

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

If you have been sent this document as an existing holder of ordinary shares in EP Global Opportunities Trust plc and have sold or otherwise transferred all of your ordinary shares in EP Global Opportunities Trust plc, please forward this document as soon as possible to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was or is being effected for delivery to the purchaser or transferee. However, neither this document nor any application form for use in connection with the Offer should be forwarded to or transmitted in or into the USA, Canada, Australia or Japan.

This document comprises a prospectus relating to EP Global Opportunities Trust plc prepared in accordance with the prospectus rules and listing rules of the UK Listing Authority made under sections 73A and 74 respectively of the Financial Services and Markets Act 2000.

The Directors of the Company, whose names appear on page 10 of this document, and the Company each accept responsibility for the information contained in this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge of the Directors and the Company, in accordance with the facts and contains no omission likely to affect its import.

EP GLOBAL OPPORTUNITIES TRUST PLC

(incorporated in Scotland under the Companies Act 1985 with registered no. SC259207 and registered as an investment company under section 266 of the Companies Act 1985)

Placing and Offer for Subscription of New Shares

sponsored by
Dickson Minto W.S.

Applications have been made to the UK Listing Authority for the New Shares to be admitted to the Official List and to the London Stock Exchange for the New 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 New Shares will commence, on 18 November 2005.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Prospectus and the offering of New Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The New Shares 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 New 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.

The Offer for Subscription will remain open until 5.00 p.m. on 11 November 2005. The procedure for application is set out in the paragraph headed "The Issue" on pages 16 and 17 of this document and in the Application Form set out at the end of this document. To be valid, Application Forms must be returned with the appropriate remittance so as to reach the Receiving Agent as soon as possible and, in any event, no later than 5.00 p.m. on 11 November 2005.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out on pages 6 and 7 of this document.

4 November 2005

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EXPECTED TIMETABLE

	<i>2005</i>
Offer for Subscription opens	4 November
Latest time and date for receipt of Application Forms under the Offer	5.00 p.m. on 11 November
Calculation Date	11 November
Issue Price announced	14 November
Admission and dealings in New Shares commence	8.00 a.m. on 18 November
CREST accounts credited in respect of New Shares issued in uncertificated form	8.00 a.m. on 18 November
Certificates for New Shares issued in certificated form dispatched	Week commencing 28 November

SUMMARY

This summary should be read as an introduction to the Prospectus. Any decision to invest in the New Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Introduction

EP Global Opportunities Trust plc is an investment trust that was launched in 2003. The Company has a single class of ordinary 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 is managed without reference to the composition of any stockmarket index. The Company invests in a focused portfolio of approximately 30 to 40 securities of issuers throughout the world. 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 invests 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.

The Investment Manager does not place emphasis on income in the choice of the Company's investments, which are 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.

Investment Manager

The Company's investment manager is Edinburgh Partners Limited which was founded in 2003. As at 31 October 2005 (the latest practicable date prior to the publication of this document), the Investment Manager managed over £225 million of investment trust and institutional fund mandates.

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 up until 15 December 2008. The EP Option is over 71,294 ordinary shares in the share capital of the Investment Manager, representing 1.8 per cent. of the existing fully diluted equity share capital of Edinburgh Partners.

New Shares	The Company is seeking to allot up to 70 million New Shares under the Issue (at an aggregate subscription price of up to approximately £100 million). The Company has engaged G&N to place New Shares under the Placing.
Issue Price	The Issue Price of the New Shares will not be calculated until close of business on 11 November 2005, when it will be calculated by applying a premium of three per cent. to the Net Asset Value per Share at that time. However, as the Company has not sought Shareholder approval for a discounted issue of Shares the Listing Rules require that, if the calculation of the Issue Price would result in it being less than 90 per cent. of the closing middle market price of a Share on the Calculation Date, the Issue Price will instead be 90 per cent. of that closing middle market price.
Maximum and Minimum Subscription	The Company will issue a maximum of 70 million New Shares under the Issue. The Issue will not proceed unless subscriptions with a minimum aggregate value of £10 million have been received.
Action to be Taken	<p>To apply for New Shares under the Offer, completed Application Forms, accompanied by a cheque or banker's draft payable to "The Royal Bank of Scotland plc re. EP Global Opportunities Trust plc" for the appropriate amount, must be delivered, by post or by hand, to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ, or by hand only (during normal business hours) to Computershare Investor Services PLC at 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ in each case so as to be received as soon as possible, and in any event by 5.00 p.m. on 11 November 2005.</p> <p>As the Issue Price cannot yet be determined, applicants under the Offer should make applications in respect of a fixed sum in Sterling and not for a specified number of New Shares.</p> <p>The minimum application under the Offer is for New Shares with an aggregate value at the Issue Price of £1,000 and applications in excess of that amount should be in multiples of £250.</p> <p>An Application Form, together with notes on how to complete it, is set out at the end of this document.</p>
Risk Factors	<p>The principal risk factors relating to the Company are:</p> <ul style="list-style-type: none"> ● the value of an investment in the Company, and the income derived from it, if any, may go down as well as up; ● the Company's more concentrated portfolio resulting in a higher level of risk than a more diversified portfolio; ● the probable lack of correlation of the Company's investment portfolio to a particular index or benchmark resulting in the perceived underperformance of the Company;

- the use of borrowings by the Company magnifying any losses suffered by the Company; and
- movements in foreign currency exchange rates reducing the value of the Company's portfolio.

