

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take or about the contents of this document, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser.**

**If you sell or have sold or otherwise transferred all of your Ordinary Shares please forward this document, together with the white 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 transmission to the purchaser or transferee. If you have sold or transferred or otherwise disposed of only part of your Ordinary Shares, you should retain this document and enclosures and consult the stockbroker, bank or other agent through whom the sale, transfer or disposal was effected.**

**Winterflood Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority is acting solely for the Company and for no one else in connection with the Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Winterflood Securities Limited or for affording advice in relation to the Proposals or any other matter referred to in this document. Winterflood Securities Limited is not responsible for the contents of this document. This does not exclude or limit any responsibilities which Winterflood Securities Limited may have under the Financial Services and Markets Act 2000 or the regulatory regime established thereunder.**

## **THE CAYENNE TRUST PLC**

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

*(An investment company under section 833 of the Companies Act 2006)*

*Directors:*

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

*Registered Office:*

Springfield Lodge  
Colchester Road  
Chelmsford  
Essex  
CM2 5PW

30 December 2010

*To the Shareholders and, for information only, the Stockholders*

Dear Shareholder,

### **Amendments to the Articles and Authority to Allot Further CULS and Notice of General Meeting**

#### **Introduction**

On 3 December 2010, the Company announced proposals to extend the life of the CULS from maturity in 2011 to maturity in 2016. In conjunction with this, the Company proposes a placing of further CULS in order to increase the amount of CULS in issue up to a maximum level of £15 million through a placing with institutional investors.

The purpose of this document is to explain the Proposals to Shareholders and to convene a General Meeting to be held at 3.30 p.m. on 24 January 2011. At this meeting, a special resolution will be put to Shareholders to seek their sanction of the Proposals, including the proposal outlined at *Continuation Vote* below to defer the continuation vote which the Company is currently obliged to hold at the AGM in 2011 to the AGM in 2016.

Stockholder approval is also being sought to extend the maturity of the CULS at a meeting of the Stockholders to be held on 24 January 2011. The Proposals for which Stockholder approval is being sought also include other changes to the terms of the CULS, including a revised Conversion Rate into Ordinary Shares to reflect the extended maturity of the CULS. A circular has been issued to Stockholders today explaining the Proposals and calling the Stockholder Meeting (the “**Stockholder Circular**”).

In addition, a prospectus will be made available in due course in connection with the Placing (the “**Prospectus**”).

The Proposals will not be implemented unless Shareholders and Stockholders both vote in favour of the resolutions put to them at the meetings to be held on 24 January 2011.

You should read this entire document which contains important information in relation to the Proposals, and explains why your Board is recommending that you vote in favour of the Resolution.

## **The Proposals**

### ***Continuation Vote***

When the Company was taken under the management of the Manager in early 2006, it amended its Articles to provide for a continuation vote to be held at the AGM in 2011 and at every AGM thereafter. If the continuation vote resolution is not put forward or is not passed, the Board is obliged to convene an extraordinary general meeting to wind the Company up.

The current CULS issued in April 2006 were constructed so that there was no continuation vote during their lifetime. The Proposals seek to achieve the same for the new CULS to be issued and therefore include the extension of the existing continuation vote from 2011 to 2016 (and annually thereafter) by way of amendment to the Articles as set out in the Notice of the General Meeting contained on pages 9 to 11 of this document.

Since Cayenne became manager of the Company, the Board has operated an active discount management policy, buying back Shares in the market at prices representing discounts of greater than 5 per cent. to NAV. Because the Board has applied this policy strictly, any Shareholder seeking to exit its investment in the Company has historically been able to achieve it at a date of their choosing.

Following the modification of the CULS, the Company intends to continue to operate its active discount management policy on the same basis. The Board therefore considers it appropriate to seek Shareholder approval to defer the continuation vote until the AGM in 2016, following the maturity of the modified CULS. Shareholders should however note that there is no guarantee that repurchases of Shares will be made.

The proposed amendments to the Articles will be available for inspection at the registered office of the Company and at the offices of Maclay, Murray & Spens LLP, the Company’s legal advisers at One London Wall, London EC2Y 5AB from the date of this document, and at the venue of the General Meeting for at least 15 minutes prior to the start of the General Meeting, in each case until the end of the General Meeting.

