

A copy of this document, which comprises a prospectus relating to EP Global Opportunities Trust plc (the “Company”), prepared in accordance with the listing rules of the UK Listing Authority made under section 74 of the Financial Services and Markets Act 2000, has been delivered to the Registrar of Companies in Scotland for registration in accordance with section 83 of that Act.

The Directors of the Company, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made to the UK Listing Authority for all of the Ordinary Shares (issued and to be issued) to be admitted to the Official List and to the London Stock Exchange for those shares to be admitted to trading on the London Stock Exchange’s market for listed securities. It is expected that such admissions will become effective and that dealings in the Ordinary Shares will commence on 15 December 2003.

EP GLOBAL OPPORTUNITIES TRUST PLC

(Incorporated in Scotland under the Companies Act 1985 with registered number 259207)

PLACING AND OFFER FOR SUBSCRIPTION of up to 45 million ordinary shares of 1p each at 100p per share

Sponsored by

DICKSON MINTO W.S.

Investment Manager

EDINBURGH PARTNERS LIMITED

The Ordinary Shares to be allotted pursuant to the Placing and Offer have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the Ordinary Shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company will not be registered under the United States Investment Company Act of 1940 (as amended) and investors will not be entitled to the benefits of such Act.

Dickson Minto W.S., which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the sponsor and solicitor to the Company. Dickson Minto W.S. is not acting for any other person in connection with the Placing and Offer, will not be responsible to anyone other than the Company for providing the protections afforded to clients of Dickson Minto W.S. and is not advising any other person in relation to any transaction contemplated in or by this document.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out on pages 10 and 11 of this document.

24 November 2003

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EXPECTED TIMETABLE

Offer for Subscription opens	24 November 2003
Latest time and date for applications under the Offer*	3.00 p.m. on 8 December 2003
Dealings in the Ordinary Shares commence	15 December 2003
Crediting of CREST accounts in respect of the Ordinary Shares	15 December 2003
Share certificates in respect of the Ordinary Shares despatched (if applicable)	by 18 December 2003

** A maximum of 45 million Ordinary Shares are available under the Placing and Offer for Subscription. In the event that commitments under the Placing and valid applications under the Offer reach 45 million Ordinary Shares, no further commitments or applications will be accepted and the Placing and Offer will be closed.*

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors

Teddy Tulloch (*Chairman*)

Richard Burns

David Hough

Ian McBean

all non-executive and of 16 Charlotte Square, Edinburgh EH2 4DF

Investment Manager

Edinburgh Partners Limited

7-11 Melville Street

Edinburgh EH3 7PE

Secretary and Registered Office

Kenneth John Greig

16 Charlotte Square

Edinburgh EH2 4DF

Marketing Adviser

G&N Collective Funds Services Limited

14 Alva Street

Edinburgh EH2 4QG

Solicitor and Sponsor

Dickson Minto W.S.

16 Charlotte Square

Edinburgh EH2 4DF

Auditors and Reporting Accountants

Ernst & Young LLP

Ten George Street

Edinburgh EH2 2DZ

Principal Bankers and Custodians

The Bank of New York

One Canada Square

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Registrars

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Receiving Agent

Computershare Investor Services PLC

PO Box 859

The Pavilions

Bridgwater Road

Bristol BS99 1XZ

KEY FEATURES

These key features are derived from, and should be read in conjunction with, the full text of this document and, in particular, the risk factors set out on pages 10 and 11.

- The Company is a new investment trust to be listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange. It is intended as a long-term vehicle for investors and its assets will be managed by Edinburgh Partners Limited. The Company will have a single class of shares and will have an indefinite life.
- The Company's objective is to provide Shareholders with an attractive real long-term return by investing globally in undervalued securities. The portfolio will be managed without reference to the composition of any stockmarket index.
- The Company will invest in a focused portfolio of 30 to 40 securities of issuers throughout the world, predominantly in quoted equities. The Company may also invest up to 10 per cent. of its total assets (at the time of investment) in unquoted securities.
- The investment objective and policy of the Company are intended to allow the Company to be constrained in its investment selection only by valuation. The Company will invest only in securities which Edinburgh Partners considers to be undervalued on an absolute basis. The Company may invest in debt instruments, cash or cash equivalents where the investment manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities or to maintain liquidity.
- It is not intended that any emphasis will be placed on income in the choice of the Company's investments, which will be made solely to generate attractive real long-term returns.
- The Company may borrow up to 25 per cent. of its Total Assets from time to time.
- The Company will have the opportunity to invest in Edinburgh Partners, which has granted the Company an option to subscribe for Edinburgh Partners shares exercisable at £3 per share at any time within five years from Admission. The EP Option is over a minimum of two per cent. of the existing equity share capital of Edinburgh Partners rising to 4.5 per cent. of its existing equity share capital on a straight line basis in the event that the gross proceeds of the Issue are between £20 million and £45 million.
- It is intended to raise up to £45 million through a placing and offer for subscription. The Placing and Offer will not proceed unless aggregate subscriptions of £12 million are received. Dealings in the Company's Ordinary Shares are expected to commence on 15 December 2003.
- The Company will have the power to buy back up to 14.99 per cent. of its own Ordinary Shares in issue immediately after Admission and will seek renewal of this authority from Shareholders annually and at other times should this prove necessary.
- The Directors have authority to issue further Ordinary Shares for cash up to an amount equal to 100 per cent. of the Company's issued share capital following Admission, provided the issue price for each new Ordinary Share is not less than the most recently published net asset value per Ordinary Share. New Ordinary Shares issued under this authority need not be offered *pro rata* to existing Shareholders.

Risk Factors

An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment.

The attention of investors is drawn to the principal risk factors associated with an investment in the Company set out on pages 10 and 11.

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Act”	Companies Act 1985 (as amended)
“Admission”	admission of the Ordinary Shares, issued and to be issued pursuant to the Issue, to the Official List of the UK Listing Authority and to trading on the London Stock Exchange
“Articles”	the Articles of Association of the Company, a summary of which is set out in paragraph 3 of Part 2 of this document
“Board” or “Directors”	the directors of the Company whose names are set out in the paragraph headed “Directors” in Part 1 of this document
“Company”	EP Global Opportunities Trust plc
“EP Option”	the option granted to the Company by Edinburgh Partners over shares in the capital of Edinburgh Partners, a summary of which is set out in paragraph 5.3 of Part 2 of this document
“G&N”	G&N Collective Funds Services Limited
“Investment Management Agreement”	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 5.1 of Part 2 of this document
“Investment Manager” or “Edinburgh Partners”	Edinburgh Partners Limited
“ISA”	Individual Savings Account for the purposes of section 333 (1A) of the Income and Corporation Taxes Act 1988
“Issue”	the issue of Ordinary Shares pursuant to the Placing and Offer
“Issue Price”	100p per Ordinary Share
“London Stock Exchange”	London Stock Exchange plc
“Offer” or “Offer for Subscription”	the offer for subscription of Ordinary Shares at the Issue Price, as described in this document
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shareholders” or “Shareholders”	holders of the Ordinary Shares
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Placing”	the placing of Ordinary Shares at the Issue Price, as described in this document
“PEP”	a personal equity plan
“Prospectus”	this document
“Receiving Agent”	Computershare Investor Services PLC
“SIPP”	a self-invested personal pension scheme as defined in regulation 3 of the Personal Pension Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001
“Total Assets”	the aggregate value of the assets of the Company less current liabilities of the Company (but there shall not be included as current liabilities principal amounts borrowed for investment)
“UKLA” or “UK Listing Authority”	the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

PART 1

THE COMPANY

Introduction

EP Global Opportunities Trust plc is a new investment trust to be managed by Edinburgh Partners Limited and to be listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange. It is intended as a long-term vehicle for investors. The Company will have a single class of shares in issue and will have an indefinite life.

Investment objective and policy

The Company's objective is to provide Shareholders with an attractive real long-term total return by investing globally in undervalued securities. The portfolio will be managed without reference to the composition of any stockmarket index.

The Company will invest in a focused portfolio of approximately 30 to 40 securities of issuers throughout the world. It is anticipated that portfolio investments will be predominantly in quoted equities. The Company may also invest in unquoted securities, which are not anticipated to exceed 10 per cent. of the Company's Total Assets at the time of investment (excluding the EP Option and any shares in Edinburgh Partners held by the Company as a result of the exercise of the EP Option).

The Company has no present intention to invest in other investment companies or funds but will retain the ability to invest no more than 15 per cent. of its gross assets in other listed investment companies (including investment trusts).

The Company may also invest a substantial portion of its assets in debt instruments, cash or cash equivalents where the Investment Manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities for the portfolio or to maintain liquidity. In addition, the Company may purchase derivatives for the purposes of efficient portfolio management.

It is intended that, from time to time, and when deemed appropriate, the Company will borrow for investment purposes up to the equivalent of 25 per cent. of its Total Assets. By contrast, the Company's portfolio may from time to time have substantial holdings of debt instruments, cash or cash equivalents.

The investment objective and policy is intended to distinguish the Company from other investment vehicles which have relatively narrow investment objectives and which are thus constrained in their decision making and asset allocation. The objective and policy will allow the Company to be constrained in its investment selection only by valuation, and to be pragmatic in portfolio construction by only investing in securities which Edinburgh Partners considers to be undervalued on an absolute basis.

Investment philosophy

Edinburgh Partners believes that investment markets are not always rationally priced; and that while it is not possible to predict with precision when markets will correct valuation anomalies, they will be corrected in due course. Accordingly, Edinburgh Partners believes that fundamental research and patience are the keys to successful long-term investing and that committed investors who are able to identify undervalued securities will be rewarded. Edinburgh Partners therefore employs disciplined and intensive research to identify those securities in major global markets that it regards as being clearly undervalued on an absolute basis, rather than pursuing specific yield or capital growth targets.

This philosophy requires a patient, long term approach to portfolio construction and a willingness to resist the pressure to conform to index or benchmark pressures. As a result, a portfolio constructed in this way may differ greatly in composition and performance from any market index.