New Shares are only suitable for investors:

- who understand the potential risks of loss to the value of their investment and who have sufficient resources to bear any loss which might result from such investment;
- for whom an investment in the New Shares constitutes part of a diversified investment portfolio;
- who are prepared to take a long-term investment view; and
- who understand and are willing to assume the specific risks involved in investing in the Company.

RISK FACTORS

The risk factors set out below are those which are considered to be material but are not the only risks relating to the Company or the Ordinary Shares. There may be additional material risks that the Company does not currently consider to be material or of which the Company is not aware. Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Ordinary Shares.

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 Investment Manager does not place emphasis on income in the choice of the Company's investments, which are made solely to generate attractive real long-term total returns. The income of the Company may therefore fluctuate and there may be financial periods when no dividends can be paid.

The Company may invest up to 10 per cent. of its Total Assets in unquoted securities (excluding the EP Option and any shares in Edinburgh Partners held by the Company as a result of the exercise of the EP Option). These types of securities are generally subject to higher valuation uncertainties and liquidity risks than securities listed or traded on a regulated market.

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 derivative, 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.

Changes in economic conditions in the different countries in which the Company may invest (for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and other factors) could substantially and adversely affect the Company's prospects.

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 of an Ordinary Share. Furthermore, should any fall in the underlying asset value result in the Company breaching any financial covenants contained in any loan facilities entered into by the Company, the Company may be required to repay such borrowings in whole or in part together with any attendant costs. This could adversely affect the income and capital returns to Shareholders. Repayment of any borrowings will rank ahead of capital repayments to Shareholders in a winding-up.

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.

Investment in investment companies

Investors should be aware that investments in other listed investment companies (including investment trusts) may include holdings in the shares of investment funds which are geared by loan facilities that rank ahead of the relevant shares, both for payment of interest and for capital. Investment in shares of investment companies which are geared present a higher investment risk as to their capital return. In addition, any increase or decrease in the value of the investment portfolio of the Company would be magnified by the movement of net asset value of the shares comprised within its portfolio.

If the Company invests in investment funds which are expected to be invested in whole or in part in shares of geared investment funds, a failure of such a fund to meet its projected dividend may have an adverse effect on the Company's ability to pay a dividend. Further, it may have an adverse effect on that fund's share price, which would adversely affect the value of the Company's assets.

Changes in accounting standards

The Company's financial statements are prepared in accordance with applicable UK accounting standards and specifically in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" issued by the Association of Investment Trust Companies, January 2003. As the Company does not at present have any subsidiaries, it is not required to comply with International Financial Reporting Standards, which have replaced UK Accounting Standards for all groups of companies which are listed in the UK. Any change in accounting standards may adversely affect the value of the Company's assets in its books of account.

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.

DEFINITIONS

In this document, the words and expressions listed below have the meanings set out opposite them (except where the context otherwise requires):

“Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of the New Shares to the Official List and to trading on the London Stock Exchange’s market for listed securities
“Application Form”	the application form to be completed in connection with the Offer
“Articles”	the articles of association of the Company, as amended from time to time
“Calculation Date”	11 November 2005
“Company”	EP Global Opportunities Trust plc
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by CRESTCo Limited in accordance with the Uncertificated Securities Regulations 2001
“Custodian”	The Bank of New York
“Directors” or “Board”	the directors of the Company
“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 4 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 4 of this document
“Investment Manager” or “Edinburgh Partners”	Edinburgh Partners Limited
“ISA”	an individual savings account
“Issue”	the issue of New Shares pursuant to the Placing and Offer
“Issue Price”	the price at which New Shares are to be issued under the Placing and Offer, which will be calculated in accordance with the formula (including the notes to that formula) set out in Part 3 of this document
“Listing Rules”	the listing rules of the UK Listing Authority
“London Stock Exchange”	London Stock Exchange plc
“Net Asset Value per Share”	the net asset value per Share calculated in accordance with the formula (including the notes to that formula) set out in Part 3 of this document
“New Shares”	the new Shares to be issued pursuant to the Placing and the Offer
“Offer” or “Offer for Subscription”	the offer for subscription of Shares as described in this document
“Official List”	the official list of the UK Listing Authority