### ***Amendment to CULS terms***

The Proposals seek to extend the date of maturity of the CULS from 31 July 2011 to 31 July 2016. Associated with this, the Company proposes to revise the Conversion Rate at which CULS may convert into Ordinary Shares from 73.85 Ordinary Shares per £100 nominal of CULS to such number of Ordinary Shares per £100 nominal of CULS as reflects a Conversion Price of 110 per cent. of the Net Asset Value per Ordinary Share of the Company (rounded upwards if necessary to two decimal places) taken as at 5 p.m. on the Calculation Date. For illustrative purposes only, using the NAV as at the Latest Practicable Date, this would result in a Conversion Price of 145.38p and a Conversion Rate of 69.79 Ordinary Shares per £100 nominal of CULS.

If the Proposals are approved, the terms and conditions of the CULS will also be amended to provide for quarterly rather than half-yearly payments of the 3.25 per cent. coupon, and to allow for quarterly not half-yearly conversion.

Also, the first time the Company may exercise its right to serve notice of redemption on Stockholders, in accordance with the Trust Deed, if the NAV per Ordinary Share for at least 20 dealing days is at least 30 per cent. above the Conversion Price would be delayed until 31 January 2012.

A copy of the Trust Deed constituting the CULS and the proposed Supplemental Trust Deed amending the terms and conditions thereof will be available for inspection at the registered office of the Company and at the offices of Maclay, Murray & Spens LLP, One London Wall, London EC2Y 5AB from the date of this document, and at the venue of the General Meeting for at least 15 minutes prior to the start of the General Meeting, in each case until the end of the General Meeting.

### ***The Placing***

Conditional on Stockholders voting to approve the amendment to the terms of the CULS, the Company proposes to extend the amount of gearing in the Company by issuing further CULS, with the revised terms described above, through a placing with institutional investors which will take place on or around the date of the Stockholder Meeting. Any further CULS will rank *pari passu* in all respects with the existing CULS. The Placing is conditional upon the Placing Agreement between the Company, the Manager and Winterflood Investment Trusts becoming wholly unconditional (save as to Admission) and not being terminated in accordance with its terms prior to Admission, and Admission occurring by 8.00 a.m. on 28 February 2011. The Placing will involve the placing of CULS up to a maximum amount, when aggregated with the existing CULS, of £15 million.

It is expected that the further CULS placed in the Placing will be admitted to the Official List and to trading on the Main Market of the London Stock Exchange. It is also expected that Admission in respect of the further CULS will occur, and that dealings will commence in such CULS, at 8.00 a.m. on or around 28 January 2011. The CULS will be issued in registered form and will be capable of being held in certificated or uncertificated form. Fractions of CULS will not be issued.

### ***Authority to Allot CULS and Disapplication of Pre-Emption Rights***

The Resolution, if passed, will give the Directors the authority under section 551 of the Act to allot a maximum nominal amount of £10 million of CULS. The Directors intend to use this authority to issue CULS pursuant to the Placing or, if the Placing is not fully subscribed, from time to time thereafter. For the avoidance of doubt, the maximum aggregate amount of CULS in issue shall not exceed £15 million.

In accordance with sections 570 and 573 of the Act, the Resolution will empower the Directors to allot such CULS up to a maximum nominal amount of £10 million (representing approximately 109.1 per cent. of the issued CULS as at the Latest Practicable Date) on a non-pre-emptive basis.

Both authorities will expire on the fifth anniversary of the passing of the Resolution.

### ***Authority to Repurchase Ordinary Shares***

Shareholders are also being requested to renew the Board authority to allow the Company to repurchase up to 14.99 per cent. of the Ordinary Shares in issue. The minimum repurchase price for such Ordinary Shares will be 25p. Repurchases of Ordinary Shares will be made at the discretion of the Board and will only be made when market conditions are considered by the Board to be appropriate and in accordance with the Listing Rules. Any Ordinary Shares repurchased by the Company may, at the discretion of the Board, be cancelled or held in treasury and if held in treasury may be resold from treasury or cancelled at the discretion of the Board.

As at the date of this document, there are no warrants or options to subscribe for equity shares and there are no Ordinary Shares held in treasury by the Company.

