

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

If you have sold or transferred all of your Subscription shares of 1p each in the Company ('Subscription Shares'), please send this letter to the purchaser or transferee or person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

SR EUROPE INVESTMENT TRUST PLC

*(incorporated in England and Wales with Registered number 04223875:
an investment company within the meaning of Section 833 of the Companies Act 2006)*

Directors:

M R Riley (Chairman)
I C S Barby
D S Boyle
T W N Guinness
H P Sloane

Registered Office:

Beaufort House
51 New North Road
Exeter
EX4 4EP

To all Subscription Shareholders

1 April 2010

Dear Sir or Madam

Conversion of Subscription Shares Reminder Notice

This letter is to remind you of the terms and conditions of the Subscription Shares and your right to convert your Subscription Shares into Ordinary shares of 10p each in the Company ('Ordinary Shares') this year.

The registered holder of a Subscription Share is entitled to convert all or any of his/her Subscription Shares at a rate of one Ordinary Share per Subscription Share and a price of 244p in cash per Ordinary Share (the 'Conversion Price'). The conversion date for the exercise of the conversion rights is 27 May 2010 (the 'Conversion Date').

Subject to the above, should you decide not to exercise your conversion rights this year – and the Directors make no recommendation about this – you will have further chances to exercise in the thirty days preceding the Annual General Meeting in any of the years up to and including 2012.

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 Uncertificated Securities Regulations 2001. Accordingly, the procedure for exercising your conversion rights depends on whether your Subscription Shares are held in certificated or uncertificated form.

Subscription Shares held in certificated form

If you wish to exercise your conversion rights in whole or in part, you should complete the conversion notice which is enclosed and send it, together with your Subscription Share Certificate and cheque for the aggregate Conversion Price, to the Company's Registrar, Computershare Priority Application Corporate Actions, Bristol BS99 6AJ (the 'Registrars'), to be received no earlier than 28 April 2010 and no later than 3.00pm on the business day before the Conversion Date. Payments 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 United Kingdom bank sort code number in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to Computershare Investor Services PLC re SR Europe Investment Trust plc. 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 cheque/bankers' draft to such effect. The account name should be the same as that shown on the application. Under the Money Laundering Regulations 2007, Computershare Investor Services PLC (Computershare) may be required to check the identity of persons who convert in excess of the Sterling equivalent of Euro 15,000.00 of Ordinary Shares. Computershare may therefore undertake electronic searches for the purposes of verifying identity. To do so Computershare may verify the details against the Subscription Shareholder's identity, but also may request further proof of identity. Computershare reserve 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 Share is registered, you should complete a Form of Nomination which is available from the Company's Registrar. If your Subscription Share Certificate(s) has/have been lost, destroyed or defaced, you should without delay notify the Registrars 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 Registrars as explained above.

Ordinary Shares issued pursuant to the exercise of conversion rights will be allotted not later than 14 days after and with effect from the Conversion Date. The share certificates will be issued and despatched (at the risk of the person entitled thereto) not later than 28 days after the Conversion 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, transfers of Ordinary Shares will be certified against the register of members.

Subscription Shares held in uncertificated form on the Conversion Date

If you are the 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 conversion rights. Your attention is drawn to the additional provisions relating to CREST set out in the Appendix to this letter.

- 1 An Unmatched Stock Event ('USE') instruction must be given as specified below by no earlier than 28 April 2010 and no later than 3.00 pm on the business day before the Conversion Date. The USE instruction, on its settlement, will have the effect of crediting a stock account of the Registrars, under the participant ID and member account ID specified at Clause 2 of the Appendix, with the number of Subscription Shares to be exercised (an 'Uncertificated Conversion Notice').
- 2 You must ensure that the aggregate conversion price payable on any exercise of the conversion rights conferred by your Subscription Shares is paid by no earlier than 28 April 2010 and no later than 3.00 pm on the business day before the Conversion Date by means of an assured payment obligation in favour of the Registrars in accordance with the CREST assured payment arrangements.
- 3 In order for an Uncertificated Conversion Notice to be valid, the USE instruction must comply with the requirements as to authentication and contents set out at Clause 2 of the Appendix and must settle on or before 3.00 pm on the Conversion Date.
- 4 The latest time at which a USE instruction may settle on the Conversion Date is 3.00 pm on that day (the CREST deadline for settlement) or such earlier deadline for the settlement of a USE instruction from time to time determined by CREST.

A CREST member who submits a valid Uncertificated Conversion 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 this document and subject to the Memorandum and Articles of Association of the Company. Once received by the Registrars, the Uncertificated Conversion Notice shall be irrevocable save with the consent of the Directors.

The Ordinary Shares arising on conversion will be issued to you in uncertificated form. The Registrars will, on or prior to 10 June 2010, 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.

You should note that, where conversion rights are exercised in respect of Subscription Shares held in CREST, it is not possible to nominate some other person as the allottee of all or any of the Ordinary Shares to which you are entitled.

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 3.00 pm on the Conversion Date.

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 conversion 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 Conversion Date.

Dividends

The Ordinary Shares allotted will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date prior to the Conversion Date but, subject thereto, will rank *pari passu* in all respects with the existing Ordinary Shares.