“Overseas Investor”	a person who is not resident in, or who is outside or who has a registered address outside, the United Kingdom, the Isle of Man and the Channel Islands
“PEP”	a personal equity plan
“Placing”	the placing by G&N of Shares as described in this document
“Prospectus”	this document
“Receiving Agent”	Computershare Investor Services PLC
“Shareholder”	a holder of Shares
“Shares” or “Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“SIPP”	a self-invested personal pension scheme
“Total Assets”	the aggregate gross 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”	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

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors	Teddy Tulloch (<i>Chairman</i>) Richard Burns David Hough Ian McBean all non-executive and of 16 Charlotte Square, Edinburgh EH2 4DF
Investment Manager	Edinburgh Partners Limited 16 Charlotte Square Edinburgh EH2 4DF
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	Ernst & Young LLP Ten George Street Edinburgh EH2 2DZ
Principal Banker and Custodian	The Bank of New York One Canada Square Canary Wharf London E14 5AL
Registrars	Computershare Investor Services PLC PO Box 435 Owen House 8 Bankhead Crossway North Edinburgh EH11 4BR
Receiving Agent for the Offer	Computershare Investor Services PLC PO Box 859 The Pavilions Bridgwater Road Bristol BS99 1XZ

PART 1

THE COMPANY

Introduction

EP Global Opportunities Trust plc is an investment trust that was launched in December 2003 and is managed by Edinburgh Partners Limited. The Company has a single class of ordinary shares in issue and will have an indefinite life. Its shares are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange. It is intended as a long-term investment vehicle for investors.

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 is managed without reference to the composition of any stockmarket index.

The Company invests in a focused portfolio of approximately 30 to 40 securities of issuers throughout the world, 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 described below and any shares in Edinburgh Partners held by the Company as a result of the exercise of the EP Option).

The Company will not invest more than 15 per cent. of its Total 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, or short-term deposits.

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 investment objective and policy allows 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 Edinburgh Partners' investment 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

Following one of the most sustained equity bear markets in modern times, equity markets have now been recovering for over two years. Recently there have been signs of a slower rate of growth in economic activity in a number of countries, no doubt partly caused by the rise in the oil price, which remains at a high level. However, the Investment Manager is of the opinion that there are a number of positive factors for equity markets, including the relatively subdued levels of inflation, low long-term interest rates and the likelihood that short-term interest rates in the UK and elsewhere, with the possible exception of the United States, have peaked.

The Investment Manager believes that the low level of long-term interest rates is particularly encouraging as this increases the attractiveness of equities relative to bonds. On balance, the Investment Manager continues to believe that there remain opportunities to make money in equity markets.

Investment performance

Since the launch of the Company on 15 December 2003 to 31 October 2005 (the latest practicable date prior to the publication of this document), the net asset value total return per Ordinary Share (including dividends and accrued income) was 43.4 per cent. (source: Edinburgh Partners; unaudited) from the issue price of an Ordinary Share of 100p. This compares favourably to a total return of 31.9 per cent. for the FTSE All-Share Index and 25.4 per cent. for the FTSE All-World Index over this period. It should be noted that these indices are included for illustrative purposes only and that the Company does not have a benchmark. The price of an Ordinary Share has increased from the issue price of 100p to 143p over this period and the Ordinary Shares have recently traded at a price which has been at or above the net asset value of an Ordinary Share.

Capital structure

Share capital and duration

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

Further issues of Ordinary Shares

The Directors have authority to allot up to 70 million Ordinary Shares. The provisions of the Act which would confer pre-emption rights in respect of such allotments have been disapplied in respect of New Shares allotted pursuant to the Issue and in respect of the allotment or issue out of treasury of a further 50 million Ordinary Shares for the period up to the annual general meeting of the Company to be held in 2006. The Directors will not however allot Shares, or issue Shares out of treasury, for cash at a price below the most recently calculated net asset value of a Share without offering such Shares on a *pro rata* basis to Shareholders.

Purchase of Ordinary Shares by the Company

The Directors have authority to buy back up to 14.99 per cent. of the Company's Ordinary Shares in issue as at 27 April 2005 (the date on which the buy-back authority was granted by special resolution of the Company), being a total of 3,409,526 Ordinary Shares. The Directors 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. The Directors are authorised to cancel any Ordinary Shares purchased under this authority or to hold them in treasury, up to a limit of 10 per cent. of the issued Ordinary Shares. 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.

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 59, joined Hoare Govett, stockbrokers, in 1968. In 1972 he joined Stewart Ivory & Company and became a director in 1977. He was investment manager of The Scottish American Investment Company plc from 1987 to 1999.

Richard Burns, aged 59, 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 43, 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 60, 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.

All of the Directors were appointed to the Board on 19 November 2003.

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.

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 currently manages two investment trusts, a Dublin OEIC and a number of segregated mandates and has over £225 million of assets under management.

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.