The Proposals will not be implemented unless Shareholders and Stockholders both vote in favour of the resolutions put to them at the meetings to be held on 24 January 2011.

### **Gearing**

Subject to the passing of the Resolution, it is the Board's intention that maximum net gearing will be 130 per cent. of the Company's net assets. In calculating the maximum net gearing level, cash and short term cash equivalents are offset against borrowings (which include the CULS). As at the Latest Practicable Date, the only gearing was provided by the CULS. £9,167,100 of the CULS are currently in

issue, and following the Placing if fully subscribed, £15 million of the CULS would be in issue. The Company's NAV as at the Latest Practicable Date is £57,626,866 or 132.16p per Share. The Company's net gearing is currently 107 per cent. of the Company's net assets. If the Placing is fully subscribed, and assuming the net proceeds are invested (otherwise than in cash or short term cash equivalents), the net gearing would be 117 per cent. of the Company's net assets. If the Placing is fully subscribed, and assuming all of the Company's assets, including the net proceeds of the Placing, are invested (otherwise than in cash or short term cash equivalents), the net gearing would be 126 per cent. of the Company's net assets.

### **Benefits of the Proposals**

Your Board believes that the Proposals have the following principal benefits for Shareholders:

- continuing for a further period of 5 years the gearing on the Ordinary Shares provided by the CULS, extending the amount of that gearing and removing the potential requirement to refinance or repay CULS in July 2011;
- setting the revised Conversion Price at a level that reflects the additional period until maturity;
- increasing the size of the Company and positioning the Company for growth if the existing CULS and further CULS issued in the Placing are converted into Ordinary Shares in due course, which may have consequential benefits for the liquidity of the Ordinary Shares; and
- through the placing of further CULS, introducing new investors to the Company.

### **Risk Factors**

Shareholders should be aware of the following risk factors which apply in relation to the Company and the Proposals:

- Issuing further CULS would extend the gearing of the Company. Whilst the use of borrowings should enhance the NAV per Share where the value of the Company's underlying assets is rising at a greater rate than the interest rate on the borrowings, it will have the opposite effect where the underlying asset value is falling or is rising at a rate lower than the interest rate on the borrowings.
- The Placing would not result in any initial dilution of the NAV per Ordinary Share. The Placing has the potential, depending on the Company's future performance, to dilute the interests of existing Shareholders. However, given the proposed quantum and terms of the issue of the CULS (including the Company's right to redeem the CULS), the Company does not believe that the potential dilutive effect of the placing of CULS is material.
- In the event of a winding-up of the Company, the Ordinary Shares will rank behind any creditors or prior ranking capital of the Company, including the CULS.

### **Costs and expenses**

The costs and expenses of the Proposals are estimated, assuming that the Placing results in a total nominal amount of £15 million of CULS, to be approximately £250,000.

### **Consent**

Winterflood Investment Trusts, which is authorised and regulated by the FSA, has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

### **General Meeting**

To enable the Placing to proceed, it is necessary to grant the Directors the appropriate power and authority to issue the CULS and disapply any applicable pre-emption rights under the Act. To extend the life of the Company as envisaged in the Proposals, the Articles will need to be amended. Shareholders are also asked to sanction the change to the Conversion Rate for the CULS which reflects the extended maturity of the CULS.

The Board is also taking the opportunity to seek Shareholder approval to renew the existing authority of the Company to buy back its Shares. As with previous authority, it is intended that Shares available in the market at prices representing discounts greater than 5 per cent. to NAV will be repurchased by the Company subject to Shareholders granting the Company the necessary authority and to the limits of that authority and the Act. Shares may also be bought back at a discount to NAV which is less than 5 per cent. if the Board considers appropriate.

You will find set out on pages 9 to 11 of this document a notice convening the General Meeting to be held at 3.30 p.m. on Monday 24 January 2011 at The Crowne Plaza Hotel, 45-51 Buckingham Gate, London SW1E 6AF. At this meeting, the Resolution will be proposed and will require the approval of Shareholders representing at least 75 per cent. of the votes cast.

The quorum for the General Meeting is two shareholders of the Company present in person or by proxy and entitled to vote.

The Proposals are also conditional on Stockholder approval at the Stockholder Meeting to take place at 3.45 p.m. (or as soon thereafter as the General Meeting has been concluded or adjourned) on Monday 24 January 2011.

