

TO THE HOLDERS OF THE 3.25 PER CENT, CONVERTIBLE UNSECURED LOAN STOCK 2011 OF THE COMPANY

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

27 April 2009

Dear Stockholder

BONUS ISSUE OF SUBSCRIPTION SHARES TO ORDINARY SHAREHOLDERS AND AMENDMENT TO CONVERSION RATE

Introduction

The Company has today issued a prospectus to its Shareholders setting out recommended proposals for a bonus issue of subscription shares (the “**Bonus Issue**”) and consequential amendments to the CULS Conversion Rate (the “**Prospectus**”).

The Prospectus also explains that the Company intends to seek Stockholders’ sanction of the Proposals. The purpose of this document is therefore to explain the Proposals and to convene a meeting of Stockholders to be held on 4 June 2009 at 3:00 p.m. (or as soon thereafter as the AGM and EGM convened, respectively, for 2:30 p.m. and 2:45 p.m. on 4 June 2009 are concluded). At this meeting, an extraordinary resolution will be put to Stockholders to seek their sanction of the Proposals.

Stockholders are reminded that the CULS may be converted into Ordinary Shares on 31 January and 31 July in each year. Any CULS not converted, repaid or purchased will be repaid on 8 August 2011 at the nominal amount, together with interest accrued up to and including the date of repayment.

Background

On 6 March 2009 the Company announced proposals for a bonus issue of Subscription Shares on a one for five basis to Qualifying Shareholders. The Subscription Shares will be exercisable on each of 31 December 2009, 31 March 2010 and 30 June 2010. The Subscription Price will be the Net Asset Value per Ordinary Share as at the Calculation Date, plus a 1 per cent premium rounded up to the nearest penny. The Net Asset Value per Ordinary Share (inclusive of accumulated income) at 23 April 2009, the latest practicable date prior to publication of this document, was 95.66p.

The Directors believe that the Bonus Issue will have the following benefits for the Company and its Shareholders:

- Qualifying Shareholders will receive a tradable security with monetary value which they may sell in the market and which carries a right to subscribe for Ordinary Shares;
- the Subscription Shares represent an attractive way in which investors can participate in any future net asset growth of the Company through subscribing for Ordinary Shares at the Subscription Price;
- on exercise of any Subscription Rights, the assets of the Company will increase which should result in a reduction in the total expense ratio as operating costs will be spread across a larger number of Ordinary Shares; and
- following the exercise of any Subscription Rights, the Company will have an increased number of Ordinary Shares in issue, which may in due course improve the liquidity in the market for its Ordinary Shares.

Accordingly, the Board is recommending that Shareholders vote in favour of the resolution to be proposed at the EGM.

Impact of the Bonus Issue

The Conversion Rate for each £100 in nominal value of CULS is 70.77 Ordinary Shares, which represents a Conversion Price of £1.413. The Subscription Price for each Subscription Share will be the (unaudited) Net Asset Value per Ordinary Share as at the Calculation Date, plus 1 per cent., rounded up to the nearest whole penny. For illustrative purposes only, if the Subscription Price were to be calculated using the Net Asset Value as at 23 April 2009 (the latest practicable date prior to publication of this document), it would be 97p. This is substantially lower than the Conversion Price of the CULS. The Subscription Shares could therefore have a negative effect on the CULS if the Subscription Shares were to be exercised, by diluting asset growth.

The Directors believe that the most appropriate means to compensate Stockholders for the potential dilution is to amend the Conversion Rate, thereby reducing the Conversion Price of the CULS. Further details of the proposed amendment to the Conversion Rate are set out below.

Stockholders should be aware, however, that whilst there are circumstances in which the introduction of Subscription Shares could negatively affect the Stockholders (if the Conversion Rate is not amended), there are also circumstances in which the effect is positive. For example, if the Net Asset Value and Ordinary Share price increase such that the Subscription Shares are exercised but the Ordinary Share price does not reach the revised CULS Conversion Price, the position of Stockholders will be improved: there would be an increase in capital cover for the CULS arising from the exercise of the Subscription Shares (and the consequential increase in the Company's assets).