Dale Robertson, BComm, CA, ASIP, is responsible for European and EAFE portfolios of the firm as well as having research responsibility for the global financial and healthcare sectors. He is a qualified chartered accountant and worked as an investment manager at Edinburgh Fund Managers for five years. He joined Scottish Widows Investment Partnership in 2001 where he was responsible for managing the European Growth OEIC and the European Select Growth OEIC. He joined Edinburgh Partners in October 2003.

Investment management, administration and custodian arrangements

Under the Investment Management Agreement between the Company and the Investment Manager, 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 manages 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 receives 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 £62,365 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 4 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.

The Bank of New York has been appointed as the principal custodian of the assets of the Company. The Custodian holds all of the cash, securities and other assets of the Company and arranges and settles all transactions relating to those assets as agent for the Company. Further details of the custody agreement that has been entered into between the Company and the Custodian are set out in paragraph 5.4 of Part 4 of this document.

EP Option

Edinburgh Partners has granted an option to the Company over its ordinary shares, exercisable up until 15 December 2008. The EP Option is exercisable at a price of £3 per ordinary share. The EP Option is over 71,294 ordinary shares in the share capital of the Investment Manager, representing 1.8 per cent. of the Investment Manager's fully diluted equity share capital at the date of this document. The Company did 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. Immediately prior to the publication of this document the Directors valued the EP Option on the basis described above as having a value equivalent to 1.1p per Ordinary Share. In valuing the EP Option, the Directors have taken into account the recent growth in the funds under the management of Edinburgh Partners, recent valuations applied to other fund management businesses in the United Kingdom and the time value of the EP Option. The Directors will next revalue the EP Option on the Calculation Date and thereafter will revalue the EP Option on 31 December and 30 June in each year.

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 4 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 has 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 are considered by the Board as a whole.

Conflicts of interest

The Investment Manager and its officers and employees may be involved in other financial, investment or professional activities, that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager may provide investment management, investment advice or other services in relation to a number of funds, that may have similar investment policies to that of the Company.

The Investment Manager will have regard to its obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients or funds, should potential conflicts of interest arise. Having regard to these obligations, the Company may buy investments from or sell investments to the Investment Manager only on an arm's length basis. In particular, the Investment Manager will use reasonable efforts to ensure that the Company has the opportunity to participate in potential investments identified by the Investment Manager that fall within the Company's investment objective and policy on the best terms reasonably obtainable at the relevant time having regard to the interests of the Company. In so doing, the Investment Manager will take into consideration the appropriateness of investments for inclusion in the Company's portfolio, the level of uninvested cash held by the Company and the size of investments available such that allocations of investments which are *de minimis* in size will normally not be made.

Financial information

The Company's annual report and accounts are prepared up to 31 December each year and copies are sent to Shareholders in the following March. Shareholders also receive an unaudited interim report covering the six months to 30 June each year which is despatched in August.

With effect from 1 January 2005, the Company amended its accounting policies as follows. Dividends paid by the Company are now accounted for in the period in which the dividend has been declared. Previously, the Company recognised dividends in the period in which net revenue, to which those dividends related, was accounted for. All investments held by the Company are classified as "fair value through profit and loss". For investments actively traded in organised financial markets, fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on 31 December and 30 June. Previously listed investments were valued using closing mid market prices at the relevant balance sheet dates.

The weekly published net asset value of an Ordinary Share will continue to be calculated using closing mid market prices until 31 December 2005 and thereafter it will be calculated using closing bid prices. The net asset value of an Ordinary Share is calculated by the Investment Manager in accordance with the Company's accounting policies, save as stated above, and is published weekly through a Regulatory Information Service.

Dividend policy

The Investment Manager does not place emphasis on income in the choice of the Company's investments, which are made solely to generate attractive real long-term total returns. The Company does not have any formal policy to achieve or maintain any specified level of dividend but intends primarily to ensure sufficient revenues to meet expenses. All of the operating expenses of the Company are charged to the revenue column of the statement of total return 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 are 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 are paid as a final dividend after the relevant annual general meeting of the Company.

Annual expenses

The principal annual expenses of the Company are the fees payable to the Investment Manager and the Directors. The Company also incurs regulatory fees, audit fees, custodian fees, printing costs, directors' insurance premiums and other expenses. On the assumption that the minimum amount is raised under the Issue, it is estimated that the total expenses for the year ending 31 December 2006 (excluding the costs of the Issue) will not exceed 1.4 per cent. of the Total Assets.

The Issue

Introduction

The Company is offering up to 70 million New Shares under the Issue. The Issue comprises the Placing and the Offer. There are no New Shares reserved solely for the Placing or the Offer, although all applications may be subject to scaling back as described below.