### **General**

If you are in any doubt as to the action you should take, you should immediately consult an independent financial adviser authorised under the Financial Services and Markets Act.

### **Action to be taken**

Shareholders will find enclosed with this document a white Form of Proxy for use at the General Meeting. Alternatively, Shareholders who are CREST members may utilise the CREST electronic proxy appointment service. **Whether or not Shareholders intend to attend the General Meeting, they are requested to complete the white Form of Proxy, or to utilise the CREST electronic proxy appointment service, in each case in accordance with the instructions printed on the white Form of Proxy and in the notice of General Meeting set out on pages 9 and 11 of this document. The completed white Form of Proxy (and/or instruction made through the CREST electronic proxy appointment service) should be received by Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, no later than 3.30 p.m. on 22 January 2011. Completion of a white Form of Proxy or appointing a proxy through the CREST electronic proxy appointment service will not prevent Shareholders from subsequently attending and voting in person at the General Meeting.**

### **Recommendation**

The Board, which has received financial advice from Winterflood Investment Trusts, considers the Resolution to be in the best interests of the Company and its Shareholders as a whole. In providing its financial advice, Winterflood Investment Trusts has taken into account the Board's commercial assessment of the Proposals.

Accordingly, the Board unanimously recommends all Shareholders to vote in favour of the Resolution. The Directors intend to vote in favour of the Resolutions in respect of their own beneficial holdings, which amount in aggregate to 334,378 Ordinary Shares, representing approximately 0.77 per cent. of the Ordinary Shares in issue as at 29 December 2010.

Yours faithfully

**Jonathan Agnew**  
*Chairman*

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“Act” or “Companies Act”</b>	the Companies Act 2006;
<b>“Admission”</b>	the admission of the CULS to the Official List and to trading on the London Stock Exchange’s Main Market becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards;
<b>“Admission and Disclosure Standards”</b>	the requirements contained in the publication “Admission and Disclosure Standards” dated 6 April 2010 containing, amongst other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s markets for listed securities;
<b>“AGM”</b>	an annual general meeting of the Company;
<b>“Articles” or “Articles of Association”</b>	the articles of association of the Company;
<b>“Board” or “Directors”</b>	the directors of the Company, whose names appear on page 1 of this document;
<b>“Calculation Date”</b>	the business day immediately preceding the date of approval by Stockholders of the amended Conversion Price, such business day expected to be 21 January 2011;
<b>“Capita Registrars”</b>	a trading name of Capita Registrars Limited;
<b>“certificated” or “in certificated form”</b>	Shares or other securities which are not in uncertificated form (that is, not held in CREST);
<b>“Company”</b>	The Cayenne Trust plc;
<b>“Conversion Price”</b>	the nominal amount of CULS required for conversion into one Ordinary Share from time to time;
<b>“Conversion Rate”</b>	the rate at which £100 nominal of CULS would convert into Ordinary Shares, currently £100 nominal for 73.85 Ordinary Shares, and, following the implementation of the Proposals, £100 nominal for such number of Ordinary Shares (rounded upwards if necessary to two decimal places) as reflects a Conversion Price of 110 per cent. of the Net Asset Value per Share taken as at 5 p.m. on the Calculation Date;
<b>“CREST”</b>	the computerised settlement system (as defined in the Regulations) to facilitate the paperless settlement of trades in securities and the holding of securities in uncertificated form operated by Euroclear;
<b>“CULS”</b>	3.25 per cent. convertible unsecured loan stock 2011 of the Company constituted by the Trust Deed, and, following implementation of the Proposals, 3.25 per cent. convertible unsecured loan stock 2016 of the Company constituted by the Trust Deed as amended and supplemented by the Supplemental Trust Deed;