Proposed amendment to Conversion Rate

It is proposed that the Conversion Rate is amended to compensate Stockholders for the potential dilution resulting from the issue of Subscription Shares. Amending the Conversion Rate would increase the number of Ordinary Shares arising from conversion of £100 nominal of CULS so that the asset growth required to make conversion attractive (*i.e.*, for the CULS to be "in the money") is unchanged by the issue of Subscription Shares and their potential dilutive impact.

As at 23 April 2009 (the latest practicable date prior to publication of this document), the growth in total assets required to increase the Net Asset Value per Ordinary Share to the Conversion Price of £1.413 is 37.1 per cent. Following the issue of the Subscription Shares (and assuming that all Subscription Rights have been fully exercised to subscribe for Ordinary Shares) such asset growth would increase the Net Asset Value per Ordinary Share to £1.3392, 5.2 per cent below the unadjusted Conversion Price, as a result of dilution.

For illustrative purposes only, on the assumption that the Conversion Rate was amended based on the NAV per Share as at 23 April 2009, the revised Conversion Rate would be 74.67 Ordinary Shares for each £100 in nominal value of CULS, equivalent to a Conversion Price of £1.3392.

Provided the proposed amendment to the Conversion Rate is approved by Stockholders and Shareholders, the Conversion Rate for each £100 in nominal value of CULS will be amended as described above using the Net Asset Value per Ordinary Share on the Calculation Date. Accordingly, it is not possible, as at the date of this document, to state what the Conversion Rate will be. It is expected that an announcement setting out the new Conversion Rate will be made on 4 June 2009.

Taxation

It is anticipated that the amendment to the Conversion Rate of the CULS will be treated as a conversion of securities for the purposes of section 132 of the Taxation of Chargeable Gains Act 1992 and that individual Stockholders will not be treated as having made a disposal of their CULS for the purposes of capital gains tax. Individual Stockholders are recommended to seek their own professional advice in this regard.

Corporate Stockholders are strongly recommended to seek their own professional advice in relation to the UK corporation tax treatment of the amendment to the Conversion Rate of the CULS, as this treatment may vary materially depending on the individual circumstances of the Stockholder and, in particular, the manner in which the Stockholder will reflect the amendment to the Conversion Rate in its accounts.

Risk Factors

In the event that an effective resolution is passed for the winding up of the Company (other than for purposes of reconstruction, amalgamation or unitisation on terms approved by the holders of Subscription Shares) the Subscription Rights which are unexercised at that time are to be regarded as having been exercised if there would (assuming such exercise to have taken place and proceeds of the deemed subscription for Ordinary Shares received) be a surplus of assets available for distribution to holders of Ordinary Shares which exceeds in respect of each Ordinary Share a sum equal to the Subscription Price. This analysis will only be done once the Stockholders have had the opportunity to exercise their rights in a liquidation i.e. to elect to be treated as if a conversion date had occurred on the day immediately preceding the date of commencement of the liquidation. However, the basis on which the holders of the Subscription Shares are deemed to have subscribed for Ordinary Shares in this scenario is at a reduced Subscription Price to protect the then prevailing market price of the Subscription Shares. There is no equivalent mechanism for the CULS. As a result, Stockholders may in liquidation be diluted and this may influence their decision as to whether they should exercise their Conversion Rights in the liquidation.

If at any time an offer is made to the holders of Ordinary Shares to acquire the whole or any part of the issued share capital of the Company and it subsequently becomes apparent that this would result in control of the Company being invested in the offeror the holders of the Subscription Shares shall be entitled to exercise their Subscription Rights before such vesting takes place. In doing so an adjustment is made to the Subscription Price to protect the then prevailing market price of the Subscription Shares. There is no equivalent mechanism for the CULS. In the event of such an offer, Stockholders will either participate, if a proposal which a financial adviser approved by the Trustee considers to be fair and reasonable has been put to all Stockholders, or will have the opportunity to elect to convert their CULS at the then current Conversion Rate. As a result of the adjustment to the Subscription Price on a takeover, Stockholders may be diluted and this may influence their decision as to whether they should exercise their Conversion Rights on a takeover.