For your information, on 30 March 2010 (the latest practicable date before the printing of this letter) the middle market quotations, as derived from the London Stock Exchange Daily Official List, were 218.25p for the Ordinary Shares and 23.00p for the Subscription Shares.

The middle market quotations for the securities on the London Stock Exchange on the first dealing day in each of the six months prior to the date of this letter were as follows:

Date	Ordinary Shares	Subscription Shares
1 October 2009	206.50p	15.50p
2 November 2009	210.50p	22.50p
1 December 2009	211.00p	24.50p
4 January 2010	208.00p	23.50p
1 February 2010	213.50p	24.00p
1 March 2010	209.00p	22.50p

The Company's latest fully diluted net asset value (excluding current period revenue) per Ordinary Share (unaudited) released to the London Stock Exchange was 253.78p as at 23 March 2010.

Total dividends paid or payable on the Ordinary Shares for the year ended 31 December 2009 amount to 4.25p net per Ordinary Share.

On the basis of present legislation, the exercise of conversion rights will not constitute a disposal for the purposes of United Kingdom taxation on chargeable gains unless you nominate some other person(s) to receive the Ordinary Shares arising from the conversion. If you are in any doubt as to the potential tax or other consequences of converting your Subscription Shares into Ordinary Shares, you should consult your own professional adviser.

This letter is a reminder of your right to convert for Ordinary Shares and is not intended to convey in any way 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

Martin Riley
Chairman

APPENDIX – ADDITIONAL INFORMATION RELATING TO CREST

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to exercise their conversion rights. CREST members who wish to exercise their conversion rights should refer to the CREST Manual for further information on the CREST procedures referred to in this letter and in this Appendix.

- 1 The Directors are entitled to prescribe the form of Uncertificated Conversion Notice that must be received in order for conversion rights to be exercised in relation to Subscription Shares held in uncertificated form (ie, in CREST) on the Conversion Date. The Directors may also prescribe or determine the person who must receive the Uncertificated Conversion Notice in order for it to be valid, any terms and conditions relating to such notice and when any such notice is to be treated as received for these purposes.

- 2 Additional information required for settlement in CREST:
 - 2.1 the number of Subscription Shares in respect of which conversion rights are being exercised;
 - 2.2 the participant ID of the holder of the Subscription Shares;
 - 2.3 the member account ID of the holder of the Subscription Shares from which the Subscription Shares are to be debited;
 - 2.4 the participant ID of the Registrar. This is ID 0RA44;
 - 2.5 the member account ID of the Registrar. This is SREUROPE;
 - 2.6 the corporate action number. Please confirm this number with Euroclear UK & Ireland before
 - 2.7 the corporate action ISIN. This is GB00B1TF5P23; and subscribing;
 - 2.8 the intended settlement date. This must be on or before 3.00 pm on the Conversion Date.

- 3 CREST members and, where applicable, their CREST sponsors 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 relation to the input of a USE instruction and its settlement in connection with the conversion of Subscription Shares held in CREST. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a USE instruction settles by 3.00 pm on the Conversion 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 limitations of the CREST system and timings.

- 4 The Company may in its sole discretion:
 - 4.1 for any reason issue all or any of the Ordinary Shares to which a Subscription Shareholder is entitled on conversion in certificated form;
 - 4.2 treat as valid (and binding on the CREST member concerned) an Uncertificated Conversion Notice which does not comply in all respects with the requirements as to validity set out or referred to in this letter and this Appendix;
 - 4.3 accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid Uncertificated Conversion Notice in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;

- 4.4 treat a properly authenticated dematerialised instruction (in this sub-paragraph the ‘first instruction’) as not constituting a valid Uncertificated Conversion Notice if, at the time at which Registrars receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or the Registrars have received actual notice from Euroclear UK & Ireland of any of the matters specified in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- 4.5 accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to exercise his conversion rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

Notice to Convert Subscription Shares into Ordinary Shares

TO SR EUROPE INVESTMENT TRUST plc

I/We, being the registered holder(s) of the Subscription Shares of 1p represented by the accompanying certificate, hereby exercise my/our Conversion Rights for the Ordinary Shares of the Company for which I/we am/are entitled to convert in accordance with the terms and conditions of the Subscription Shares.

Part A

I/we enclose my/our cheque for £ made payable to Computershare Investor Services PLC re SR Europe Investment Trust plc and crossed 'A/c Payee Only' being payment in full at a rate of 244p per Subscription Share.

Part B

I/We hereby authorise and direct you to allot all of the fully paid Ordinary Shares of the Company to be allotted pursuant hereto to the person(s) who is/are named in and who has/have signed the acceptance(s) in the Form of Nomination attached hereto.

Part C

I/We hereby authorise the despatch of the Ordinary Shares Certificate to:

.....
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At

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.....
.....
.....

Signature(s) of holders

- 1).....
- 2).....
- 3).....
- 4).....

(in case of joint holdings all holders must sign. In case of a corporation this notice must be given under its common seal or signed on its behalf by an attorney or duly authorised official of the corporation)

Dated this day of

Application should be made to the office of the Registrar of the Company (telephone number 0870 7071313) for an appropriate Form(s) of Nomination which must be completed and lodged with the certificate.

If part C is left blank the Ordinary Share certificate will be sent to the registered address of the first named holder.

To be returned to: Computershare Priority Application Corporate Actions, Bristol BS99 6AJ