<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Financial Services and Markets Act”</b>	the Financial Services and Markets Act 2000, as amended;
<b>“Financial Services Authority” or “FSA”</b>	the Financial Services Authority in the UK;
<b>“Form of Proxy”</b>	the relevant white form of proxy for use by Shareholders at the General Meeting;
<b>“General Meeting”</b>	the extraordinary general meeting of the Shareholders of the Company convened by the Notice set out on pages 9 to 11 of this document, or any adjournment thereof;
<b>“Latest Practicable Date”</b>	the latest practicable date prior to the publication of this document, being 24 December 2010;
<b>“Listing Rules”</b>	the rules and regulations made by the FSA under Part VI of the Financial Services and Markets Act;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Main Market” or “London Stock Exchange’s Main Market”</b>	the London Stock Exchange’s market for larger and established companies;
<b>“Manager” or “Cayenne”</b>	Cayenne Asset Management Limited, being the investment manager of the Company;
<b>“Net Asset Value” or “NAV”</b>	the net asset value of the Company calculated in accordance with its applicable accounting policies and, in determining the revised Conversion Rate following implementation of the Proposals, valuing the existing CULS at nominal value;
<b>“Net Asset Value per Share” or “NAV per Ordinary Share”</b>	the Net Asset Value divided by the number of Ordinary Shares in issue;
<b>“Notice” or “Notice of General Meeting”</b>	the notice of the General Meeting set out at pages 9 to 11 of this document;
<b>“Official List”</b>	the Official List of the UK Listing Authority;
<b>“Ordinary Shares” or “Shares”</b>	ordinary shares of 25p each in the capital of the Company;
<b>“Placing”</b>	the placing of CULS pursuant to the Placing Agreement;
<b>“Placing Agreement”</b>	the agreement to be entered into between the Company, the Manager and Winterflood Investment Trusts in respect of the placing of further CULS;
<b>“Proposals”</b>	the proposed amendment to the Articles and to the terms of the CULS, grant to the directors of the authority to allot further CULS all in accordance with the Resolution, disapply pre-emption rights in respect of the CULS and to grant directors authority to repurchase Ordinary Shares, as more fully described in the section of this document headed “ <i>Proposals</i> ”;
<b>“Register”</b>	the register of Shareholders;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755);

<b>“Resolution”</b>	the resolution to be proposed at the General Meeting;
<b>“Shareholder(s)”</b>	a holder of Ordinary Shares;
<b>“Stockholder(s)”</b>	a holder of CULS;
<b>“Supplemental Trust Deed”</b>	the supplemental trust deed proposed to be entered into by the Company and the Trustee on or around 24 January 2011;
<b>“Trust Deed”</b>	a trust deed dated 25 April 2006 (as amended by deed of amendment dated 1 July 2009) entered into between the Company and the Trustee constituting the CULS and to be amended by the Supplemental Trust Deed;
<b>“Trustee”</b>	The Law Debenture Trust Corporation plc; and
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland.

## NOTICE OF GENERAL MEETING

### THE CAYENNE TRUST PLC

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 4897881)  
(An investment company under section 833 of the Companies Act 2006)*

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**General Meeting**”) of The Cayenne Trust plc (the “**Company**”) will be held at 3.30 p.m. on 24 January 2011 at The Crowne Plaza Hotel, 45-51 Buckingham Gate, London SW1E 6AF to consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution:

#### SPECIAL RESOLUTION

1. **THAT** conditional on the passing of an extraordinary resolution of the holders of 3.25 per cent. convertible unsecured loan stock due 2011 of the Company (the “**Stockholders**”) to be put to a meeting of the Stockholders on the date hereof (or to any adjourned meeting):
  - 1.1 the Articles of Association of the Company be amended as follows:
    - 1.1.1 by the deletion from the definition of “**CULS**” under articles 3.2 and 12.43 respectively of the year “**2011**” and the substitution therefor of the year “**2016**”;
    - 1.1.2 by the deletion of article 4 in its entirety and the substitution therefor of the following:

“Duration of the Company

      4. The Directors shall procure that there is proposed at the Annual General Meeting of the Company to be held in 2016 and at every Annual General Meeting of the Company thereafter an Ordinary Resolution providing that the Company should continue as an investment trust. If any such resolution is not put forward or is not passed, the Directors shall be obliged to convene within three months an extraordinary general meeting to propose the Company’s voluntary winding-up pursuant to section 84(1) of the Insolvency Act. The resolution proposing the Company’s winding-up will be a Special Resolution.”;
  - 1.2 an amendment to the trust deed dated 25 April 2006 (as amended by way of deed of amendment dated 1 July 2009) between the Company and Law Debenture Trust p.l.c. (which constitutes the 3.25 per cent. convertible unsecured loan stock due 2016 (the “**CULS**”)) be approved in order to amend the conversion rate applicable to the CULS (currently 73.85 ordinary shares of 25p in the issued share capital (the “**Ordinary Shares**”) of the Company for each £100 in nominal value of CULS) to such number of Ordinary Shares per £100 in nominal value of CULS (rounded upwards if necessary to two decimal places) as reflects a conversion price of 110 per cent. of the net asset value per Ordinary Share of the Company taken as at 5 p.m. on the business day immediately preceding the date of approval by the holders of CULS of the amended conversion price;
  - 1.3 in addition to any existing authority under section 551 of the Companies Act 2006 (the “**Act**”) to allot equity securities (as defined in section 560 of the Act), the directors of the Company are hereby generally and unconditionally authorised, in accordance with section 551 of the Act, to allot £10 million convertible unsecured loan stock 2016 and to grant such relevant rights (“**relevant rights**”) to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £10 million (the “**section 551 Resolution**”), provided that the power and authority hereby granted shall expire on the fifth anniversary of the passing of this resolution, save that the Company may at any time before the expiry of this authorisation make an offer or agreement which would or might require shares or convertible unsecured loan stock to be allotted or relevant rights to be granted after the expiry of this authorisation and the directors of the Company may allot shares or convertible unsecured loan stock or grant relevant rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired;

- 1.4 in addition to any existing authority under section 570 and 573 of the Act but without prejudice to the exercise of any such authority prior to the date of this resolution, the directors of the Company be empowered in accordance with those sections to allot equity securities (within the meaning of section 560 (1), (2) and (3) of the Act) and convertible unsecured loan stock pursuant to the section 551 Resolution as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of CULS up to an aggregate nominal amount of £10 million and such power and authority shall expire on the fifth anniversary of the passing of this resolution, but so that this power shall enable the Company to make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of any such offer or agreement as if such expiry had not occurred; and
- 1.5 in substitution for all existing powers, the Company be generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares, and to cancel or hold in treasury such shares provided that:
- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 6,536,076 (being approximately 14.99 per cent. of the Ordinary Shares currently in issue);
  - (b) the minimum price which may be paid for an Ordinary Share is 25p;
  - (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than the higher of (i) an amount equal to 5 per cent. above the average market value of the Ordinary Shares for the five business days immediately preceding the date on which the Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;
  - (d) the authority hereby conferred shall expire at midnight on 18 months after the date of the meeting at which this resolution is passed; and
  - (e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

*By the order of the Board*  
Phoenix Administration Services Limited  
*Secretary*  
30 December 2010

*Registered Office:*  
Springfield Lodge  
Colchester Road  
Chelmsford  
Essex  
CM2 5PW

**Notes:**

1. Information about this General Meeting is available from the Investment Manager's website [www.thecayennetrust.com](http://www.thecayennetrust.com)
2. A member entitled to attend and vote at the General Meeting may appoint one or more persons as their proxy to attend, speak and vote on their behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed, they must not be appointed in respect of the same Ordinary Shares. To be effective, the enclosed white Form of Proxy duly executed, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the postal address on the white Form of Proxy not later than 48 hours before the time of the General Meeting. The appointment of a proxy will not prevent a Shareholder from attending the General Meeting and voting in person if he/she so wishes. Shareholders present in person or by proxy shall have one vote on a show of hands and on a poll every Shareholder present in person or by proxy shall have one vote for every Share of which they are the holder. This notice is also sent to Stockholders who are not entitled to attend, speak or vote at the General Meeting by virtue of their holding of the CULS.

3. As a member, you have the right to put questions at the General Meeting relating to the business being dealt with at the General Meeting.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company’s agent, Capita Registrars (RA10), by the latest time for receipt of proxy appointments specified in note 2 above. For this purpose, the time of 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. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
6. 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.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) may, under an agreement between them and the Shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes 2 and 3 above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.
9. The right to vote at the General Meeting is determined by reference to the Company’s Register as at 6.00 p.m. on 22 January 2011, or 48 hours prior to the time of an adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the General Meeting.
10. As at 29 December 2010, the Company’s issued share capital amounted to 43,602,910 Ordinary Shares. The total voting rights in the Company as at 29 December 2010 were 43,602,910.