Investment process

The initial stage of the process involves identifying potentially undervalued companies from the many listed companies around the world. The companies will then be subjected to a rigorous analysis including the projecting of long-term financial forecasts of earnings, cash flow and balance sheets for at least five years into the future. Edinburgh Partners will then apply its own valuation tests to the forecasts to provide an assessment of each company's net worth and the risks associated with investing in its securities.

This research allows the creation of a global stock buy list from which any portfolio managed by Edinburgh Partners will be constructed.

Investment outlook

The Investment Manager believes that the world has recently witnessed one of the most sustained equity bear markets in modern times. This directly followed one of the longest equity bull markets in the last 100 years. Just as some equity prices during the bull market exceeded the underlying value of the company, so in the bear market sentiment created opportunities as investors sold. The Investment Manager's analysis has found a wide range of investment opportunities in sectors which are out of favour and in under researched areas.

The Investment Manager believes that in general, current global equity market valuations cannot be described as over-valued. Accordingly, the Investment Manager anticipates that in the short-term it will be able to find investment opportunities which represent attractive long-term return prospects for the Company.

Capital structure

Share capital and duration

The Company's share capital structure will consist solely of Ordinary Shares. As the Company is intended as a long term investment vehicle, it will not have a termination date or any periodic continuation votes.

Further issues of Ordinary Shares

The Directors will have authority to allot all of the authorised but unissued share capital of the Company following Admission. The provisions of the Act which would confer pre-emption rights in respect of such allotments have been disapplied in respect of Ordinary Shares amounting to 100 per cent. of the issued share capital of the Company following Admission for a period of five years. The Directors will not however allot shares for cash at a price below the most recently calculated net asset value per share without offering such shares on a *pro rata* basis to Shareholders.

Purchase of Ordinary Shares by the Company

The Directors will have authority to buy back up to 14.99 per cent. of the Company's Ordinary Shares in issue immediately following Admission and will seek renewal of this authority from Shareholders annually and at other times should this prove necessary. Any buy back of Ordinary Shares will be made subject to the Act and within guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary Shares (as last published) where the Directors believe such purchases will enhance Shareholder value. Such purchases will also only be made in accordance with the rules of the UK Listing Authority which provide that the price to be paid must not be more than five per cent. above the average of the middle market quotations for the Ordinary Shares for the five business days before the purchase is made nor less than the nominal value of an Ordinary Share.

The Company has passed a special resolution cancelling the amount standing to the credit of its share premium account following the Issue. The Directors intend to apply to the Court for an order confirming such cancellation of the share premium account immediately following Admission. Subject to any undertaking required by the Court, the reserve created on such cancellation will be available as distributable profits to be used for all purposes permitted by the Act, including the buy back of shares.

Directors

The Directors, all of whom are non-executive and independent of the Investment Manager, are responsible for the determination of the investment policy of the Company and its overall supervision. The Directors are as follows:

Teddy Tulloch (Chairman), aged 57, was with Hoare Govett, stockbrokers, from 1968 until 1970. In 1972 he joined Stewart Ivory & Company of which he became a director. He was investment manager of The Scottish American Investment Company plc from 1987 to 1999.

Richard Burns, aged 57, became a partner of Baillie Gifford & Co. in 1977, and joint senior partner of Baillie Gifford in 1999. He was the manager of Mid Wynd International Investment Trust plc from the time of its listing in 1981 until he became head of Baillie Gifford's Pension Fund Department in 1989. He has been the manager of Monks Investment Trust plc since 1999. He is a director of Mid Wynd and Baillie Gifford Japan Trust plc and was a director of Scottish Life Assurance Company from 2000 to 2002. He has been a member of the Executive Committee of the Association of Investment Trust Companies since 1999 and is currently a director following the Association's incorporation.

David Hough, aged 41, joined Laurence Keen in 1987, being a director from its incorporation of Laurence Keen Holdings Limited in 1992 until 1999. He became a director of Rathbone Investment Management Limited on the acquisition of Laurence Keen by Rathbone Brothers in 1999.

Ian McBean, aged 58, was an investment analyst with Wood, Mackenzie & Co. from 1967 to 1981 when he became Deputy Head of Research. In 1986 he became Head of Research and in 1988, upon the sale of Wood, Mackenzie & Co. to National Westminster Bank, Head of UK Equity Research for County NatWest Securities. He was an investment manager with Templeton Investment Management between 1990 and 1991 and an investment adviser with Torrie & Co. from 1992 to 1999. He served as a director of Wood, Mackenzie & Co, Hill Samuel & Co. and County NatWest Limited.

Edinburgh Partners

Edinburgh Partners was founded in 2003 as a new specialist investment management firm to focus exclusively on achieving returns for investors based on global investment analysis of the highest quality. The founders of Edinburgh Partners include experienced investment professionals with strong investment performance records and who believe rigorous fundamental research allied to patience is the basis of long-term investment success.

Edinburgh Partners is committed to investment trusts as flexible, long-term savings vehicles, and intends that they should form the core of its business offering. Each of the investment professionals has specific responsibilities for sector and regional research in addition to his fund management roles. Many of the management team have previously worked together and share the same investment philosophy and approach, which they implemented together successfully during their time at Scottish Widows Investment Partnership.

Authorisation to conduct business was granted to Edinburgh Partners by the Financial Services Authority in August 2003. The business of Edinburgh Partners aims to provide discretionary investment management services and investment advice to institutional investors including listed investment trusts, listed investment companies, UK and overseas pension funds, trusts and charities. Edinburgh Partners also offers sub-advisory investment services to UK and offshore collective investment schemes and other funds.

The principal investment managers at Edinburgh Partners who will be responsible for the management of the Company's assets are:

Dr Sandy Nairn, BSc, PhD, ASIP, CFA, is responsible for international, global and EAFE (Europe, Asia, Far East) portfolios as well as overseeing the research and investment process of the firm. A trained economist with a PhD from the University of Strathclyde, he worked for Templeton Investment Management from 1990 to 2000, latterly as executive vice president and director of global equity research. In 2000 he was appointed chief investment officer at Scottish Widows Investment Partnership. The investment process and team he introduced transformed results for the company's £80 billion of funds under management, with performance of key funds rising from fourth to first quartile within two years. He is the author of "Engines That Move Markets" (John Wiley 2001), a historical study of technology investment over the last 200 years, and was short listed as European Institutional CIO of the Year in 2002.

Graham Campbell, BA, MBA, ASIP, is responsible for managing and overseeing all UK equity portfolios at Edinburgh Partners and for researching the resources, basic industries and service sectors. A graduate of Glasgow Caledonian and Edinburgh Universities, he began his career at Campbell Neill, a firm of stockbrokers, and later spent 10 years with Edinburgh Fund Managers as an investment director. He joined Scottish Widows Investment Partnership in 2001 as head of retail funds with responsibility for overseeing all the funds in this category. The UK Equity unit trusts he managed at SWIP moved from fourth to first quartile performance between 2001 and 2003.

Investment management and administration arrangements

The Company has entered into the Investment Management Agreement with the Investment Manager under which Edinburgh Partners has been appointed with responsibility for the management of the Company's assets subject to the overall supervision of the Directors and to provide certain administrative services to the Company. The Investment Manager will manage the Company's investments in accordance with the policies laid down by the Directors and in accordance with the investment restrictions referred to in the Investment Management Agreement and the Prospectus.

Under the Investment Management Agreement the Investment Manager will receive an aggregate annual fee from the Company, payable quarterly in arrears, at the rate of 0.75 per cent. per annum of the market capitalisation of the Company plus an administration fee of £60,000 per annum (increased annually in line with inflation). The Investment Management Agreement is terminable by either party on 12 months' notice. Further details of the Investment Management Agreement are set out in paragraph 5.1 of Part 2 of this document. The Directors believe that by paying the Investment Manager a fee calculated on the market capitalisation of the Company the interests of the Investment Manager are aligned with those of the Shareholders.

EP Option

Edinburgh Partners has granted an option to the Company over its ordinary shares, exercisable up until the fifth anniversary of Admission. The EP Option is exercisable at a price of £3 per ordinary share. The EP Option is over a minimum of two per cent. of the equity share capital of Edinburgh Partners at the date of grant of the option (66,289 Edinburgh Partners shares) rising to 4.5 per cent. of its equity share capital at the date of grant of the option (153,053 Edinburgh Partners shares) on a straight line basis in the event that the gross proceeds of the Issue are between £20 million and £45 million. The Company will not pay any consideration for the acquisition of the EP Option. The Directors intend to value the EP Option in the books of account of the Company at fair value and in doing so the Directors will have regard to the guidelines on valuation published by the British Venture Capital Association. This will result in an initial valuation of the EP Option at nil.

As Edinburgh Partners is a related party of the Company for the purposes of the Listing Rules of the UKLA and as the grant of the EP Option in favour of the Company is not considered to be in the ordinary course of business of the Company, any exercise of the EP Option by the Company in the future will be subject to the provisions of the Listing Rules applicable to transactions with related parties and transactions important by virtue of their size. These may require that Shareholder approval for the exercise of the EP Option be obtained.

The EP Option lapses if notice is given by the Company of termination of the Investment Management Agreement. Further details of the option agreement governing the EP Option are set out in paragraph 5.3 of Part 2 of this document.

Corporate governance

The Chairman and each of the other Directors is independent of the Investment Manager. Each member of the Board is non-executive. The Board will put in place arrangements which it considers appropriate for an investment trust to ensure proper corporate governance and to enable the Company to comply with the recommendations of the Combined Code except as disclosed below.

The Board does not consider it necessary for a senior independent director to be appointed, as all of the Directors are independent. Further, given the number of Directors, the Board does not consider it necessary for the Company to establish separate audit, remuneration or nomination committees and all of the matters recommended by the Combined Code to be delegated to such Committees will be considered by the Board as a whole.