Trust Deed

The Subscription Shares will be allotted and issued to Qualifying Shareholders by way of a capitalisation of reserves. Under paragraph 7(A)(2) of the Trust Deed, the Company shall not capitalise any profits or reserves without adjustment to the Conversion Rate.

The Company therefore, as required by the terms of the Trust Deed, seeks Stockholder sanction of the Proposals by the passing of the Extraordinary Resolution. The Extraordinary Resolution seeks: to authorise the proposed amendment to the Conversion Rate; to authorise the Trustee to do whatever is necessary to implement the Proposals, including executing a supplemental trust deed which will detail the proposed change to the Conversion Rate; and to discharge the Trustee from all liability for which it may become responsible in relation to the implementation of the Proposals.

The passing of the Extraordinary Resolution is interconditional with the passing of the special resolution to be put to Shareholders at the EGM to be held on 4 June 2009.

The proposed supplemental trust deed (together with the Trust Deed) will be on display at the registered office of the Company and at the offices of Maclay Murray & Spens, One London Wall, London, EC2Y 5AB from the date of this document until the end of the Stockholder Meeting and at the Stockholder Meeting itself for the duration of the meeting and for at least 15 minutes prior to the start of the meeting.

The Trustee

In accordance with normal practice, the Trustee expresses no opinion as to the merits of the Extraordinary Resolution or the Proposals, nor does it accept any responsibility for the accuracy or completeness of this or any other document prepared in connection with the Proposals, 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 (which it advises Stockholders to read carefully), it has no objection to the Extraordinary Resolution being put to Stockholders for their consideration.

The Trustee has, however, not been involved in formulating the Proposals and makes no representation that all relevant information has been disclosed to Stockholders in this document. Accordingly, the Trustee urges Stockholders who are in doubt as to the impact of the implementation of the Proposals to seek their own independent financial advice.

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.

Stockholder Meeting

You will find on pages 8 to 10 of this document a notice convening the Stockholder Meeting. At the Meeting the Extraordinary Resolution will be proposed. In order to be passed, the Extraordinary Resolution requires at least three-fourths of the votes cast to be in favour of it. The quorum requirement for the Stockholder Meeting is holders representing a clear majority in nominal value, present in person or by proxy. Accordingly you are requested to complete and return the blue form of proxy, as detailed below.

The Stockholder Meeting will be held at the Crowne Plaza Hotel, 45-51 Buckingham Gate, London SW1E 6AF, on 4 June 2009 at 3:00 p.m. or as soon thereafter as the Company's AGM and EGM have concluded or been adjourned.

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 Stockholder Meeting for at least 15 minutes prior to the Stockholder Meeting, in each case until the end of the Stockholder Meeting.

Action to be taken

Stockholders will find enclosed with this document a blue form of proxy for use at the Stockholder Meeting. **Whether or not you intend to attend the Stockholder Meeting you are requested to complete the blue form of proxy in accordance with the instructions printed on it and return it to Capita Registrars at Proxy Department, 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 3:00 p.m. on 2 June 2009. Completion and return of the blue form of proxy will not prevent you from subsequently attending and voting in person at the Stockholder Meeting should you so wish.

Recommendation

The Board, which has received financial advice from Winterflood Investment Trusts, considers that the proposals provided for in the Extraordinary Resolution are in the best interests of the Stockholders 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 Stockholders to vote in favour of the Extraordinary Resolution.

Sir Laurence Magnus, the only Director who holds CULS, intends to vote in favour of the Extraordinary Resolution in respect of his beneficial holding of £35,000 nominal in CULS.

