

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

If you have sold or transferred all of your holding of Debenture Stock of British Empire Trust plc, please pass this document and the accompanying Notice of Redemption and Cancellation of Listing to the stockbroker, bank manager or other agent through whom the sale was effected for transmission to the purchaser or transferee.

29 April 2019

Dear Debenture Stockholder,

Redemption and Cancellation of Debenture Stock

I refer to your holding of 8.125 per cent. Debenture Stock ("**Debenture Stock**") of British Empire Trust PLC (the "**Company**") and the Notice of Redemption and Cancellation of Listing which accompanies this letter.

The Board has resolved to redeem the amount of Debenture Stock that currently remains outstanding in order to simplify the structure of the Company and to reduce its ongoing debt costs. This letter sets out the key terms of the proposed redemption as well as the procedure for receiving any amounts due to you under the terms of the Debenture Stock.

The Debenture Stock is constituted by (1) the trust deed dated 6 June 1986 made by the Company and The Law Debenture Trust Corporation plc (the "**Trustee**"); (2) the first supplemental trust deed dated 4 October 1993; (3) the second supplemental trust deed dated 1 November 1993; and (4) the third supplemental trust deed dated 15 July 1997 (together the "**Trust Deed**"). In accordance with the terms of the Trust Deed, the Company will redeem all of the outstanding Debenture Stock on 3 June 2019 (the "**Redemption Date**"). Such redemption will include all of the Debenture Stock registered in your name.

- ***How does this affect your holding of Debenture Stock?***

All of your Debenture Stock will be redeemed on the Redemption Date. In accordance with the Trust Deed, the Debenture Stock will be redeemed at £129.224 per £100 in principal amount of Debenture Stock (the "**Redemption Price**"). You will be entitled to receive an amount equal to the Redemption Price multiplied by the amount of Debenture Stock you hold on 31 May 2019, and the resulting payment (the "**Redemption Amount**") will be made to you either by cheque or through the CREST system. In addition to this you will also be entitled to any unpaid interest that has accrued on such Debenture Stock up to and including the Redemption Date, and this will be paid to you separately. From the Redemption Date onwards, no interest will accrue on the Debenture Stock.

The basis for calculating the Redemption Price is set out in the Trust Deed and given that the Company is proposing to redeem the Debenture Stock prior to 2 July 2023 (the intended redemption date under the Trust Deed) the Redemption Price is, in accordance with the Trust Deed, the higher of:

- a) par; and
- b) that price (as reported to the Company and the Trustee by a financial adviser approved for such purpose by the Trustee) at which the Gross Redemption Yield (as defined below) on the Debenture Stock on the Relevant Date (as defined below) is equal to the Gross Redemption Yield at 3.00 pm on that date of 8¾ per cent. Treasury Stock 2017 or such other government stock as the Trustee, with the advice of three persons operating in the gilt-edged market as the Trustee may approve, may agree to be appropriate.

"**Relevant Date**" means the date which is two business days prior to the despatch of this notice, i.e. 25 April 2019.

"**Gross Redemption Yield**" means a yield calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Vol 105, Part 1, 1978, page 18.

- ***What is the procedure for receiving the Redemption Amount?***

Stockholders do not need to take any further action. The procedure for you to receive the Redemption Amount is set out below, depending on whether you hold a certificate for your Debenture Stock or it is held in uncertificated form in CREST.

- ***If your Debenture Stock is held in uncertificated form in CREST***

If you hold your Debenture Stock in uncertificated form in CREST payment of the Redemption Amount will be made through CREST within 5 business days of the Redemption Date. Payment of accrued interest up to and including 3 June 2019 will be paid to you in accordance with your normal instructions.

- ***If you hold a certificate for your Debenture Stock***

If you hold the certificate(s) for your Debenture Stock, a cheque in payment of the Redemption Amount payable to you will be sent to you within 5 business days of the Redemption Date.

Payment of accrued interest up to and including 3 June 2019 will be paid to you separately and in accordance with your normal instructions.

All cheques will be sent at your own risk.

- ***What will happen to the redeemed Debenture Stock?***

The ISIN will be disabled for settlement in CREST at 6.00 p.m. on 31 May 2019. All redeemed Debenture Stock will be cancelled. The Company will be requesting that the listing of the Debenture Stock on the Official List of the UK Listing Authority and its trading on the Main Market of the London Stock Exchange are cancelled with effect from 7.30 a.m. on 4 June 2019.

- ***Further information***

If you have any further questions about the redemption of your Debenture Stock, please contact the Company's Registrar, Equiniti on 0371 384 2260 (if calling from inside the UK) or +44(0)121 415 7589 (if calling from outside the UK). Calls from outside the UK will be charged at the applicable International rate. The helpline is open Monday to Friday 9.00 a.m. – 5.30 p.m. excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Yours faithfully

Susan Noble
Chairman

British Empire Trust plc