Shareholder information

The Company's annual report and accounts will be prepared up to 31 December each year and it is expected that copies will be sent to Shareholders in the following March. Shareholders will also receive an unaudited interim report covering the six months to 30 June each year expected to be despatched in August. The first financial period of the Company will cover the period ending 31 December 2004. The first financial report and accounts that Shareholders will receive will be the unaudited interim report for the period ending 30 June 2004.

It is expected that the net asset value of an Ordinary Share will be published weekly.

Dividends

It is not intended that any emphasis will be placed on income in the choice of the Company's investments, which will be made solely to generate attractive real long-term total returns. The Company will therefore not adopt any formal policy to achieve or maintain any specified level of dividend but intends primarily to ensure sufficient revenues to meet expenses. The Directors intend to charge all of the expenses of the Company to the revenue account of the Company. While in some market conditions dividend levels may be high enough to provide a surplus for distribution, this will not always be the case. In financial years where there is a surplus, the Directors will be obliged to declare dividends in order for the Company to comply with the rules relating to investment trusts, which provide that an investment trust is not able to retain in excess of 15 per cent. of its income from shares and securities. In such event, dividends will be paid as a final dividend after the relevant annual general meeting of the Company.

The Issue

The Issue, which is not underwritten, is conditional, *inter alia*, upon admission of the Ordinary Shares to the UKLA's Official List and to trading on the London Stock Exchange becoming effective and upon a minimum of 12 million Ordinary Shares being subscribed for in the Issue. G&N has agreed to use its reasonable endeavours to procure places in the Placing for up to 20 million Ordinary Shares. A commission is payable, at the rate of one per cent. on the Issue Price, to places in respect of all Ordinary Shares acquired under the Placing and to financial intermediaries in respect of all Ordinary Shares acquired under the Offer through financial intermediaries.

Shares issued pursuant to the Issue will be issued in registered form and may be held either in certificated form or settled through CREST. It is expected that definitive certificates in respect of the Ordinary Shares will, where requested, be despatched by post by 18 December 2003. Temporary documents of title will not be issued. Admission to listing on the UKLA's Official List and dealings in the Ordinary Shares are expected to commence on 15 December 2003.

If the Issue proceeds, and on the basis that 45 million Ordinary Shares will be issued, the net proceeds of the Issue after expenses of £1.35 million will be £43.65 million. Edinburgh Partners has agreed to cap the costs of the Issue at 3 per cent. of the Issue proceeds pursuant to the costs commission agreement between the Company and Edinburgh Partners described in more detail in paragraph 5.2 of Part 2 of this document.

The Ordinary Shares will be issued at a price of 100p each, representing a premium of 99p per share over the nominal value of each Ordinary Share of 1p. The Issue Price under the Placing is payable in full in cash upon issue of the Ordinary Shares. Under the Offer the Issue Price is payable in full in cash upon application. An application under the Offer must be for Ordinary Shares with a minimum aggregate Issue Price of £1,000 and thereafter in multiples of £100.

The procedure for, and the terms and conditions of, application under the Offer for Subscription are set out in Part 3 of this document and an application form for use under the Offer for Subscription is attached.

Completed application forms in relation to the Offer for Subscription must be posted or delivered by hand to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand only to Computershare Investor Services PLC at 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR so as to be received by 3.00 p.m. on 8 December 2003.

A maximum of 45 million Ordinary Shares are available under the Placing and Offer for Subscription. In the event that commitments under the Placing and valid applications under the Offer reach 45 million Ordinary Shares, no further commitments or applications will be accepted and the Placing and Offer will be closed.

Risk factors

Investors should consider the following risk factors in relation to the Company and the Ordinary Shares.

The Company and the Ordinary Shares

The market value of, and the income derived from, the Ordinary Shares can fluctuate. The Company's share price may go down as well as up. Past performance is not necessarily a guide to future performance. There is no guarantee that the market price of the Ordinary Shares will fully reflect their underlying net asset value. Investors may not get back the full value of their investment. There can be no guarantee that the investment objectives of the Company will be met.

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors.

The market value of the Ordinary Shares, as well as being affected by their net asset value, also takes into account their dividend yield and prevailing interest rates, supply and demand for the shares, market conditions and general investor sentiment. As such, the market value of an Ordinary Share may vary considerably from its underlying net asset value.

Investment in the Company should be regarded as long-term in nature. The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

Although the Ordinary Shares will be traded on the London Stock Exchange it is possible that there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty in selling Ordinary Shares.

If under UK law there were to be a change to the basis on which dividends could be paid by companies, this could have a negative effect on the Company's ability to pay dividends.

Portfolio

The Company is likely, from time to time, to maintain a more concentrated portfolio (both in terms of individual holdings and in terms of its exposure to particular industries) than those of many other investment funds. Accordingly, investors should be aware that the portfolio potentially carries a higher level of risk than a more diversified portfolio.

As the Company will seek to provide attractive long-term total returns, rather than returns relative to a particular index or benchmark, its portfolio will be managed without reference to the composition of any stockmarket index. Therefore, it is likely that there will be periods when the Company's performance will be quite unlike that of any index (which may or may not be to the advantage of the Company). The Company's shares are an unsuitable investment for those who seek investments in some way correlated to a stockmarket index.

The Company does not intend to place any particular emphasis on income in the choice of its investments which will be made on the basis of the potential to generate a long-term total return. The income of the Company may therefore fluctuate and there may be financial periods when no dividends can be paid.

The Company may invest in bonds and therefore be subject to the inherent interest rate, credit or default risks associated with such assets.

The Company may use derivatives principally to protect value in the portfolio and reduce costs. There may not be a price correlation between price movements in the underlying securities, currency or index, on the one hand, and price movements in the investments, which are the subject of the hedge, on the other hand. In addition, an active market may not exist for a particular derivative instrument at any particular time.

A proportion of the Company's portfolio may be held in cash from time to time. Such proportion of the Company's assets will be out of the market and will not benefit from positive stock market movements.

Borrowings

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. Similarly the use of borrowings by other investment companies or funds in which the Company invests will increase the volatility of the Company's investment in such company or fund and thereby further increase the volatility of the net asset value per Ordinary Share.

Foreign currency risk

A proportion of the Company's portfolio may be invested in overseas assets and, therefore, their sterling value could be significantly affected by movements in foreign currency exchange rates. The Company will not normally hedge against foreign currency movements affecting the value of its investment portfolio, but the Investment Manager will take account of this risk when making investment decisions.

General

An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment.

PART 2

GENERAL INFORMATION

1. Incorporation and general

- 1.1 The Company was incorporated and registered in Scotland on 13 November 2003 as a public company limited by shares under the Act with registered number 259207. The Company operates under the Act and regulations made under the Act.
- 1.2 The memorandum of association of the Company provides that the Company's principal object is to carry on the business of an investment trust company. The objects of the Company are set out in clause 4 of its memorandum of association, a copy of which is available for inspection at the address set out in paragraph 8 below.
- 1.3 Since its incorporation the Company has not traded and no accounts of the Company have been made up. On 20 November 2003, the Company was granted a certificate of entitlement to do business and to borrow under section 117 of the Act. There has been no significant change in the financial or trading position of the Company since its incorporation.
- 1.4 The Company is not, and has not since its incorporation been, engaged in any legal or arbitration proceedings, nor are any such proceedings pending or threatened by or against the Company of which the Company is aware which may have a significant effect on the Company's financial position.
- 1.5 It is the intention of the Company to direct its affairs to enable it to seek approval as an investment trust under section 842 of the Income and Corporation Taxes Act 1988 for its current and subsequent accounting periods and, accordingly, the Company intends that its income will consist wholly or mainly of eligible investment income (as defined in that section). In addition, the directors intend to conduct the affairs of the Company so as to satisfy the requirements for qualification as an investment company under section 266 of the Act and the Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to that section.
- 1.6 Subject to any special rights or restrictions attaching to any shares or any class of shares issued by the Company in the future, the holders of fully paid Ordinary Shares are entitled *pari passu* amongst themselves, but in proportion to the number of Ordinary Shares held by them, to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of the liquidation of the Company.

2. Share and loan capital

- 2.1 The authorised share capital and the maximum issued share capital of the Company (all of which will be fully paid up) immediately following the Issue (assuming that Admission becomes effective by 30 January 2004) will be as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>No. of shares</i>	<i>£ nominal</i>	<i>No. of shares</i>	<i>£ nominal</i>
Ordinary Shares	85,000,000	£850,000	45,000,000	£450,000
Redeemable preference shares of £1 each	50,000	£50,000	50,000	£50,000

- 2.2 The authorised share capital of the Company on its incorporation was £50,000 divided into 5,000,000 Ordinary Shares, of which two Ordinary Shares were issued to the subscribers to the Company's memorandum of association. On 19 November 2003, the two subscriber shares were transferred to Sandy Nairn and Graham Campbell.
- 2.3 Pursuant to a special resolution passed by the Company on 19 November 2003:
- (i) the authorised share capital of the Company was increased from £50,000 to £900,000 by the creation of an additional 80,000,000 Ordinary Shares and 50,000 redeemable preference shares of £1 each ("Redeemable Shares").
- (ii) the directors were generally and unconditionally authorised, pursuant to section 80 of the Act, to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £899,999.98, such authority to expire on 18 November 2008, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the

expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired;

- (iii) the directors were empowered, pursuant to section 95(1) of the Act, to allot equity securities (as defined in section 94(2) of the Act) for cash, pursuant to the above authority, as if section 89(1) of the Act did not apply to any such allotment, such power to expire on 18 November 2008, unless previously revoked, varied or extended by the Company in general meeting, such power being limited to:
 - (a) the allotment of up to 44,999,998 Ordinary Shares and 50,000 Redeemable Shares in connection with the Issue; and
 - (b) the allotment (otherwise than pursuant to sub-paragraph 2.2(iii)(a) above) up to an aggregate nominal amount of 100 per cent. of the issued equity share capital of the Company immediately following completion of the Issue,

and the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power and the directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

- (iv) it was resolved that, subject to the Issue becoming unconditional and to the sanction of the Court of Session, the amount standing to the credit of the share premium account of the Company following completion of the Issue (being the amount standing to the credit of the share premium account of the Company immediately following Admission less that part of the amount applied in writing off the Company's preliminary expenses and the expenses of, and the commission paid in connection with, the Issue) be cancelled and the credit arising in the Company's books of account thereby be applied in crediting a distributable reserve to be established in the Company's books of account which shall be able to be applied in any manner in which the Company's profits available for distribution (as determined in accordance with section 263(3) of the Act) are able to be applied; and
- (v) the Company be generally and unconditionally authorised in accordance with section 166 of the Act to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue immediately following the Issue, such authority to expire at the conclusion of the Company's first annual general meeting or, if earlier, 30 April 2005.

