

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or transferred all your ordinary shares in Artisan (UK) plc, please send this document and the accompanying form of proxy at once 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.

ARTISAN (UK) PLC

(Registered in England and Wales, Company number 3630998)

Directors:

Michael Winston Stevens, *Non-executive Chairman*
Christopher Paul Musselle, *Chief Executive*
John Alfred Jones, *Executive Director*
Michael John Eyres, *Executive Director*
Norman Stanley Saunders, *Non-executive Director*
John Hemingway, *Non-executive Director*

Registered Office:

Vantage House
Vantage Park
Washingley Road
Huntingdon
Cambs
PE29 6SR

17 October 2008

To the holders of Ordinary Shares and, for information only, the holders of share options

Dear Shareholder

At the end of this letter is notice of the tenth Annual General Meeting of your Company, which will be held at the offices of Brewin Dolphin Limited at 21 Smithfield Street, London EC1A 9BD on Tuesday, 11 November 2008 at 11.30 am.

The first five resolutions on the agenda for the meeting are part of the ordinary business of an Annual General Meeting ("AGM") of the Company. Resolutions 6 and 7 are also part of the routine business of the AGM but, concerning as they do the directors' authority to issue shares in the Company, merit some explanation. The remaining resolution on the agenda for the AGM, Resolution 8, is special business, relating to a further alteration to the Company's Articles of Association, to reflect the continuing implementation of provisions of the Companies Act 2006.

The purpose of this letter is to explain to you the reasons why Resolutions 6, 7 and 8 are proposed, and to give you the Board's unanimous recommendation to shareholders in relation to those resolutions.

Resolution 6: Authority to issue shares

The directors cannot issue any shares in the Company unless authorised to do so by shareholders. The Board's current authority to issue shares was granted by shareholders on 3rd September 2004, and will expire on 2nd September 2009 – before the Company's next AGM. Resolution 6 would, accordingly, renew the directors' authority, given by the resolution passed on 3rd September 2004, to allot the unissued shares in the Company, with a nominal value up to £3,357,350.

Resolution 7: Power to issue shares for cash

At every AGM, the directors ask shareholders for power to issue a certain number of shares for cash, without applying statutory pre-emption rights. At the Company's last AGM, on 6th November 2007, shareholders gave the Board power to issue shares in this way up to an aggregate nominal amount of £500,000.

On 1st August 2008, the Company announced that it had raised £1.75m (before expenses) by the issue of convertible loan notes to Aspen Finance Limited, a substantial shareholder in the Company in whose shares I have a beneficial interest. The issue of these loan notes fulfilled an existing commitment from 2007 on the part of the Company to its bankers, to support new funding for the Group's investment property division. The loan notes are convertible at any time, at the holder's option, into ordinary shares at the following conversion prices –

- (a) until 30th June 2009, 34.125p per ordinary share;
- (b) from that date until 30th June 2010, 80p per ordinary share;
- (c) from that date until 30th June 2011, 85p per ordinary share; and
- (d) from 1st July 2011, 90p per ordinary share.

The Company has an obligation under the terms of the loan note instrument to ensure that the directors have sufficient authority, for the purposes of sections 80 and 95 of the Companies Act 2005, to provide for conversion of the loan notes. However, in these uncertain economic times, the directors would not wish to exclude the possibility of raising further equity funds, by the issue of ordinary shares. Resolution 7 would, therefore, empower the Board to issue shares on conversion of the loan notes, but also renew the general power to issue shares for cash given to the directors by shareholders at the 2007 AGM.

Resolution 8: Alteration of the Articles of Association

Shareholders will recall that a number of alterations were made to the Company's Articles of Association at last year's AGM, to keep the Articles up-to-date in the light of provisions of the Companies Act 2006 which were then being brought into force. Further provisions of this new Act came into force on 1st October 2008, and the directors believe that another alteration of the Company's Articles is desirable to accommodate further new legislative provisions in relation to directors' duties.

The Companies Act 2006 has codified, with some modifications, the law relating to the duties of the directors of every company, including the duty to avoid conflicts, or potential conflicts, between the interests of the company and the directors' personal interests. The Company's Articles already contain a code for dealing with potential conflicts of interest where a director, or someone connected with a director, is entering into a contract or arrangement with the Company. The 2006 Act goes further and requires every director to avoid situations where such a conflict or potential conflict of interest may arise, otherwise than in any contract or transaction with the Company.

There are a number of circumstances where such a situation could arise but where the Company's interests are not threatened – for example, if the Board invited a director of another property company to join the Board, to bring his industry expertise to the Company. The Act allows the independent directors to approve such a situation, if authorised to do so by a provision of the Articles of Association.

Many other public companies are adopting such provisions in their Articles of Association, and the directors believe that it would be in the interests of shareholders for the Company's Articles to include such an authority for the Board. Resolution 8 would alter the Company's Articles of Association by inserting new provisions as Articles 17.11 to 17.13, to permit the Board to authorise, subject to safeguards for shareholders' interests, a situation where such a conflict of interest might arise.

The proposed new Articles contain a number of safeguards for shareholders' interests. First, any director seeking approval for a potential conflict would have to disclose the situation to the other members of the Board. Secondly, only directors who have no interest in the matters being considered would be able to take the relevant decision – and, in doing so, they would have to comply with their own duty to the Company to act in the way which they considered, in good faith, would be most likely to promote the success of the Company. Finally, those independent directors would be able to attach conditions or limitations to any approval which they give, and to revoke that approval subsequently, if circumstances were to change.

I wish to emphasise to all shareholders that the proposed new Articles 17.11 to 17.13 would not in any way permit me to participate in Board decisions where the particular interests of Aspen Finance Limited (and, thereby my own particular personal interests) are involved. I will continue to exclude myself – as I always have in the past – from any Board discussion which concerns the particular interests of Aspen Finance Limited.

