should be the same as that shown on the application.

Under the Money Laundering Regulations 2007, Equiniti Limited may be required to check the identity of person(s) who convert in excess of the Sterling equivalent of Euro 15,000.00 of Ordinary Shares. Equiniti Limited may therefore undertake electronic searches for the purposes of verifying identity. To do so Equiniti Limited may verify the details against the Subscription Shareholder’s identity, but also may request further proof of identity. Equiniti Limited reserves the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.

If you wish the Ordinary Shares to be registered in a name different from that in which the Subscription Shares are registered, you should complete a Form of Nomination which is available from the Registrar.

If your Subscription Share Certificate(s) has/have been lost, destroyed or defaced you should without delay notify the Registrar, at the above address, who will issue a form of indemnity for your completion. When completed, the form of indemnity must be lodged with the Registrar as explained above.

The share certificates for the Ordinary Shares will be issued and despatched (at the risk of the person entitled thereto) not later than 28 days after the Subscription Date to the person in whose name the Subscription Shares are registered at the date of such exercise (and if more than one to the first named, which shall be sufficient despatch for all) or to such other persons (not being more than 4 in number) as may be named in the Form of Nomination together, if appropriate, with a fresh Subscription Share certificate in the name of the registered holder for any balance of his/her conversion rights remaining exercisable. Pending the issue of share certificates, transfer of Ordinary Shares will be certified against the register of members.

Appendix 2

Subscription Shares held in uncertificated form

If you are a registered holder of Subscription Shares held in uncertificated form (i.e. in CREST), you must follow the procedure outlined below in order to exercise your subscription rights:

- (a) An “Unmatched Stock Event” instruction (“USE”) must be given as specified below no later than 1.00pm on the Subscription Date. The USE, on its settlement, will have the effect of crediting a stock account of the Registrar, under the participant ID and member account ID specified at c) below, with the number of Subscription Shares to be exercised (an “Uncertificated Conversion Notice”).
- (b) You must ensure that the relevant aggregate Subscription Price payable on any exercise of the subscription rights conferred by your Subscription Shares is paid no earlier than 28 days before the Subscription Date and no later than 1.00pm on the Subscription Date by means of an assured payment obligation in favour of the Registrar in accordance with the CREST assured payment arrangements.
- (c) For an Uncertificated Subscription Notice to be valid, the USE instruction must settle before 1.00pm on the Subscription Date (or such earlier deadline for the settlement of a USE instruction from time to time as determined by CREST), must comply with the requirements as to authentication and contents and must, in addition to the other information required for settlement in CREST, contain the following details:
 - the number of Subscription Shares in respect of which conversion rights are being exercised;
 - the participant ID of the holder of the Subscription Shares;
 - the member account ID of the holder of the Subscription Shares from which the Subscription Shares are to be debited;
 - the corporate action number (to be confirmed with Euroclear UK & Ireland before subscribing);
 - the intended settlement date (on or before 1.00pm on the Subscription Date);
 - the Subscription Share ISIN: GB00B5XCQR68
 - the participant ID of the Registrar: 6RA83; and
 - the member account ID of the Registrar: RA166917.

A CREST member who submits a valid Uncertificated Subscription Notice in accordance with the above procedures will thereby request that the Ordinary Shares to which he or she will become entitled be issued to him or her on the terms set out in Part 4 of the Company’s prospectus and subject to the memorandum and articles of the Company. Once received by the Registrar, the Uncertificated Subscription Notice shall be irrevocable save with the consent of the Company’s Directors.

The Ordinary Shares arising on conversion will be issued in uncertificated form. The Registrar will, within fourteen (14) days of the Subscription Date, instruct Euroclear UK & Ireland to credit your appropriate stock account (being a stock account under the participant ID and member account ID specified in your Uncertificated Conversion Notice) with the Ordinary Shares issued to you.

Subscription shareholders should note that Euroclear UK & Ireland does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with the instruction and its settlement. It is the responsibility of each Subscription Shareholder to ensure that all necessary action is taken to settle on or before 1.00pm on the Subscription Date. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical implications of the CREST system and timings.

Ordinary Shares issued pursuant to the exercise of Subscription Share Rights will be allotted within 14 days of the Subscription Date and with effect from that date (and not the date of the Uncertificated

Subscription Notice). The Company shall procure that the Ordinary Shares can be credited in uncertificated form to the relevant account within CREST of the person(s) in whose name(s) the Subscription Shares have been exercised were registered as at the date of such exercise or to such other person(s) (not being more than four in number) as may be named in an alternative properly authenticated dematerialised instruction.

The Directors reserve the right to treat as valid an Uncertificated Subscription Notice which is not in all aspects valid in accordance with the above or to accept an alternative instruction or notification from you in the event that, for reasons outside your control, you are unable to send an Uncertificated Subscription Notice to Euroclear in accordance with the above requirements.