- 2.4 To enable the Company to obtain a certificate of entitlement to do business and to borrow under section 117 of the Act, on 19 November 2003, 50,000 Redeemable Shares were allotted to Edinburgh Partners against its irrevocable undertaking to pay up, or procure payment of, £1 in cash for each of such Redeemable Shares on or before Admission provided that in the event that Admission does not become effective by 30 January 2004, Edinburgh Partners has undertaken to pay, or procure the payment of, 25p in cash for each of the Redeemable Shares on or before 30 June 2004 and the balance on demand thereafter. Such Redeemable Shares will be redeemed in full upon Admission out of the proceeds of the Issue. The unissued share capital created by the redemption of the Redeemable Shares will be redesignated on such redemption as ordinary share capital.
- 2.5 On the assumption that the Placing and Offer is fully subscribed and that Admission becomes effective by 30 January 2004:
 - (i) the Company's authorised but unissued share capital will be £400,000 divided into 40,000,000 Ordinary Shares; and
 - (ii) the Company's issued share capital will be £500,000 divided into 45,000,000 Ordinary Shares, and 50,000 Redeemable Shares, all of which will be fully paid up.
- 2.6 The subscription price under the Placing of 100p per Ordinary Share, which is payable in cash, represents a premium of 99p to the nominal value of an Ordinary Share.
- 2.7 Under the Issue, the Ordinary Shares will be issued fully paid and in registered form and may be held in either certificated or uncertificated form. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments. The articles of association of the Company will permit the holding of Ordinary Shares under the CREST system. The Directors have applied for the Ordinary Shares to be admitted to CREST. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. Temporary documents of title will not be issued in respect of Ordinary Shares issued in certificated form under the Issue. Definitive certificates for such Ordinary Shares are expected to be despatched by 18 December 2003.

- 2.8 Save as disclosed in this paragraph 2 and in paragraph 5 below:
- (i) since the date of the Company's incorporation, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration, and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital; and
 - (ii) no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.9 The provisions of section 89(1) of the Act (which, to the extent not disapplied by section 95 of the Act, confer on Ordinary Shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Act) in the Company which are, or are to be, paid up in cash) shall apply to the authorised but unissued share capital of the Company, except to the extent disapplied by the resolution referred to in sub-paragraph 2.3(iii) above.
- 2.10 Subject to the redemption of the Redeemable Shares referred to in sub-paragraph 2.4 above and to any special rights or restrictions attached to any shares or any class of shares issued by the Company in the future, the holders of fully paid Ordinary Shares are entitled *pari passu* amongst themselves, but in proportion to the number of Ordinary Shares held by them, to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of the liquidation of the Company.

3. Articles of association

The articles of association of the Company (the "Articles") contain provisions, *inter alia*, to the following effect:

3.1 Dividends

3.1.1 Subject to the provisions of the Act and of every other statute for the time being in force concerning companies and affecting the Company (the "Statutes"), the Company may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the directors. Subject to the provisions of the Statutes, the directors may pay interim dividends if, in their opinion, such dividends are justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the directors whenever the financial position of the Company in the opinion of the board justifies its payment.

3.1.2 Any dividend unclaimed after a period of 12 years from the date on which such dividend became due for payment shall be forfeited and shall revert to the Company.

3.2 Voting

Subject to disenfranchisement in the event of non-compliance with any restriction notice in the circumstances referred to in paragraph 3.8 below or to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles, on a show of hands every member present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share held by him.

3.3 Variation of rights

Subject to the provisions of the Statutes all or any of the rights attached to any class of shares may be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class and may be so varied either whilst the Company is a going concern or during or in contemplation of a winding up. All of the provisions of the Statutes and of the Articles relating to general meetings of the Company and the proceedings at such meetings shall, so far as applicable, apply to any such separate general meeting, except that:

- (i) the necessary quorum at such meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class (and at an adjourned meeting shall be one person holding shares of that class or his proxy); and
- (ii) any holder of shares of that class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of that class held by him.

3.4 Winding up

If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court), the liquidator may, with the authority of an extraordinary resolution and any other sanction required by the Statutes, divide among the members in kind the whole, or any part of, the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems

fair upon any property to be divided among the members and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of contributories as the liquidator shall think fit but so that no member shall be compelled to accept any shares or other property in respect of which there is a liability.

3.5 ***Borrowing powers***

3.5.1 The directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

3.5.2 The directors shall restrict the borrowings (as defined in the Articles) by the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any), so as to secure (so far as regards subsidiary undertakings, only by such exercise of the rights or powers the directors can secure) that the aggregate principal amount outstanding in respect of all borrowings by the Company shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to the Adjusted Capital and Reserves (provided that, prior to the publication of the first audited balance sheet of the Company, the aggregate principal amount of such borrowings shall not exceed £25 million). For this purpose, “Adjusted Capital and Reserves” means the aggregate of:

- (i) the amount paid up on the issued share capital of the Company; and
- (ii) the amount standing to the credit of the reserves of the Company (including any share premium account, capital redemption reserve, any reserve arising on the reduction or cancellation of the share premium account and any credit balances on the revenue and capital accounts);

all based on the latest audited balance sheet but subject to the deductions and adjustments set out in the Articles.

3.6 ***Alteration of capital***

The Company may by ordinary resolution:

- (i) increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe;
- (ii) consolidate or consolidate and then divide all or any of its share capital into shares of larger amount than its existing shares;
- (iii) sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that as between the shares resulting from the sub-division any of them may be given any preferred, deferred or other rights or be subject to any restrictions as the Company has power to attach to unissued or new shares as compared with the others; and
- (iv) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may, subject to the provisions of the Statutes and any rights attached to any shares, by special resolution reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner.

3.7 ***Transfer of shares***

3.7.1 Shares in uncertificated form may be transferred otherwise than by a written instrument in accordance with and subject to the Statutes and in the manner provided in the rules of the relevant system. The transfer of an uncertificated share shall not require the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred.

3.7.2 Transfers of shares in certificated form may be effected by an instrument of transfer in any usual form or in any other form approved by the directors. The instrument of transfer shall be executed by, or on behalf of, the transferor and (except in the case of fully paid shares) by, or on behalf of, the transferee and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register in respect of it. All instruments of transfer when registered may be retained by the Company. The directors may refuse to register a transfer of any share held in certificated form unless the relevant instrument of transfer is:

- (i) lodged at the transfer office or at such other place as the directors may from time to time determine, accompanied by the relevant share certificate(s) and such other evidence (if any) as the directors may reasonably require to show the right of the transferor to make the transfer;
- (ii) (if stamp duty is generally chargeable on transfers of shares in certificated form) duly stamped or adjudged or certified as not chargeable to stamp duty; and
- (iii) in respect of only one class of share.

3.7.3 The directors may refuse to register a transfer of any share in favour of more than four transferees jointly. Save in certain circumstances, the directors may also refuse to register a transfer of any share in the event of non-compliance with any restriction notice in the circumstances referred to in paragraph 3.8 below relating to such share. None of the restrictions on transfer will be implemented in a manner which prevents dealings in the Company's shares taking place on an open and proper basis.

3.7.4 The directors may in their absolute discretion and without giving any reason for so doing decline to register any transfer of any share which is not a fully paid share provided that where such share is admitted to the Official List of the UKLA such discretion may not be exercised in such a way as to prevent dealings in shares of that class from taking place on an open and proper basis.

3.7.5 The directors may only decline to register a transfer of an uncertificated share in the circumstances set out in the Statutes and where in the case of a transfer to joint holders the number of joint holders to whom the uncertificated share is to be transferred exceeds four persons.

3.7.6 Subject to the Statutes and the requirements of the UKLA, registration of transfers may be suspended and the register of members closed by the directors, provided that the register of members shall not be closed for more than 30 days in any year.

3.8 ***Non-disclosure of interests in shares and restrictions on shares***

The directors may by notice (a "restriction notice") to a holder of shares in the Company direct that from the date of service of the restriction notice the shares held by such holder will be subject to some or all of the relevant restrictions (as defined below) if that holder, or any other person appearing to be interested in shares in the relevant share capital of the Company held by that holder, has been served with and fails to comply with any statutory notice (as defined in the Articles) in respect of those shares within 14 days after the date of such service. The relevant restrictions mean in the case where the shares in respect of which the restriction notice is given represent 0.25 per cent., or more in number or nominal value of the issued shares or any class of shares in issue then if the relevant restriction notice so directs:

- (i) the shares shall not confer on the holder any rights to attend or vote either personally or by proxy at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company or to exercise any other right conferred by membership in relation to general meetings;
- (ii) any dividends payable in respect of such shares may be withheld by the Company; and
- (iii) no transfers of such shares shall be registered, save for sales to *bona fide* unconnected third parties (such as a sale through a recognised investment exchange or an overseas exchange or by the acceptance of a takeover offer);

and in any other case mean only the restriction specified in sub-paragraph (i) above.

3.9 ***Directors***

3.9.1 Unless otherwise determined by the Company by ordinary resolution, the number of directors shall not be less than three nor more than ten.

3.9.2 The provisions of section 293 of the Act (which regulate the appointment and continuation in office as directors of persons who have attained the age of 70 or more) shall not apply to the Company.