The Issue, which is not underwritten, is conditional, *inter alia*, upon admission of the New Shares to the UKLA's Official List and to trading on the London Stock Exchange becoming effective and upon subscriptions with an aggregate value at the Issue Price of not less than £10 million having been received under the Issue. G&N has agreed to use its reasonable endeavours to procure places in the Placing for up to 70 million New Shares, which would raise approximately £100 million, before expenses, based on the Net Asset Value per Share as at 31 October 2005 (the latest practicable date prior to the publication of this document).

The Directors intend to apply the net proceeds of the Issue in accordance with the Company's investment objective and policy.

The New Shares will rank *pari passu* in all respects with the existing issued Ordinary Shares, including in respect of the accrued income of the Company which is taken into account in the Net Asset Value per Share calculated in accordance with Part 3 of this document.

Existing Shareholders and the public generally (save for certain Overseas Investors) may apply for Shares through the Offer. Applicants under the Offer must specify a fixed sum in Sterling, being the aggregate subscription price for the New Shares for which they wish to apply at the Issue Price. Individual applications must be for New Shares with a minimum aggregate value at the Issue Price of £1,000 and applications in excess of that amount should be made in multiples of £250.

A typical investor in the Company will be a person who is seeking an attractive long-term total return by investing globally in undervalued securities and who understands the risks associated with such an investment objective, including both institutional and retail investors.

Scaling Back

If applications under the Issue are received for in excess of 70 million New Shares, New Shares will be allocated to investors who have given commitments under the Placing in priority to applicants under the Offer. In the event that applications under the Offer are unable to be satisfied in full, valid applications under the Offer by existing Shareholders will be satisfied in full subject to the overall 70 million limit in priority to applications by new investors and, in the event of over-subscription, such allocations will be scaled back *pro rata* according to the respective subscription amounts for which applications are made.

Issue Price

The Issue Price will be announced on 14 November 2005 and will be calculated by applying a three per cent. premium to the Net Asset Value per Share calculated as at the close of business on the Calculation Date (rounded up to the nearest half of one penny). The Net Asset Value per Share will be calculated in accordance with the formula set out in Part 3 of this document. However, as the Company has not sought Shareholder approval for a discounted issue of Shares the Listing Rules require that, if the calculation of the Issue Price would result in it being less than 90 per cent. of the closing middle market price of a Share on the Calculation Date, the Issue Price will instead be 90 per cent. of that closing middle market price.

Fractions

Fractions of New Shares will not be issued. To the extent that (other than on a scaling back) the fixed sum specified in relation to any application for New Shares exceeds the aggregate value, at the Issue Price, of the New Shares issued pursuant to such application, the balance of such sum (which will never exceed the Issue Price per Share) will be retained for the benefit of the Company.

Costs of the Issue

The costs of the Issue, which will be borne by the Company, are expected to be approximately £1.42 million, representing approximately 1.38 per cent. of the gross proceeds of the Issue (assuming the Issue is fully subscribed) or approximately £265,000, representing approximately 2.65 per cent. of the gross proceeds of the Issue (assuming the minimum subscription for the Issue).

Allowing for the expected costs of the Issue, if the Issue Price had been calculated on 31 October 2005 (the latest practicable date prior to the publication of this document), the Issue would have provided existing Shareholders with an enhancement to the Net Asset Value per Share of approximately 1.30 per cent. if the maximum amount had been raised pursuant to the Placing and Offer, compared to an enhancement to the Net Asset Value per Share of approximately 0.09 per cent. if the minimum amount had been raised.

Overseas Investors

None of the existing Shares nor the New Shares has been, or will be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or under the securities legislation of any state or other political sub-division of the United States and the relevant clearances have not been and will not be, obtained from the securities commission of any province or territory of Canada, Australia or Japan and they may not, subject to certain exceptions, be offered or sold directly or indirectly in, into or within the USA, Canada, Australia or Japan or to, or for the account or benefit of, a US Person (as defined in the Securities Act) or any national, citizen or resident of the USA, Canada, Australia or Japan. This document does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, existing Shares or New Shares in any jurisdiction in which such offer or solicitation is unlawful.

The making of the Offer to Overseas Investors may be affected by the laws or regulatory requirements of relevant jurisdictions. Overseas Investors who wish to subscribe for New Shares under the Offer are referred to paragraphs 22 and 23 of the Terms and Conditions of Application under the Offer set out at the end of this document. Shareholders and potential investors who are in any doubt as to their position in this respect are strongly recommended to consult their own professional advisers as soon as possible.

Settlement and dealing

New 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 New Shares will, where requested, be despatched by post in the week commencing 28 November 2005. Temporary documents of title will not be issued. Admission to listing on the UKLA's Official List and dealings in the New Shares are expected to commence on 18 November 2005. The ISIN number for the New Shares is GB0033862573.

Action to be taken

The procedure for, and the terms and conditions of, application under the Offer for Subscription are set out at the end 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 (during normal business hours) to Computershare Investor Services PLC at 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ so as to be received by 5.00 p.m. on 11 November 2005.