Action to be taken

Shareholders are requested to complete and return the enclosed form of proxy for use at the Annual General Meeting, in accordance with the instructions printed on the form, so as to arrive at the Company's Registrars, Capita Registrars, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, and in any event no later than 11am on 7 November 2008. Completion and return of the form of proxy will not prevent you from attending the Annual General Meeting and voting in person, if you wish to do so.

Directors' recommendations

The Directors are of the opinion that the proposals to empower the directors to issue equity securities and to alter the Company's Articles of Association made in Resolutions 6, 7 and 8 set out in the Notice of Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that shareholders vote in favour of Resolutions 6, 7 and 8 at the Annual General Meeting, as they intend to do so in respect of the shares in which they are beneficially interested, totalling 2,448,558 ordinary shares, representing approximately 29.81% of the issued ordinary share capital of the Company.

The Directors also urge all shareholders to vote in respect of Resolutions 1–5 set out in the Notice of the Annual General Meeting, but, as these resolutions comprise ordinary business of the Annual General Meeting, they are matters for shareholders to decide on, and it is inappropriate for your Directors to make any recommendations in respect of those particular resolutions.

Yours faithfully

MICHAEL STEVENS
Chairman

ARTISAN (UK) PLC

(Registered in England and Wales, Company Number 3630998)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the tenth Annual General Meeting of Artisan (UK) plc (“the Company”) will be held at the offices of Brewin Dolphin Limited, 12 Smithfield Street, London EC1A 9BD on Tuesday, 11 November 2008 at 11.30 am for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed, in the case of Resolutions 1 to 6 inclusive, as ordinary resolutions and, in the case of Resolutions 7 and 8, as special resolutions:

1. That the report of the directors and the audited accounts of the Company for the year ended 30th June 2008 be received
2. That, on the recommendation of the directors, a final dividend of 0.75p per ordinary share be declared
3. That John Hemingway be re-elected as a director of the Company
4. That Christopher Paul Musselle be re-elected as a director of the Company
5. That BDO Stoy Hayward LLP be re-appointed auditors of the Company, and that the directors be authorised to determine the auditors’ remuneration
6. That, in substitution for all previous authorities given to the directors for such purposes the directors be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (“the Act”) to exercise all the powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) up to a maximum nominal amount of £3,357,350 provided that this authority shall expire (unless previously renewed varied or revoked by the Company in general meeting) on 10 November 2013, save that the Company may before the expiry of such authority make an offer or agreement under which relevant securities would or might be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.
7. That the directors be and are hereby empowered, pursuant to section 95(1) of the Act, to allot equity securities (as defined in section 94(2) of the Act) as if section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to –
 - (a) the allotment of equity securities in connection with a rights issue in favour of or other offer to the holders of ordinary shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or arrangements as the directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the law of or the requirements of any regulatory body or any recognised stock exchange in any territory;
 - (b) the allotment of equity securities up to an aggregate nominal amount of £1,025,642 in the event of exercise of the conversion rights attaching to the Convertible Unsecured Loan Notes 2012 issued by the Company under an instrument dated 1st August 2008; and
 - (c) the allotment (otherwise than pursuant to paragraphs (a) or (b) above) of equity securities up to an aggregate nominal amount of £500,000provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on 31st December 2009 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution but so that the directors shall be empowered to allot equity securities in pursuance of an offer or agreement made prior to such expiry as if the power conferred by this resolution had not expired.
8. That the Articles of Association of the Company be altered by inserting the following additional Articles as Articles 17.11 to 17.13:

“Directors’ conflicts of interest

- 17.11 The directors shall have power to authorise a situation, transaction or circumstance which would or might otherwise constitute or give rise to a breach of a director’s duty to avoid a situation in which he has, or might have, any direct or indirect interest which conflicts, or possibly may conflict, with the interests of the Company. Such authorisation may be subject to such conditions or limitations as the directors may determine, whether at the time such authorisation is given or subsequently, and may be revoked by the directors at any time.
- 17.12 Authorisation of any matter under Article 17.11 shall be effective only if –
- (a) the interest of the director has been disclosed to the other directors, at a meeting of the Board or by written notification to each other director; and
 - (b) any requirement as to the quorum at the meeting of the Board at which the matter is considered is met without counting the director in question or any other director interested in the matter (together “the interested directors”); and
 - (c) the matter was agreed to without the interested directors voting, or would have been agreed to if their votes had not been counted.
- 17.13 A director shall not be liable to account to the Company for any profit or benefit realised by him (or any person connected with him) from any transaction or arrangement authorised by the Board under Articles 17.11 and 17.12, nor shall any contract or arrangement entered into relating to the matter be liable to be avoided on the grounds of any such profit or benefit.”

BY ORDER OF THE BOARD

Philip R Speer
Company Secretary

Registered Office:

Vantage House
Vantage Park
Washingley Road
Huntingdon
PE29 6SR

Date: 17 October 2008

Notes:

1. If you are a member of the Company entitled to attend the Annual General Meeting, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this Notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. To be valid, a proxy form must be completed and signed, and sent or delivered to the Company’s registrars, Capita Registrars, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by them no later than 11 am on 7 November 2008. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or other authority under which a proxy form is signed (or a duly certified copy of that power or authority) must be included with the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to your proxy.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy this form. Please indicate the proxy holder’s name and number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned in the same envelope.
5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members, the first named being the most senior.
6. The appointment of a proxy does not preclude you from attending and voting in person at the Annual General Meeting.
7. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company’s Register of Members at 6pm on 7 November 2008 will be entitled to attend and vote at the Annual General Meeting.