3.9.3 A director is not required to hold any shares in the Company by way of qualification for office. A director who is not a member of the Company shall, nevertheless, be entitled to attend and speak at, general meetings.

3.9.4 At the first annual general meeting of the Company, all of the directors shall retire from office. At each annual general meeting thereafter, one-third of the directors who are subject to retirement by rotation (or, if their number is not three or an integral multiple of three, the number nearest to, but not greater than, one-third) shall retire from office by rotation. A director who is not required to retire by rotation at any annual general meeting which is the third annual general meeting after the later of:

- (i) his appointment by the Company in general meeting; and

(ii) the last occasion on which he was re-elected as a director of the Company in general meeting;

shall nevertheless be required to retire at such annual general meeting. Any director who retires in accordance with this paragraph 3.9.4 may, subject to the other provisions of the Articles, offer himself for re-election.

- 3.9.5 The fees paid to, and benefits in kind received by, the directors for their services in the office of director shall not exceed in aggregate £100,000 per annum or such higher amount as may be determined by ordinary resolution of the Company. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate, and shall receive such benefits in kind, as may from time to time be determined by the directors. Any such fee shall be distinct from any salary, remuneration or other amounts payable to the director pursuant to any other provision of the Articles or any contract or arrangement between the Company and the relevant director. The Company may also pay or repay to any director all costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a director. Any director who is appointed to any executive office or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, commission, participation in profits or otherwise as the directors may determine.
- 3.9.6 Subject to the provisions of the Statutes and provided that he has disclosed to the directors the nature and extent of his interest, no director or proposed or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any contract in which any director is in any way interested be liable to be avoided nor shall any director, who is so interested, be liable to account to the Company or the members for any remuneration, profit or other benefit realised by the contract. Subject to any agreement to the contrary between the Company and the director, a director:
- (i) may be or become a director or other officer of, or otherwise interested in, any undertaking promoted by the Company or in which the Company may be interested; and
 - (ii) may, unless otherwise agreed, retain any remuneration, profit or other benefit received by him as a director or officer of, or from his interest in, such other undertaking.
- 3.9.7 A director shall not vote on, or be counted in the quorum in relation to, any resolution of the directors concerning his own appointment, or the settlement or variation of the terms or the termination of his appointment to any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment, or other settlement or variation of the terms or the termination of the appointment, of two or more directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each director and in that case each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment, or the settlement or variation of the terms or the termination of his own appointment.
- 3.9.8 Save as provided in the Articles, a director shall not vote on or be counted in the quorum in relation to any resolution of the board concerning any contract in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest unless the material interest arises only from one or more of the following:
- (i) the giving to him of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
 - (ii) the giving to a third party of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of a security;
 - (iii) any contract, arrangement or other proposal concerning an offer of securities of or by the Company or any of its subsidiary undertakings in which offer he is, or may be, interested as a holder of securities or as a participant in the underwriting or sub-underwriting thereof;
 - (iv) any contract concerning any other company in which he is interested directly or indirectly but in which he does not, to his knowledge, hold an interest in shares (as that term is used in Part VI of the Act) representing one per cent. or more of either any class of the equity share capital of, or the voting rights in, such company;

- (v) any contract for the benefit of any employees of the Company or any of its subsidiary undertakings which does not award to him any privilege or benefit not awarded to the employees to whom such arrangement relates; or
- (vi) any contract for the purchase of insurance which the Company proposes to maintain or purchase for the benefit of any directors or for the benefit of persons who include directors.

A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

3.10 **Reserves**

3.10.1 The directors may, before recommending any dividend from time to time set aside out of the profits of the Company and carry to reserves such sums as they think proper which shall, at the discretion of the directors, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the directors think fit.

3.10.2 All capital profits or appreciations arising on the sale, realisation, repayment or revaluation of any investment or other capital asset of the Company in excess of the book value thereof shall, at the discretion of the directors, either be carried to the credit of the capital reserve or be applied in providing for depreciation or contingencies. For the avoidance of doubt, accrued but unpaid interest or any sum received in respect of accrued but unpaid interest shall not be treated as capital profits or appreciations arising on the sale, realisation, repayment or revaluation of any investment or other capital asset. Any losses realised on the sale, realisation, repayment or revaluation of any investment or other capital asset and any other expenses, loss or liability (or provision therefor) considered by the directors to be of a capital nature may be carried to the debit of the capital reserve. Any increase or diminution in the amount of any index linked stock or other index linked obligation of the Company may be carried to the debit or credit of the capital reserve except so far as the directors decide to make good the same out of or credit the same to other funds or reserves of the Company. Subject to the Statutes, the directors may also debit the capital reserve with the whole or such part of any management fees and any finance costs (including, without limitation, any interest payable by the Company in respect of its borrowings) incurred by the Company as may be deemed appropriate by the directors. All sums carried and standing to the credit of the capital reserve may be applied for any purpose to which sums standing to any reserve are applicable, provided that no part of the capital reserve or any other moneys in the nature of accretion to capital shall in any event be available for distribution (within the meaning ascribed thereto by section 263(2) of the Act), otherwise than by way of the redemption or purchase of any of the Company's own shares in accordance with section 160 or 162 of the Act, or be applied in paying dividends on any shares in the Company's capital.

4. **Directors' and other interests**

- 4.1 The aggregate of the remuneration to be paid and benefits in kind granted to the Directors by the Company for the financial period commencing on the incorporation of the Company and ending on 31 December 2004 will not exceed £56,000.
- 4.2 Each of Teddy Tulloch, Richard Burns, David Hough and Ian McBean has entered into a letter of appointment with the Company dated 19 November 2003. The letters of appointment provide for an initial period of service expiring at the first annual general meeting of the Company, subject to renewal at that time. The Company has the right to terminate each appointment without compensation if the relevant Director is required to vacate office in accordance with the Articles and, subject thereto, the letters of appointment do not contain any contractual provisions regarding the compensation which would be payable upon early termination by the Company. The initial fees payable are £14,000 per annum to Teddy Tulloch, the Chairman, and £12,000 per annum to each of Richard Burns, David Hough and Ian McBean. The fees will be reviewed annually and may be increased in line with usual market rates. Save as set out in this paragraph 4.2, there are no existing or proposed service contracts or letters of engagement between any of the Directors and the Company.
- 4.3 No Director has or has had any direct or indirect interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Company and which was effected by the Company since its date of incorporation.
- 4.4 No loan or guarantee has been granted or provided by the Company for the benefit of any Director.

- 4.5 As at the date of this document there are no interests (whether beneficial or non-beneficial) in the securities of the Company:
- (i) which have been notified by any Director to the Company pursuant to section 324 or section 328 of the Act;
 - (ii) which are required pursuant to section 325 of the Act to be entered in the register referred to therein; or
 - (iii) which are interests of a person connected with a Director (within the meaning of section 346 of the Act) which would, if the connected person were a Director, be required to be disclosed under paragraph 4.5 (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director.

- 4.6 The Directors intend to apply under the Offer or the Placing for the number of Ordinary Shares set out below, all of which will be beneficially held:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>% of Ordinary Shares immediately following Admission*</i>
Teddy Tulloch	50,000	0.1
Richard Burns	200,000	0.4
David Hough	12,000	0.0
Ian McBean	50,000	0.1

** Assuming 45 million Ordinary Shares are in issue immediately following the Issue.*

- 4.7 As at the date of this document, in so far as is known by the Company and assuming that 45 million Ordinary Shares are in issue immediately following the Issue, there is no person who, following the Issue will be interested directly or indirectly in three per cent. or more of any class of issued share capital of the Company. The Directors are not aware of any person or persons who, following the Issue, will or could, directly or indirectly, jointly or severally, exercise control over the Company.
- 4.8 Details of those companies (other than the Company and subsidiaries of the companies disclosed below) and partnerships of which the Directors have been directors or partners at any time since 24 November 1998 are as follows:

- (i) *Edward (Teddy) Archibald William Tulloch*
 Present directorships and partnerships: Randotte (No 478) Limited
 Gillesbie Farm Partnership

 Past directorships and partnerships: Information Asset Systems Limited
 Scottish American Market Operations Limited
 Scottish American Securities Company Limited
 SI Holdings Limited
- (ii) *Richard Ronald James Burns*
 Present directorships and partnerships: Baillie Gifford & Co.
 The Baillie Gifford Japan Trust PLC
 Guardian Baillie Gifford Limited
 Mid Wynd International Investment Trust Plc
 The Association of Investment Trust Companies
 The Euronova Smaller Companies Fund
 UFJ Baillie Gifford Asset Management Limited

 Past directorships and partnerships: The Scottish Life Assurance Company
- (iii) *David Ian Hough*
 Present directorships and partnerships: None

 Past directorships and partnerships: Laurence Keen Limited
- (iv) *John (Ian) McConachie McBean*
 Present directorships and partnerships: None

 Past directorships and partnerships: None

- 4.9 At the date of this document none of the Directors:

- (i) has any unspent convictions in relation to indictable offences; or

- (ii) has been bankrupt or entered into an individual voluntary arrangement; or
- (iii) was a director with an executive function of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or
- (iv) has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
- (v) has had his assets the subject of any receivership or has been the partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or
- (vi) has been subject to any public criticism by any statutory or regulatory authority (including any designated professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

5. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company within the two years immediately preceding the publication of this document, and are, or may be, material or contain provisions under which the Company has an obligation or entitlement which is material to the Company as at the date of this document:

- 5.1 An investment management agreement dated 21 November 2003 between the Company (1) and the Investment Manager (2) whereby the Investment Manager is appointed, conditional on Admission, to act as investment manager of the Company, to manage the assets of the Company in accordance with the investment policy of the Company. Under the terms of the Investment Management Agreement, subject to the overall supervision of the Directors, the Investment Manager has complete discretion to buy, sell, retain, exchange or otherwise deal in assets for the account of the Company. Under the terms of the Investment Management Agreement, the Investment Manager has also agreed to provide certain administrative services to the Company and to provide a suitably qualified secretary for the Company. The Investment Manager shall be entitled to receive a management fee from the Company at the annual rate of 0.75 per cent. of the market capitalisation of the issued Ordinary Shares (payable quarterly in arrears with market capitalisation being the average of the market capitalisations of the Company on the last dealing day of each of the months in such quarter) plus an administration fee of £60,000 per annum, payable quarterly in arrears and adjusted annually in line with changes in the Retail Price Index. The Investment Management Agreement contains an unlimited indemnity in favour of the Investment Manager against claims by third parties except to the extent that the claim is due to the negligence, wilful default or fraud of the Investment Manager or any party to whom the Investment Manager has delegated any of its functions. The Investment Management Agreement may be terminated by either party giving to the other not less than 12 months' written notice or otherwise forthwith in circumstances, *inter alia*, where one of the parties has a receiver appointed over its assets or if an order is made or an effective resolution passed for the winding up of one of the parties or the Investment Manager is the subject of a change of control.
- 5.2 A costs commission agreement dated 19 November 2003 between the Company (1) and Edinburgh Partners (2) whereby (i) if the costs and commissions in respect of the Issue (the "Costs") are less than 3.0 per cent. of the proceeds of the Issue at the Issue Price, the Company shall pay to Edinburgh Partners a commission equal to the difference; or (ii) if the amount of the Costs exceed 3.0 per cent. of the proceeds of the Issue at the Issue Price, Edinburgh Partners shall pay to the Company an amount equal to such excess. Under this agreement, Edinburgh Partners has also agreed to meet any costs or expenses payable by the Company if the Issue does not proceed.
- 5.3 An option agreement dated 21 November 2003 between the Company (1) and the Investment Manager (2) whereby the Investment Manager grants to the Company (conditional upon Admission occurring before 5.00 p.m. on 31 January 2004) an option to subscribe for a minimum of 66,289 shares being 2 per cent. of the issued ordinary share capital of the Investment Manager at date of grant rising to a maximum of 153,053 shares being 4.5 per cent. of the issued ordinary share capital of the Investment Manager at date of grant on a straight line basis where the gross proceeds of the Issue are between £20 million and £45 million. The exercise price of the option is £3 per share and the option shall be exercisable at any time prior to the fifth anniversary of Admission following which it shall lapse. No consideration was paid on the grant of the option. The option shall lapse upon the termination of the Investment Management Agreement by the Company or in the event that the Company is in material breach of the terms of the Investment Management Agreement which is incapable of remedy or not remedied within 30 days.

6. General

- 6.1 The total costs and expenses of and incidental to the Issue payable by the Company will be 3.0 per cent. of the proceeds of the Issue at the Issue Price (including, assuming 45 million Ordinary Shares are issued under the Issue and that all applications under the Offer bear the stamp of an authorised financial intermediary, commissions payable to financial intermediaries and to G&N of £0.9 million).
- 6.2 Assuming 45 million Ordinary Shares are issued under the Issue, it is estimated that the net proceeds available for investment by the Company following the Issue will be £43.65 million and that these net proceeds will be invested in accordance with the Company's investment policy described in Part 1 of this document.
- 6.3 The Investment Manager is, or may be, a promoter of the Company. Save as disclosed in paragraph 5.2 above in respect of the costs commission agreement between the Company and the Investment Manager, no cash, securities or benefits have been paid, issued or given by the Company to the Investment Manager and, other than as expressly disclosed in this document, none is proposed to be paid, issued or given to the Investment Manager in its capacity as a promoter.
- 6.4 The Company is not and has not been engaged in any legal or arbitration proceedings and, in so far as the Company is aware, there are no legal or arbitration proceedings pending or threatened by or against the Company which may have, or have had from the date of incorporation of the Company to the date of this document, a significant effect on the Company's financial position.
- 6.5 Dickson Minto W.S. has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of its name and the references to it in the form and context in which they appear.
- 6.6 Save in respect of its entry into the material contracts referred to in paragraph 5 above, there has been no significant change in the financial or trading position of the Company since the date of incorporation of the Company.
- 6.7 The Company has not had any employees since its incorporation and does not own any premises.
- 6.8 The Directors confirm that the Company was incorporated and registered on the date referred to in paragraph 1.1 above and that, save for its entry into the material contracts described in paragraph 5 above, the Company has not traded and no accounts have been made up.
- 6.9 Save in respect of the Ordinary Shares available under the Offer, no shares in the Company have been marketed or made available in whole or in part to the public.

7. Taxation

The information contained in this document relating to taxation is a summary of the taxation matters which the Directors consider should be brought to the attention of prospective investors. The following statements are intended as a general guide only, are based upon the United Kingdom law and Inland Revenue practice currently in force, and relate only to the position of Shareholders who are beneficial owners of their Shares. They may not relate to certain categories of Shareholders, such as dealers in securities. Prospective investors should consult their own professional advisers on the potential tax consequences of acquiring, holding or selling Ordinary Shares in the Company.

7.1 *The Company*

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under section 842 of the Income and Corporation Taxes Act 1988 and to apply annually to the Inland Revenue for such approval which is granted retrospectively. In order to maintain its investment trust status for an accounting period, the Company must not, *inter alia*, be a close company at any time in that accounting period. The Directors do not anticipate that the Company will be a close company. In respect of each accounting period for which approval is granted, the Company will be exempt from United Kingdom taxation on its capital gains.

The Company will, however, be liable to UK corporation tax on its income in the normal way, with dividends from UK resident companies being exempt from corporation tax. Income arising from overseas investments may be subject to foreign withholding taxes at varying rates, but double taxation relief may be available.

7.2 *Shareholders*

7.2.1 *Taxation of capital gains*

Depending on their personal circumstances, UK resident Shareholders may be subject to capital gains tax (or, in the case of corporate Shareholders, corporation tax on capital gains) in respect of any gain arising on a transfer or disposal, including a disposal on a winding up of the Company, of their Ordinary Shares unless the Shareholder is taxed as a dealer in securities, in which case any gain will be treated as income and taxed as such.

Shareholders who are neither resident nor ordinarily resident in the UK and who are not carrying on a trade or profession in the UK through a branch or agency to which the Ordinary Shares are attributable as assets, will not normally be liable to UK taxation on chargeable gains arising on the sale or other disposal of their Ordinary Shares, although they may be subject to foreign taxation.

For UK resident individual Shareholders taper relief may be available to reduce the amount of the gain chargeable to tax. The availability and rate of taper relief will depend on the period of ownership of the Ordinary Shares. As the Ordinary Shares will constitute non-business assets, they will not qualify for taper relief until they have been held for a period of three years. Thereafter the gain is reduced by 5 per cent. for each complete year of ownership up to a maximum of 40 per cent.

A gain on a disposal of Ordinary Shares, together with other gains less allowable losses in a fiscal year, is subject to tax at the individual's marginal tax rate to the extent that it exceeds the annual exempt amount which, for the fiscal year 2003/2004, is £7,900.

For corporate Shareholders, indexation allowance may be available to reduce the amount of the taxable gain.

7.2.2 *Taxation of dividends*

Under current legislation no withholding tax will be deducted from any dividends paid by the Company.

Notwithstanding the abolition of advance corporation tax in respect of dividends paid after 5 April 1999, tax credits will continue to be available. The rate of tax credits in respect of dividends paid by the Company will be 10 per cent. of the aggregate of the dividend and the tax credit itself (equivalent to one-ninth of the cash dividend).

UK resident individual Shareholders who are not liable to income tax in respect of their dividends will not generally be entitled to reclaim any part of the tax credit. The income tax charge in respect of dividends for lower and basic rate tax payers will be at the rate of 10 per cent. and such Shareholders will have no further liability to tax on their dividends. A higher rate tax payer will be liable to income tax on the sum of the dividend plus the tax credit (to the extent that, taking that sum at the top slice of his income, it falls above the threshold for the higher rate of income tax) at the rate of 32.5 per cent., against which he can offset the 10 per cent. tax credit.

A UK resident corporate Shareholder generally will not be liable to corporation tax on any dividend received unless it is a dealer in securities. The net dividend is taken into account in computing the taxable profits of a dealer in securities.

Shareholders who are not resident in the UK may be entitled to a payment from the Inland Revenue of a proportion of the tax credit relating to their dividends but such entitlement will depend, in general, on the provisions of any double taxation agreement or convention which exists between the UK and their country of residence. Non-UK resident Shareholders may be subject to local taxation on dividend income in their country of residence. Any person who is not resident in the UK should consult his own tax adviser on the question of the double taxation position applying between his country of residence and the UK.

7.3 *Stamp duty and stamp duty reserve tax*

Subject to the following, any transfer of Ordinary Shares will be liable to *ad valorem* stamp duty (currently at the rate of 0.5 per cent., with a rounding up to the nearest £5) or (if an agreement to transfer such Shares is not completed before the seventh day of the calendar month following the month in which the agreement becomes unconditional) stamp duty reserve tax (currently at the rate of 0.5 per cent.) on the actual consideration paid.

Under the CREST system for paperless transfers, no stamp duty or stamp duty reserve tax will arise on the transfer of Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to stamp duty reserve tax (usually at the rate of 0.5 per cent.) will arise. Paperless transfers of Shares within CREST are liable to stamp duty reserve tax (usually at the rate of

0.5 per cent. of the actual consideration paid) rather than stamp duty and stamp duty reserve tax on relevant transactions settled within the CREST system, or reported through it for regulatory purposes, is collected by CREST.

In the ordinary course of events, liability to pay any stamp duty or stamp duty reserve tax is that of the purchaser or transferee.

Special rules apply to agreements made by market makers and broker-dealers in the ordinary course of their business.

No stamp duty or stamp duty reserve tax will be payable on the issue of definitive certificates unless they are issued to persons to whom the depository receipt or clearance service charge to stamp duty reserve tax may apply (currently, at the rate of 1.5 per cent. of the issue price of the Ordinary Shares).