PART 2

FINANCIAL INFORMATION (INCLUDING PORTFOLIO INFORMATION)

1. INTRODUCTION

Statutory accounts of the Company for the period ended 31 December 2004 in respect of which the Company's auditors, Ernst & Young LLP, Registered Auditors, Ten George Street, Edinburgh, who are members of the Institute of Chartered Accountants in England and Wales, made an unqualified report under section 235 of the Act, have been delivered to the Registrar of Companies in Scotland and such report did not contain any statement under section 237(2) or (3) or the Act. Copies of the statutory accounts of the Company for the period ended 31 December 2004, together with a copy of the Company's unaudited interim report and accounts for the six months ended 30 June 2005, 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 and 16 Charlotte Square, Edinburgh EH2 4DF until 18 November 2005.

2. HISTORICAL FINANCIAL INFORMATION

Historical financial information relating to the Company on the matters referred to below is included in the published annual report and audited accounts of the Company as set out in the table below.

	<i>Statutory Accounts for Period ended 31 December 2004</i>
<i>Nature of information</i>	<i>Page No.</i>
Financial summary	2
Statement of total return	23
Balance sheet	24
Statement of cash flow	25
Notes to the financial statements	26 to 33
Dividend paid	2
Audit report	21

Unaudited financial highlights and unaudited interim financial statements relating to the Company for the six months ended 30 June 2005 are set out on page 1 and on pages 3 to 7 respectively of the published unaudited interim report of the Company relating to that period.

3. SELECTED FINANCIAL INFORMATION

The information in this paragraph 3 is unaudited information on the Company prepared by Edinburgh Partners and has been extracted directly on a straight forward basis from the historical and interim financial information referred to in paragraph 2 of this Part 2.

3.1 Selected unaudited historical financial information relating to the Company which summarises the financial condition of the Company for the period ended 31 December 2004 is set out in the following table:

	<i>Period ended 31 December 2004 (restated*)</i>
Net asset value	
Net assets (£'000)	26,130
Net asset value per share	116.4p
Share price	110.5p
Income	
Revenue return after expenses and taxation (£'000)	131
Revenue return per share	0.6p
Total expenses	
As a percentage of average total Shareholders' funds	1.7

*Period ended
31 December 2004
(restated*)*

Portfolio summary	
Shareholders' funds (£'000)	26,130
NAV/share price returns	
Net asset value return	+16.4%
Share price return	+10.5%

* These figures have been restated following the change in accounting policy described under the heading "Financial information" in Part 1 of this document.

- 3.2 Selected unaudited historical information relating to the Company for the six months ended 30 June 2005 is set out in the following table:

	<i>As at 30 June 2005</i>	<i>As at 30 June 2004 (restated*)</i>
Net asset value		
Net assets (£'000)	29,675	23,682
Net asset value per share	128.7p	105.1p
Share price	130.8p	95.5p

	<i>Six months ended 30 June 2005</i>	<i>Period 13 November 2003 to 30 June 2004 (restated)*</i>
Income		
Revenue return after expenses and taxation (£'000)	285	138
Revenue return per share	1.25p	0.62p
Dividend per share	0.4p	nil
Portfolio summary		
Shareholders' funds (£'000)	29,675	23,682
NAV/share price returns		
Net asset value return	+10.5%	+5.1%
Share price return	+18.3%	-4.5%

* These figures have been restated following the change in accounting policy described under the heading "Financial information" in Part 1 of this document.

- 3.3 The net asset value per Ordinary Share referred to in this paragraph 3 is based on total net assets at 30 June 2005 of £29,675,000 (31 December 2004: £26,130,000, 30 June 2004: £23,682,000) and on 23,065,339 Ordinary Shares (31 December 2004: 22,445,339, 30 June 2004: 22,525,339) being the issued share capital at that date. These net asset values have been calculated in accordance with the revised accounting policies as described under the heading "Financial information" in Part 1 of this document and include current period revenue. A reconciliation of changes to net asset values resulting from accounting policy changes is set out below:

	<i>30 June 2005</i>		<i>31 December 2004</i>		<i>30 June 2004</i>	
	<i>£'000</i>	<i>pence per share</i>	<i>£'000</i>	<i>pence per share</i>	<i>£'000</i>	<i>pence per share</i>
Net asset value†	29,708	128.80	26,077	116.18	23,719	105.30
Increase due to dividend accounting change	–	–	90	0.40	–	–
Reduction due to using bid prices	(33)	(0.15)	(37)	(0.17)	(37)	(0.16)
Net assets per revised UK GAAP	<u>29,675</u>	<u>128.65</u>	<u>26,130</u>	<u>116.41</u>	<u>23,682</u>	<u>105.14</u>

† including current period revenue

4. OPERATING AND FINANCIAL REVIEW

A description of changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's statement", "Manager's review" and "Portfolio holdings" in the published statutory accounts of the Company and in the published unaudited interim report of the Company for the six months ended 30 June 2005 as follows:

<i>Nature of information</i>	<i>Statutory Accounts for Period ended 31 December 2004 Page No.</i>	<i>Interim Report for 6 months ended 30 June 2005 Page No.</i>
Chairman's statement	3	1
Manager's review	5	–
Portfolio holdings	7 and 8	8 and 9

5. NO SIGNIFICANT CHANGE

Since 30 June 2005 (being the end of the last financial period of the Company for which interim financial information has been published), there has been no significant change in the financial or trading position of the Company.