Yours faithfully,

Jonathan Agnew
Chairman

DEFINITIONS

“AGM”	the annual general meeting of the Company to be held at 2:30 p.m. on 4 June 2009;
“Bonus Issue”	the issue to Qualifying Shareholders of one Subscription Share for every five Ordinary Shares held by such shareholders on the Record Date;
“Calculation Date”	5:00 p.m. on 3 June 2009;
“Capita Registrars”	a trading name of Capita Registrars Limited;
“Company”	The Cayenne Trust plc;
“Conversion Price”	the effective Ordinary Share price at which CULS convert into Ordinary Shares; as at 23 April 2009, £1.413;
“Conversion Rate”	the rate at which £100 nominal of CULS converts into Ordinary Shares on conversion in accordance with Condition 5(A) of the Trust Deed; as at 23 April 2009, 70.77 Ordinary Shares; proposed to be increased at the Stockholder Meeting as described in this document;
“CULS”	3.25 per cent Convertible Unsecured Loan Stock 2011 of the Company;
“Directors”	the Directors of the Company;
“EGM”	the extraordinary general meeting of Shareholders of the Company to be held at 2:45 p.m. (or as soon thereafter as the AGM shall have concluded or been adjourned) on 4 June 2009;
“Extraordinary Resolution”	the resolution to be put to Stockholders at the Stockholder Meeting;
“Net Asset Value”	the net asset value of the Company calculated in accordance with its applicable accounting policies;
“Ordinary Shares” or “Shares”	ordinary shares of 25p each in the share capital of the Company;
“Qualifying Shareholders”	a Shareholder whose name is entered on the Register at the close of business on the Record Date, other than an Overseas Shareholder;
“Proposals”	the Bonus Issue and amendment to the Conversion Rate;

“Prospectus”	the combined circular and prospectus of the Company dated 27 April 2009;
“Record Date”	the date on which Qualifying Shareholders’ entitlements to the Bonus Issue will be assessed against the Register, expected to be 5:00 p.m. on 3 June 2009;
“Register”	the register of Shareholders of the Company;
“Shareholders”	the holders of Ordinary Shares;
“Stockholder”	a holder of CULS;
“Stockholder Meeting”	the extraordinary meeting of the Stockholders to be held at 3:00 p.m. (or as soon thereafter as the AGM and EGM shall have concluded or been adjourned) on 4 June 2009;
“Subscription Price”	an amount equal to the net Asset Value per Ordinary Share (calculated on an unaudited basis) as at the Calculation Date plus a premium of 1 per cent. of such amount rounded up to the nearest whole penny, subject to adjustment in accordance with the terms of the Subscription Shares;
“Subscription Shares”	subscription shares of 1p each in the capital of the Company;
“Subscription Rights”	the rights attaching to the Subscription Shares entitling the holder to subscribe for Ordinary Shares on each of 31 December 2009, 30 March 2010 and 30 June 2010 as more particularly described in Part 4 of the Prospectus;
“Trust Deed”	a trust deed dated 25 April 2006 entered into between the Company and the Trustee constituting the CULS; and
“Trustee”	The Law Debenture Trust Corporation p.l.c.

THE CAYENNE TRUST PLC (the “Company”)

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

NOTICE OF MEETING OF THE HOLDERS OF THE £10,000,000 3.25 PER CENT. CONVERTIBLE UNSECURED LOAN STOCK DUE 2011 OF THE COMPANY PRESENTLY OUTSTANDING (the “Stockholders” and the “CULS” respectively)

NOTICE IS HEREBY GIVEN, that a meeting of the Stockholders convened by the Company will be held at the Crowne Plaza Hotel, 45-51 Buckingham Gate, London SW1E 6AF on 4 June 2009 at 3:00 p.m. (London time) (or as soon thereafter as the Company’s Annual General Meeting and Extraordinary General Meeting convened for, respectively, 2:30 p.m. and 2:45 p.m. on the same date have concluded or been adjourned) 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 dated 25 April 2006 (the “**Trust Deed**”) constituting the CULS and made between the Company and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”) as trustee for the Stockholders:

EXTRAORDINARY RESOLUTION

“THAT this meeting of Stockholders hereby:

- (a) approves an amendment to the Trust Deed to amend the conversion rate applicable to the CULS (currently 70.77 ordinary shares for each £100 in nominal value of CULS) to that rate which results from a reduction in the effective Ordinary Share price at which CULS convert into ordinary shares of 25p in the issued share capital of the Company (“**Ordinary Share**”) (the “**Conversion Price**”) (currently £1.413) calculated as follows:
 - (i) by calculating the percentage growth in the Company’s total assets required to increase the net asset value per Ordinary Share of the Company to the current Conversion Price (with both the total assets and the net asset value per Ordinary Share taken as at 5:00 p.m. on 3 June 2009 (the “**Calculation Date**”)) (“A”);
 - (ii) by recalculating the net asset value per Ordinary Share on the assumption that the value of the total assets at the Calculation Date increases by the percentage growth rate A (*i.e.*, the value of the total assets is multiplied by the factor $(1 + A)$);
 - (iii) by adjusting the net asset value per Ordinary Share calculated in (ii) above on the assumption that the subscription shares that the Company proposes to issue under the proposals (the “**Subscription Shares**” and the “**Bonus Issue**” respectively) resolved upon at the general meeting of the Company referred to at sub paragraph (e) below are all issued and fully subscribed for Ordinary Shares in accordance with their terms. Such adjusted net asset value per Ordinary Share will be the new Conversion Price;
- (b) authorises, directs, requests and empowers the Trustee to concur in the amendment referred to in paragraph (a) of this Extraordinary Resolution and, in order to give effect thereto and to implement the same, forthwith to execute a supplemental trust deed in the form of the draft produced at this Meeting and for the purpose of identification signed by the Chairman thereof with such amendments (if any) thereto as the Trustee shall require and concur in, and to execute and do all such other deeds, instruments, acts and things as may be necessary or appropriate in the sole opinion of the Trustee in order to carry into effect this Extraordinary Resolution and the proposals for the allotment of the Subscription Shares by way of the Bonus Issue to existing holders of Ordinary Shares as more particularly set out in a prospectus issued by the Company on or about the date of this notice;
- (c) sanctions each and every abrogation, modification, compromise or arrangement in respect of the rights of the Stockholders appertaining to the Stock against the Company, whether or not such

- rights arise under the Trust Deed involved in or resulting from or to be effected by this Extraordinary Resolution and its implementation;
- (d) 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 amendment referred to in paragraph (a) of this Extraordinary Resolution, its implementation or this Extraordinary Resolution; and
 - (e) declare that this Extraordinary Resolution shall be in all respects conditional on the special resolution to be put to the shareholders of the Company at an extraordinary general meeting of the Company held at the Crowne Plaza Hotel, 45-51 Buckingham Gate, London SW1E 6AF on 4 June 2009 being passed at such meeting and that if such resolution is not passed at such meeting, this Extraordinary Resolution shall be of no effect.”

The attention of the Stockholders is particularly drawn to the quorum required for the Meeting and for an adjourned meeting which is set out in note 6 below.

Save as otherwise defined above, words and expressions used in this Extraordinary Resolution shall have the meanings given to them in the Trust Deed (including the Conditions of the CULS).

By order of the Board
Phoenix Administration Services Limited
Company Secretary

Registered office
Springfield Lodge
Colchester Road
Chelmsford
Essex CM2 5PW

Dated 27 April 2009

Notes:

1. A Stockholder 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 Stockholder of the Company.
2. 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 with Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, 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 Stockholder from attending the meeting and voting in person should he so wish.
3. 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.
4. 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), Stockholders must be entered on the Company's register of Stockholders by 6:00 p.m. on 2 June 2009. Changes to entries on the register of Stockholders 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.
5. 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 Stockholders in respect of the joint holding.
6. The provisions governing the convening and holding of a Meeting are set out in the Third Schedule to the Trust Deed a copy of which is available for inspection by the Stockholders during normal business hours at the offices of Maclay Murray & Spens, One London Wall, London EC2Y 5AB. The quorum required for the meeting is one or more persons being Stockholders 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 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 Stockholders 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 Stockholders.