7.4 ISAs and PEPs

Ordinary Shares will qualify for the stocks and shares component of an ISA and will be eligible to be held within a PEP, provided that they are acquired, by an ISA/PEP manager, in the market or under the Offer (but not the Placing). Direct transfers to an ISA/PEP will render such shares ineligible for ISAs/PEPs.

7.5 SIPPs

Ordinary Shares will be permitted investments for SIPPs.

8. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Royal London House, 22/25 Finsbury Square, London EC2A 1DX until 8 December 2003:

- (i) the memorandum and articles of association of the Company;
- (ii) the material contracts referred to in paragraph 5 above;
- (iii) the written consent referred to in paragraph 6.5 above;
- (iv) the Directors' letters of appointment as referred to in paragraph 4.2 above; and
- (v) this document.

9. Availability of Prospectus

Copies of the Prospectus are available for inspection at the Document Viewing Facility, The Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS and, until the Offer for Subscription closes, are available for collection, free of charge, from the offices of Dickson Minto W.S. at 16 Charlotte Square, Edinburgh EH2 4DF and at Royal London House, 22/25 Finsbury Square, London EC2A 1DX.

24 November 2003

PART 3

TERMS AND CONDITIONS OF APPLICATION FOR THE OFFER

In these terms and conditions of application and the Application Form the following terms have the following meanings:

“Application Form” means the application form for use in connection with the Offer for Subscription attached at the end of the Prospectus or any application form for use in connection with the Offer for Subscription otherwise published by or on behalf of the Company;

“Prospectus” means the document comprising a prospectus of the Company dated 24 November 2003; and

“Terms and Conditions of Application” means these terms and conditions of application under the Offer for Subscription.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as used in the Prospectus.

Introduction

These Terms and Conditions of Application apply to any application made under the Offer. If you apply for Ordinary Shares in the Offer for Subscription, you will be agreeing with the Company, Dickson Minto W.S. and the Receiving Agent (together, the “Company and its agents”) as follows.

Offer to acquire Ordinary Shares

1. Applications must be made on the Application Form attached at the end of the Prospectus or otherwise published by the Company. All applications in the Offer must be for a minimum of 1,000 Ordinary Shares and, if your application is for more than 1,000 Ordinary Shares, it must be for such greater sum as is a multiple of 100 Ordinary Shares.
2. By completing and delivering an Application Form, you, as the applicant, or, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
 - 2.1 offer to subscribe for the number of Ordinary Shares that you have specified in your Application Form (or such lesser number for which your application is accepted) at 100p per Ordinary Share on the terms, and subject to the conditions, set out in the Prospectus, these Terms and Conditions of Application, the guidance notes accompanying your Application Form, and the Memorandum and Articles of Association of the Company;
 - 2.2 agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer any Ordinary Shares to any person other than by means of the procedures referred to in the Prospectus, your application may not be revoked until after 31 January 2004 (or such later date as the Company and its agents may agree). You agree that this paragraph constitutes an irrevocable collateral contract between you and the Company and its agents, which will become binding when your Application Form is posted or delivered by hand to the Receiving Agent;
 - 2.3 undertake to pay (by cheque or bankers’ draft or such other method of payment as may be agreed with the Company) the Issue Price for the Ordinary Shares (payable in full on application) in respect of which your application is accepted and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Ordinary Shares applied for or to enjoy or receive any rights or distributions in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and its agents against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) terminate the agreement to allocate Ordinary Shares to you, without liability to you, and may allocate them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds or remittance which accompanied your Application Form and which is received by the Receiving Agent in cleared funds, without interest);
 - 2.4 agree that any share certificate to which you may become entitled and moneys returnable may be retained, without interest, by the Receiving Agent:

- 2.4.1 pending clearance of your remittance;
 - 2.4.2 pending investigation of any suspected breach of the warranties contained in paragraph 10 below or any other suspected breach of these Terms and Conditions of Application; or
 - 2.4.3 pending any verification of identity which is, or which the Company and its agents consider may be, required for the purposes of the Money Laundering Regulations 1993;
 - 2.5 agree that any error in the register of members of the Company arising as a result of your remittance not being honoured on first presentation or as a result of any other error in connection with your application for Ordinary Shares, or as a result of termination of any agreement to allocate Ordinary Shares pursuant to paragraphs 2.3 or 2.7 of these Terms and Conditions of Application may be rectified and, in addition and without prejudice to the foregoing, you hereby irrevocably authorise the Company, or any person appointed by it for this purpose, to execute on your behalf any instrument of transfer which may be necessary to effect any re-allocation or sale of Ordinary Shares to any other person arising as a result of the foregoing. The right to rectify the register of members of the Company, and/or the power to re-allocate or sell Ordinary Shares contained in this paragraph, are in addition to any other rights, powers and remedies which would otherwise be available to the Company in the event of a breach by you of these Terms and Conditions of Application;
 - 2.6 agree, on the request of the Company or any of its agents, to disclose promptly in writing to any of them such information as the Company or its agents may request in connection with your application and you agree that information relating to applications will be retained by the Receiving Agent in connection with the Offer and may be disclosed as contemplated by the Money Laundering Regulations 1993;
 - 2.7 agree that if evidence of identity satisfactory to the Company and its agents is not provided to the Company or its agents within a reasonable time (in the opinion of the Company) following a request therefor, any agreement with you to allocate Ordinary Shares may be terminated and, in such case, the Ordinary Shares which would otherwise have been allocated to you may be re-allocated and your application moneys will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn without interest;
 - 2.8 agree that you are not applying on behalf of a person engaged in money laundering;
 - 2.9 undertake to ensure that, in the case of your Application Form being signed by someone other than the applicant, the original of the relevant power of attorney or other authority (or a complete copy certified by a solicitor or a bank) is enclosed with your Application Form;
 - 2.10 undertake to pay interest at the rate prescribed in paragraph 6 below if the remittance accompanying your Application Form is not honoured on first presentation;
 - 2.11 authorise the Receiving Agent on behalf of the Company to send definitive certificates in respect of the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any moneys returnable, by post to your address as set out in your Application Form;
 - 2.12 confirm that you have read and complied with paragraphs 23 and 24; and
 - 2.13 agree that your Application Form is addressed to the Company and its agents.
3. Any application may be rejected in whole or in part at the sole discretion of the Company.

Acceptance of your application

4. You agree that acceptance of your application, if it is received valid (or treated as valid), processed (and not rejected) and provided that it is not rejected subsequently as a result of a failure by you to comply with these Terms and Conditions of Application, shall be constituted at the election of the Company, after consultation with Dickson Minto W.S., either:
 - 4.1 by notifying the London Stock Exchange of the basis of allocation (in which case the acceptance will be on that basis); or
 - 4.2 by notifying acceptance to the Receiving Agent.
5. The Company and its agents reserve the right to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. The Company and its agents reserve the right to waive in whole or in part any of the provisions of these Terms and Conditions of Application, either generally or in respect of one or more applications. In particular, but without limitation, the Company may accept an

application made otherwise than by completion of an Application Form where you have agreed in some other manner satisfactory to the Company and its agents to apply in accordance with these Terms and Conditions of Application.

6. The right is reserved to present all cheques for payment on receipt by the Receiving Agent and to retain documents of title and surplus application moneys pending clearance of successful applicants' cheques. All application moneys pending allotment or return of application moneys or any excess thereof will be held in a separate account and no interest will accrue to you on these funds. The Company may require you to pay interest or its other resulting costs (or both) if the cheque accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Company to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offer is publicly announced, until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Company plus two per cent. per annum.

Conditions

7. The contracts created by the acceptance of applications (in whole or in part) under the Offer will be conditional upon the admission of the Ordinary Shares, issued and to be issued, to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities and such admissions becoming effective by 8.00 a.m. on 15 December 2003 (or such later time date, not being later than 31 January 2004, as the Company and Dickson Minto W.S. may agree). The Company expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Offer.
8. You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other rights you may have.

Return of application moneys

9. If any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application moneys or, as the case may be, the balance of the amount paid on application will be returned without interest in Sterling by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto. In the meantime, application moneys will be retained by the Receiving Agent in a separate account.

Warranties

10. By completing an Application Form, you:
 - 10.1 warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or a bank;
 - 10.2 acknowledge that, if you are not resident in the United Kingdom, the Isle of Man or the Channel Islands, no action has been taken to permit a public offer in your jurisdiction and that, if the laws of any territory or jurisdiction outside the United Kingdom, the Isle of Man or the Channel Islands are applicable to your application, warrant that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or its agents or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom, the Isle of Man or the Channel Islands in connection with the Offer or your application;
 - 10.3 confirm that in making an application you are not relying on any information or representations in relation to the Company and the Ordinary Shares other than that contained in the Prospectus (as may be supplemented by a supplementary prospectus) on the basis of which alone your application is made, and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof shall have any liability for any such other information or representations;
 - 10.4 acknowledge that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in the Prospectus (as may be supplemented by a supplementary prospectus) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or any of its agents;

- 10.5 warrant that you are either a company or other body corporate duly incorporated and validly existing with authority to sign the Application Form and to apply for Ordinary Shares or an individual who is not under the age of 18 on the date of your application;
- 10.6 agree that all documents and moneys sent by post to you, by or on behalf of the Company or any of its agents will be sent at your risk and, in the case of documents and returned moneys to be sent to you, may be sent to you at your address as set out in your Application Form;
- 10.7 confirm that you have reviewed the restrictions contained in the section entitled “Overseas investors” in paragraphs 23 and 24 and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions of such section;
- 10.8 warrant that you are not in the United States, or subscribing for the Ordinary Shares for the account of any person in the United States, and are not a Canadian person, or an individual, corporation or other entity resident in Japan or Australia; and
- 10.9 warrant that the details relating to you as set out in your Application Form are correct.

Allocations

11. The basis of allocation will be determined at the sole discretion of the Company. The right is reserved notwithstanding such basis to reject in whole or in part and/or scale down any application.

