

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

If you have sold or transferred all of your stock in the company, please send this document, together with the accompanying blue form of proxy, 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.

THE CAYENNE TRUST PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 2774914)

(An investment company under section 266 of the Companies Act 1985)

Directors

Jonathan Agnew (*Chairman*)
Christopher Jones
Sir Laurence Magnus

Registered Office

Springfield Lodge
Colchester Road
Chelmsford
Essex CM2 5PW

30 March 2007

Dear CULS Holder

THE CANCELLATION OF THE COMPANY'S CAPITAL REDEMPTION RESERVE AND NOTICE OF CULS HOLDER MEETING

Introduction

You will find enclosed with this document a copy of the circular to the Company's Shareholders issued today containing recommended proposals for the cancellation of the Company's Capital Redemption Reserve and renewal of share buy back authority (the "**Circular**"). Definitions contained on pages 3 and 4 of the Circular shall have the same meaning in this document unless the context otherwise requires.

The Circular contains, *inter alia*, a proposal to cancel the Capital Redemption Reserve to facilitate the repurchase by the Company of its Shares. Page 6 of the Circular explains that the Company intends to seek CULS Holder sanction of the Cancellation.

The purpose of this document is to explain to you the Company's proposal, and to convene a meeting of CULS Holders to be held on Wednesday, 25 April 2007 at 9.35 a.m. (or as soon thereafter as the Shareholder EGM convened for 9.30 a.m. on the same day is concluded) where it is intended that an extraordinary resolution will be put to CULS Holders to seek their sanction of the proposal (the "**CULS Holder Extraordinary Resolution**").

Background

Reference is made to the trust deed dated 25 April 2006 entered into between the Company and The Law Debenture Trust Corporation p.l.c. (the "**Trust Deed**" and the "**Trustee**" respectively).

Condition 9 of the CULS provides that nothing in the Trust Deed shall restrict the Company from making purchases of its Shares at a price per Share at or below the NAV per Share.

However, under clause 7(E) of the Trust Deed the Company has covenanted not to reduce its share capital (including capital redemption reserve) unless a financial adviser is appointed to determine an adjustment, if any, to the conversion rate for the CULS into Shares.

As set out on page 6 of the Circular, the Cancellation is intended to create capital reserves to be used (if the Board considers it appropriate) to buy back Shares at a discount to NAV, the effect of which would be to enhance the NAV per Share for remaining Shareholders. The Board considers that there is no material prejudice for CULS Holders in the proposals and indeed that the successful implementation of the Board's active discount management policy referred to on page 5 of the Circular would be beneficial to both Shareholders and CULS Holders. In the Board's view, an adjustment to the CULS conversion rate as envisaged by clause 7(E) of the Trust Deed would not be appropriate in such circumstances, as there will be no payment made to Shareholders other than to buy back Shares at a discount to NAV.

The Reduction and CULS Holder Extraordinary Resolution

The Company therefore seeks CULS Holder sanction of the Cancellation and resulting recategorisation of the Capital Redemption Reserve as distributable reserves of the Company so that those reserves (if the Board considers it appropriate) can be applied to finance repurchases of Shares at a discount to NAV to enhance NAV per Share for remaining Shareholders (the "**Reduction**").

The CULS Holder Extraordinary Resolution seeks to obtain this sanction, and to obtain the assent of CULS Holders to the related departure from the terms of clause 7(E) of the Trust Deed. It also seeks to authorise the Trustee to do whatever is necessary to implement the Reduction, including signing a consent on the CULS Holders' behalf to the Cancellation, which may be required by the Court.

The Trustee

In accordance with normal practice, the Trustee expresses no opinion as to the merits of the CULS Holder Extraordinary Resolution or the Reduction, nor does it accept any responsibility for the accuracy or completeness of this or any other document prepared in connection with the Reduction, the terms of which were not negotiated by it. It has, however, authorised it to be stated that, on the basis of the information contained in this document and the Circular (which it advises CULS Holders to read carefully), it has no objection to the CULS Holder Extraordinary Resolution being put to CULS Holders for their consideration.

CULS Holder Meeting

You will find on pages 4 and 5 of this document a notice convening the CULS Holder Meeting. At the Meeting the CULS Holder Extraordinary Resolution will be proposed. In order to be passed, the CULS Holder Extraordinary Resolution requires at least 75 per cent. of the votes cast to be in favour of it.

The CULS Holder Meeting will be held at the Crown Plaza Hotel, 45-51 Buckingham Gate, London SW1E 6AF, on Wednesday, 25 April 2007 at 9.35 a.m. or as soon thereafter as the Shareholder EGM is concluded.

A copy of the Trust Deed will be available for inspection (i) at the Company's registered office from the date hereof and (ii) at the venue of the CULS Holder Meeting for at least 15 minutes prior to the CULS Holder Meeting, in each case until the end of the CULS Holder Meeting.

Action to be taken

CULS Holders will find enclosed with this document a blue form of proxy for use at the CULS Holder Meeting. **Whether or not you intend to attend the CULS Holder Meeting you are requested to complete the blue form of proxy in accordance with the instructions printed on it and return it to Proxy Processing Centre, Telford Road, Bicester, OX26 4LD (or by hand delivery to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU) to arrive as soon as possible. To be valid, the blue form of proxy must be lodged with Capita Registrars not later than 9.35 a.m. on Monday, 23 April 2007.** Completion and return of the blue form of proxy will not prevent you from subsequently attending and voting in person at the CULS Holder Meeting should you so wish.

Recommendation

The Board considers that the proposals provided for in the CULS Holder Extraordinary Resolution are in the best interests of the CULS Holders as a whole. Accordingly the Board unanimously recommends all CULS Holders to vote in favour of the CULS Holder Extraordinary Resolution.

