

Close Enhanced Commodities Fund Limited

A Guernsey incorporated investment company. Registration No. 42782.

Registered Office and place of business:-

P.O. Box 405, Anson Place, Mill Court, La Charroterie, St Peter Port, Guernsey, Channel Islands GY1 3GF
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To the holders of Participating Shares (each a "Shareholder") in Close Enhanced Commodities Fund Limited (the "Company")

Redemption Notice

Dear Shareholder

In accordance with the Company's Articles of Association, all Participating Shares in issue have been compulsorily redeemed as of 24 February 2010.

As Shareholders are aware, the prospective returns on the Participating Shares were to be financed out of the maturity proceeds of the debt securities held by the Company and any default (such as insolvency) by an issuer of any such debt security would have a consequential adverse effect on the ability of the Company to pay all of the redemption proceeds due to Shareholders.

The Company held a debt security issued by Glitnir Banki HF, an Icelandic bank which was placed in receivership by the Icelandic authorities (the "**Defaulting Note**"). The Defaulting Note had a nominal value of £6.74 million, representing approximately 19% of the total nominal value of the Company's debt securities, but it is not known at this stage whether any value can be realised from it or what, ultimately, that realisable value might be. There remains a possibility that eventually nothing might be forthcoming but, as there currently exists some possibility of a potential value arising for the Defaulting Note, the Company has placed this 'interest' in trust for all Shareholders as explained below.

The Winding-Up Board of Glitnir Banki HF asked all parties claiming debts of any sort to submit claims in respect thereof. Consequently, as announced by the Company on 16 November 2009, a claim was submitted on the Company's behalf and in respect of the Defaulting Note for a total amount equivalent to £17,025,335.40 (equating to approximately 48 pence per Participating Share) (the "**Claim**"). However, it is not expected that any monies will result from the Claim for some time, if ever.

Shareholders should be aware that it is likely that Glitnir Banki HF may not pay the Company the full amount claimed or, indeed, anything at all. Whilst recovery rates from issuers that default vary, and in this case are currently unknown, the worst case scenario would see the Company receive nothing from Glitnir Banki HF. Any claims which are paid may be paid in currencies other than Sterling and/or in forms other than cash. Any payments received by the Company may therefore be subject to currency fluctuations and/or other market movements.

Further to the Circular sent on 26 January 2010 and the subsequent Class Meeting of Holders of Participating Shares and the Extraordinary General meeting of the Company on 19 February 2010 the Company has transferred the Claim to the CECF 2010 Defaulting Note Trust, which was established pursuant to an instrument dated 2 March 2010 (the “Trust”), in which the Claim is being held on trust for the benefit of all Shareholders.

Thus, in respect of any future interest you as a shareholder might derive from the Defaulting Note, that interest will be as a beneficiary in the Trust where the extent of your interest will be determined *pro rata* your final holding of Participating Shares in the Company. No certificates of title to interests in the Trust will be issued.

Anson Custody Limited is the trustee of the Trust (the “Trustee”) and in order to keep the Trust in existence for as long as possible, if necessary, the intention is that administration be kept as simple as possible. Accordingly, the Trustee intends to communicate with all beneficiaries in the Trust by means of its website rather than in writing and by post.

You are invited to access the Trustee’s website at <http://www.anson-group.com/CECFTrust.html>. If web access is not available to you please let the Trustee know so they can mark your entry as one to be communicated with by post.

In future, if a beneficiary of the Trust wishes to transfer all or part of their interests in the Trust to a new person, they may do so provided they use the appropriate form of transfer request, an example of which will become available on the Trustee’s website.

In the event that some form of maturity proceeds are paid by the Defaulting Note and received by the Trust, the Trustee will communicate such fact to all beneficiaries entitled to receive a distribution payment in excess of £10.

Beneficiaries wishing to change their correspondence address should notify the Trustee in writing at P.O. Box 405, Anson Place, Mill Court, La Charroterie, St Peter Port, Guernsey GY1 3GF, or such other address as might be stated on the Trustee’s web-site.

Yours faithfully

Nicholas Falla
Chairman