Miscellaneous

12. To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer.
13. The rights and remedies of the Company and its agents under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.
14. You agree that Dickson Minto W.S. is acting for the Company in connection with the Issue and for no-one else and Dickson Minto W.S. will not treat you as its client by virtue of such application being accepted or owe you any duties concerning the price of Ordinary Shares or concerning the suitability of Ordinary Shares for you or otherwise in relation to the Issue.
15. You authorise the Receiving Agent or any person authorised by them or the Company, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed for by you in your name and authorise any representatives of the Receiving Agent to execute and/or complete any document required therefor.
16. You agree that it is a condition of application that any information supplied by an applicant or on his behalf or derived from the processing thereof may be used by the Receiving Agent or the Company and/or disclosed to the Company, its agents or advisers in connection with and for the purposes of the Issue and, for the purposes of the Data Protection Act 1998 (or any statutory modification or substitution of that act), you provide your consent to the use and disclosure of this information.
17. You agree that a failure to receive, process or accept your application for Ordinary Shares does not give rise to any right of action by any person against the Company, Dickson Minto W.S., the Receiving Agent or any other person. You agree that the non-receipt by any person of the Prospectus or any other related document shall not invalidate the Issue in whole or in part or give rise to any right of action by any person against the Company, Dickson Minto W.S., the Receiving Agent or any other person.
18. You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law and that, for the benefit of the Company, Dickson Minto W.S. and the Receiving Agent, you submit to the non-exclusive jurisdiction of the English courts and agree that nothing shall limit the right of the Company, Dickson Minto W.S., the Receiving Agent or their agents or advisers to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
19. Completed Application Forms, together with payment, must be returned so as to be received by post or hand to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand only to Computershare Investor Services PLC at 7th Floor, Jupiter House, Triton Court, 14 Finsbury

Square, London EC2A 1BR no later than 3.00 p.m. on 8 December 2003. An Application Form which is sent by post or delivered by hand (as described above) will be treated as having been received only when it is received by the Receiving Agent.

20. Authorised financial intermediaries who, acting on behalf of their clients, return valid Application Forms bearing their stamp and FSA number will be paid one per cent. commission on the aggregate Issue Price of the Ordinary Shares allocated for each Application Form. Financial intermediaries should keep a record of all Application Forms submitted bearing their stamp to substantiate claims for commission. Claims for commission must be made and substantiated on application.

Money laundering

21. You agree that, in order to ensure compliance with the Money Laundering Regulations 1993, the Receiving Agent may at its absolute discretion require, and you will provide, evidence which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status. Without prejudice to the generality of the foregoing such evidence may be required if you either:

21.1 tender payment by way of bankers' draft or cheque or money order drawn on an account in the name of another person or persons (in which case verification of your identity may be required); or

21.2 appear to the Receiving Agent to be acting on behalf of some other person (in which case verification of identity of any persons on whose behalf you appear to be acting may be required).

Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the despatch of documents.

22. Without prejudice to the generality of paragraph 21 above, verification of the identity of applicants may be required if the total price of the Ordinary Shares applied for, whether in one or more applications, exceeds £10,300 (approximately €15,000). If in such circumstances, you use a building society cheque, bankers' draft or money order, you should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, bankers' draft or money order and add its stamp. If in such circumstances, you use a cheque drawn by a third party, you may be requested to provide a copy of your passport or driving licence certified by a solicitor or a recent original bank or building society statement or utility bill in your name and showing your current address (which originals will be returned by post at the applicant's risk).

Overseas investors

23. If you receive a copy of the Prospectus or an Application Form in any territory other than the United Kingdom, the Isle of Man or the Channel Islands you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the United Kingdom, the Isle of Man or the Channel Islands and wishing to make an application for Ordinary Shares under the Offer, to satisfy yourself that you have fully observed the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom, the Isle of Man or the Channel Islands.
24. Without limiting the above, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Japan or Australia or in the United States except in reliance on, or in a transaction not subject to, the registration requirements under the Securities Act or other relevant legislation. If you subscribe for Ordinary Shares in the Offer you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company and its agents that you are not in the United States. No application will be accepted if it bears an address in the United States or appears to have been posted from the United States or otherwise where there is cause to believe you are in the United States.

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by 3.00 p.m. on 8 December 2003.

All Applicants should read notes 1-6. Note 7 should be read by Joint Applicants.

1. Application

Fill in (in figures) the number of Ordinary Shares for which you wish to apply. Your application must be for Ordinary Shares with a minimum aggregate Issue Price of £1,000 (1,000 Ordinary Shares) or, if more than £1,000, in multiples of £100 (100 Ordinary Shares).

2. Amount payable

Fill in (in figures) the amount payable at 100p per Ordinary Share.

3. Personal details

Fill in (in block capitals) the full name, address and daytime telephone number of the applicant. If this application is being made jointly with other persons, please read Note 7 before completing Box 3.

4. Signature

The applicant named in Box 3 must sign and date Box 4.

The Application Form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

5. Cheque/bankers' draft details

Attach a cheque or bankers' draft for the exact amount shown in Box 2 to your completed Application Form. Your cheque or bankers' draft must be made payable to "The Royal Bank of Scotland plc A/C EP Global Opportunities Trust plc" and crossed "A/C Payee".

Your payment must relate solely to this application. No receipt will be issued.

Your cheque or bankers' draft must be drawn in sterling on an account at a bank branch in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number in the top right hand corner.

An application may be accompanied by a cheque drawn by someone other than the applicant(s), but in such case any moneys returned will be sent by cheque crossed "A/C Payee" in favour of the first-named applicant.

Applications with a value of £10,300 (approximately €15,000) or greater, which are to be settled by way of a third party payment, e.g. bankers' draft, building society cheque or a cheque drawn by someone other than the applicant, will be subject to the verification of identity requirements which are contained in the Money Laundering Regulations 1993 respectively.

For UK applicants, this may involve verification of names and addresses (only) through a reputable agency. For non-UK applicants, verification of identity may be sought from your bankers or from another reputable institution or professional adviser in the applicant's country of residence.

If satisfactory evidence of identity has not been obtained within a reasonable time, and in any event (unless the Offer for Subscription is extended) by 3.00 p.m. on 8 December 2003, your application may not be accepted.

Certificates, cheques and other correspondence will be sent to the address in Box 3.

6. Shares in uncertificated form (CREST)

If you wish your Ordinary Shares to be issued in uncertificated form you should complete the Application Form as above and must also complete Box 6.

7. Joint applicants

If you make a joint application, you will not be able to transfer your Ordinary Shares into an ISA. If you are interested in transferring your Ordinary Shares into an ISA, you should apply in your name only.

If you do wish to apply jointly, you may do so with up to three other persons. Boxes 3 and 4 must be completed by one applicant. All other persons who wish to join in the application must complete and sign Box 7.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection.

Certificates, cheques and other correspondence will be sent to the address in Box 3 at the recipient's own risk.

Instructions for delivery of completed Application Forms

Completed Application Forms should be returned, by post or by hand, to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand only to Computershare Investor Services PLC at 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR **so as to be received by no later than 3.00 p.m. on 8 December 2003**, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least four days for delivery. Application Forms received after this date may be returned.

APPLICATION FORM

EP GLOBAL OPPORTUNITIES TRUST PLC

Please send the completed form by post or by hand to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand only to Computershare Investor Services PLC at 7th Floor, Jupiter House, Triton Court, 14 Finsbury Square, London EC2A 1BR so as to be received no later than 3.00 p.m. on 8 December 2003.

Important – Before completing this form, you should read the accompanying notes.

ALL APPLICANTS MUST COMPLETE BOXES 1 TO 5 (SEE NOTES 1-5 OF THE NOTES ON HOW TO COMPLETE THIS APPLICATION FORM).

If you have a query concerning completion of this Application Form please call Computershare Investor Services PLC on 0870 702 0100.

1. Application

I/We offer to subscribe for:

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Ordinary Shares (at 100p each) (minimum 1,000 and thereafter multiples of 100)

fully paid, at 100p per Ordinary Share, subject to the Terms and Conditions of Application set out in the Prospectus dated 24 November 2003 and subject to the Memorandum and Articles of Association of the Company respectively.

2. Amount payable

I/We attach a cheque or bankers' draft for the amount payable of:

£	
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(minimum £1,000 and thereafter multiples of £100)

3. Personal details (PLEASE USE BLOCK CAPITALS)

<i>Mr, Mrs, Miss or Title</i>	<i>Surname</i>
<i>Forenames (in full)</i>	
<i>Address (in full)</i>	
	<i>Post code</i>
<i>Daytime telephone no.</i>	

4. Signature

I/We hereby confirm that I/we have read the Prospectus and make this application on and subject to the Terms and Conditions of Application set out in the Prospectus.

<i>Dated</i>	<i>2003</i>	<i>Signature</i>
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5. Cheque/bankers' draft details

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Attach your cheque or bankers' draft for the exact amount shown in Box 2 made payable to "The Royal Bank of Scotland plc A/C EP Global Opportunities Trust plc" and crossed "A/C payee".

6. Shares in uncertificated form (CREST) Complete this section only if you require your Ordinary Shares to be credited to your CREST account

<i>CREST Participant ID:</i> <i>(no more than five characters)</i>	<i>CREST Member Account ID:</i> <i>(no more than eight characters)</i>
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BOX 7 MUST ONLY BE COMPLETED BY JOINT APPLICANTS (SEE NOTE 7).

7. Joint applicants (PLEASE USE BLOCK CAPITALS)

<i>Mr, Mrs, Miss or Title</i>	<i>Mr, Mrs, Miss or Title</i>	<i>Mr, Mrs, Miss or Title</i>
<i>Surname</i>	<i>Surname</i>	<i>Surname</i>
<i>Forenames (in full)</i>	<i>Forenames (in full)</i>	<i>Forenames (in full)</i>
<i>Signature</i>	<i>Signature</i>	<i>Signature</i>

<i>Intermediary Stamp, if applicable:</i>
<i>FSA No.:</i>