Yours faithfully

Jonathan Agnew
Chairman

**NOTICE OF MEETING OF THE HOLDERS OF
THE 3.25 PER CENT. CONVERTIBLE UNSECURED LOAN STOCK 2011 OF
THE CAYENNE TRUST PLC
(the “Company”)**

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 2774914)
(An investment company under section 266 of the Companies Act 1985)*

The Company hereby gives notice to the holders of the 3.25 per cent. Convertible Unsecured Loan Stock 2011 (the “CULS Holders” and the “CULS” respectively) of the Company that, pursuant to the provisions of the Third Schedule to the Trust Deed dated 25 April 2006 (the “Trust Deed”) constituting the CULS and made between the Company and The Law Debenture Trust Corporation p.l.c. as trustee for the CULS Holders, a meeting of the CULS Holders has been convened by the Company and will be held at the Crown Plaza Hotel, 45-51 Buckingham Gate, London SW1E 6AF on Wednesday, 25 April 2007 at 9.35 a.m. (or as soon thereafter as the Company’s Extraordinary General Meeting convened for 9.30 a.m. on the same date is concluded) for the purposes of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed:

EXTRAORDINARY RESOLUTION

“THAT this meeting of holders of the 3.25 per cent. Convertible Unsecured Loan Stock 2011 of The Cayenne Trust plc (the “CULS” and the “Company” respectively) constituted by the trust deed dated 25 April 2006 (the “Trust Deed”) made between the Company and The Law Debenture Trust Corporation p.l.c. (the “Trustee”) as trustee for the holders of the CULS (the “CULS Holders”) hereby:

- (1) sanctions and assents to the Reduction (as defined and described in the section headed “The Reduction and CULS Holder Extraordinary Resolution” of the circular dated 30 March 2007 from the Company addressed to the CULS Holders), and its implementation;
- (2) generally empowers, instructs, authorises and directs the Trustee to concur in and execute and do all such other deeds, instruments, acts and things as may be necessary or desirable or expedient in the sole opinion of the Trustee to carry out and give effect to this Extraordinary Resolution and the implementation of the Reduction;
- (3) sanctions each and every abrogation, modification, compromise or arrangement in respect of the rights of the CULS Holders against the Company involved in or proposed to be effected by the Reduction and/or this Extraordinary Resolution and their implementation;
- (4) authorises, directs, instructs and empowers the Trustee to consent on behalf of the CULS Holders and itself to the Company’s proposed cancellation of its capital redemption reserve sanctioned by the special resolution of the Company’s shareholders passed on 25 April 2007, and for that purpose to execute any document that may be necessary or desirable in order to give such consent;
- (5) discharges and exonerates the Trustee from all liability for which it may have become or may become responsible under the Trust Deed or the CULS in respect of any act or omission in connection with the Reduction, its implementation or this Extraordinary Resolution; and
- (6) declares that this Extraordinary Resolution shall be in all respects conditional on the resolution relating to the Reduction to be put to the shareholders of the Company at an extraordinary general meeting of the Company held at the Crown Plaza Hotel, 45-51 Buckingham Gate, London SW1E 6AF on 25 April 2007 being passed at such meeting and that if such resolution is not passed at such meeting, this Extraordinary Resolution shall be of no effect.”

By Order of the Board
Phoenix Administration Services Limited
Company Secretary

Registered Office
Springfield Lodge
Colchester Road
Chelmsford
Essex CM2 5PW

Dated 30 March 2007

Notes:

1. A CULS Holder entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote on his behalf. A proxy need not be a CULS Holder of the Company.
2. A CULS Holder wishing to attend and vote at the meeting in person must produce at the meeting satisfactory evidence of identity and, in addition, in the case of a corporate holder a duly approved resolution from the governing body of such corporation authorising such person to act as the corporation's representative.
3. A blue form of proxy for use at the meeting is enclosed with this document. To be effective, the blue form of proxy (together with the power of attorney or other authority, if any, under which it is executed, or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power of attorney or authority) must be completed, signed and lodged at Proxy Processing Centre, Telford Road, Bicester, OX26 4LD (or by hand delivery to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU) not later than 48 hours before the time for holding the meeting. Deposit of a blue form of proxy will not preclude a CULS Holder from attending the meeting and voting in person should he so wish.
4. The blue form of proxy must be (in the case of an individual) signed by the individual or his attorney duly authorised in writing or (in the case of a corporation) either executed under its common seal or signed on its behalf by a duly authorised officer or attorney of the corporation.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the meeting (and for the purposes of determination by the Company of the number of votes they may cast), CULS Holders must be entered on the Company's register of CULS Holders by 6.00 p.m. on 23 April 2007. Changes to entries on the register of CULS Holders after 6.00 p.m. on that date shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders; for this purpose, seniority shall be determined by the order in which the names stand in the register of CULS Holders in respect of the joint holding.
7. The quorum required for the meeting is one or more persons being CULS Holders present in person or by proxy or (in the case of a corporation) by its duly authorised representative holding or representing in the aggregate a clear majority by nominal value of the outstanding CULS. If a quorum is not present within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman of the meeting may decide) from the time appointed for the meeting, it will be adjourned to such day and time being not more than 42 days thereafter, and to such place, as may be appointed by the Chairman of the meeting. At such adjourned meeting, one or more persons being CULS Holders present in person or by proxy or (in the case of a corporation) by its duly authorised representative (whatever the nominal amount of Stock held by them) will form a quorum. At least 7 days' notice of any such adjourned meeting will be given to CULS Holders.