6. ANALYSIS OF INVESTMENT PORTFOLIO

As at 31 October 2005 (the latest practicable date prior to the publication of this document), the Company's portfolio comprised of investments with an aggregate unaudited value, calculated in accordance with the Company's accounting policies, save as disclosed under the heading "Financial information" in Part 1 of this document, of £33.3 million. The following tables show the distribution of the portfolio by country, sector and by asset class as at 31 October 2005.

<i>By Country</i>	<i>% of Total Assets</i>
United Kingdom	21.8
Japan	20.3
United States	6.6
Netherlands	5.9
Switzerland	5.6
Germany	5.5
France	4.9
Philippines	3.1
South Korea	3.0
Ireland	2.7
Italy	2.6
Spain	2.6
Brazil	2.6
Sweden	2.6
Hong Kong	2.3
Indonesia	1.9
Cash & other net assets	5.9
	<hr/> <hr/> <hr/> 100.0

<i>By Sector</i>	<i>% of Total Assets</i>
Banks	23.5
Telecommunications	13.5
Oil & gas	10.5
Construction	7.0
Pharmaceuticals	5.4
Utilities	5.3
Other finance	4.9
Investment entities	4.3
Utilities – other	4.3
Support services	3.6
Diversified	2.7
Household	2.6
General retail	2.6
Food	2.1
Transport	1.7
Cash & other net assets	5.9
	100.0
	100.0

<i>By Asset Class</i>	<i>% of Total Assets</i>
Equities	93.3
Unquoted instruments	0.8
Cash & other net assets	5.9
	100.0
	100.0

A portion of the Company's financial assets are denominated in currencies other than Sterling with the effect that the balance sheet and total return can be affected by currency movements.

<i>By Currency</i>	<i>% of Total Assets</i>
Portfolio	
Sterling	26.1
Euro	24.3
Japanese yen	15.9
US dollars	12.3
Swiss franc	5.6
South Korean won	3.0
Swedish kroner	2.6
Hong Kong dollars	2.3
Indonesian rupiah	1.9
Cash & other net assets	
Sterling	5.9
	100.0
	100.0

The Company's 10 largest holdings, as at 31 October 2005, were as follows:

	<i>Valuation</i>	<i>% of Total Assets</i>
Edinburgh Partners Japan Opportunities Fund	1,457,000	4.40
Vodafone	1,327,000	4.00
KPN	1,146,000	3.40
Mizuho Financial Group	1,126,000	3.40
Glaxosmithkline	1,087,000	3.30
Philippine Long Distance Telecom	1,022,000	3.10
KDDI Corp	1,003,000	3.00
Bradford & Bingley	998,000	3.00
Korea Electric Power	995,000	3.00
UBS	939,000	2.80
Total		<u>33.40</u>

The information in this paragraph 6 is unaudited information on the Company, has been extracted from internal management accounting records held by Edinburgh Partners and has not been reported on by an accountant.

PART 3

CALCULATION OF ISSUE PRICE AND NET ASSET VALUE PER SHARE

Subject always to Note 8 on page 24, the Issue Price of the New Shares will be calculated, as at the Calculation Date at close of business UK time (unless otherwise stated), by applying a three per cent. premium to the Net Asset Value per Share. The Net Asset Value per Share will be calculated as follows:

$$\frac{(A+B+C+D+E+F)-(G+H+I)}{J}$$

where:

- A is the value of those investments of the Company as at the Calculation Date which are listed or dealt in on a recognised stock exchange, calculated by reference to the closing middle market quotations or prices as at the Calculation Date (the quotation or price shall be taken from the principal stock exchange or market where the relevant investment is listed or dealt in, as shown by the exchange's or market's recognised method of publication of prices for such investments at close of business on the Calculation Date);
- B is the value of all those traded options and futures contracts to which the Company is party as at the Calculation Date which are traded on a stock, commodities, financial futures or other securities exchange, calculated by reference to the official closing middle market prices as at the Calculation Date, as shown by the relevant stock exchange's recognised method of publication of such prices;
- C is the value of all other investments of the Company (including the EP Option) which will be valued as at the Calculation Date at fair values as determined by the Directors (and, in respect of the EP Option, as described in Part 1 of the Prospectus);
- D is the value of all cash and deposits with and balances at banks of the Company as at the Calculation Date;
- E is the actual amount as at the Calculation Date of any sums due from debtors (for these purposes including any dividends receivable on investments quoted as ex-dividend and any accrual of interest, up to the Calculation Date, on deposits) and any tax recoverable but excluding any dividend, distribution or interest which, in the opinion of the Directors, is unlikely to be received and also excluding any amount which has been taken into account in the value of any of the investments comprised in A, B or C above;
- F is the fair value of any other tangible assets of the Company as at the Calculation Date not otherwise accounted for, as determined by the Directors;
- G is the principal amount as at the Calculation Date of any outstanding borrowings of the Company plus accrued but not paid interest, commitment fees incurred but not paid and other charges up to and including that time;
- H is the amount, determined by the Directors, which fairly reflects as at the Calculation Date all other accrued liabilities of the Company including a fair provision for any contingent liabilities (including liabilities to taxation, whether or not deferred) or losses (including disputed claims) in so far as not otherwise taken into account (but excluding any accrued costs in connection with the Issue);
- I is the amount, determined by the Directors, of any taxation payable to any taxation authority including the HM Revenue & Customs, including (without prejudice to the generality of the foregoing) corporation tax on profits for the period from the start of the current accounting period up to (and including) the Calculation Date, and offsetting from such sum any recoverable foreign withholding taxes and recoverable United Kingdom corporation tax; and
- J is the number of Shares in issue on the Calculation Date (and which, for the avoidance of doubt, will not include any New Shares to be issued as a result of the Placing and Offer).

Notes:

1. The value of assets and liabilities denominated in currencies other than Sterling shall be notionally converted at the middle market rates of exchange in London between Sterling and such other currencies as at the Calculation Date.
2. In the case of A and B above, if there has been any general suspension of trading on the relevant stock exchange or market, or if it was closed for business, on the relevant date for the purpose of calculating the Net Asset Value per Share, the value shall be taken as at the close of business on the immediately preceding date on which there was trading on the relevant stock exchange or market, except that, if there has been a material change in the financial position of the underlying investment, a fair adjustment by the Company shall be made to reflect the change in the value of the investment.
3. Subject to note 2 above, in the case of A and B above, where no price is quoted in respect of any such investment, traded option or futures contract or where dealings in such investment, traded option or futures contract have been suspended on any relevant date, the value will be determined on the same basis as C above.
4. In the case of A and B above, where any such investment, traded option or futures contract is, as at the Calculation Date, subject to any legally binding obligation on the Company to dispose of the same at a price less than that determined in accordance with A or B (or note 2 above), as appropriate, or to a legally binding entitlement of the Company to dispose of the same at a price higher than that so determined, then such investment shall be valued at such other price unless such obligation or entitlement is unconditionally and irrevocably waived or lapses before the Calculation Date.
5. The Investment Manager will prepare, or will procure the preparation of, the calculation of the Issue Price as at the Calculation Date for the approval of the Directors. The calculation of the Issue Price shall be reviewed by the Company's auditors. Such calculation approved by the Directors shall be final and binding on all persons.
6. Notwithstanding any of the above provisions, in the event that the valuation of any investment or asset of the Company in accordance with any of the provisions in this Part 3, or the amount of any deduction made, is, in the opinion of the Directors, incorrect or unfair, they may agree, after consultation with the Company's auditors, to adopt an alternative method of valuation or deduction, as the case may be.
7. The Issue Price shall be expressed in pence, rounded up to the nearest half of one penny.
8. If the formula for calculating the Issue Price set out above would result in the Issue Price being less than 90 per cent. of the closing middle market price of a Share at the Calculation Date then, notwithstanding such formula, the Issue Price shall be the price equal to 90 per cent. of the closing middle market price of a Share on the Calculation Date.

PART 4

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. Its registered office is 16 Charlotte Square, Edinburgh EH2 4DF (Telephone number: 0131 272 2701). Save for its compliance with the Act and the Listing Rules of the UK Listing Authority, the Company is not a regulated entity.
- 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 The Investment Manager is a private limited company and was incorporated in Scotland under the Act with the registered number SC243661 on 10 February 2003. The Investment Manager operates under the Act. Its registered office is 16 Charlotte Square, Edinburgh EH2 4DF and its principal place of business is CBC House, 24 Canning Street, Edinburgh EH3 8EG (Telephone number: 0131 272 2701). The Investment Manager is authorised and regulated by the Financial Services Authority.
- 1.4 The Custodian is a banking corporation organised pursuant to the laws of the State of New York and operating through its branch in London. It was incorporated in the State of New York in 1784. The Custodian's principal place of business in the United Kingdom is 1 Canada Square, London E14 5AL (Telephone number: 020 7964 1784). The Custodian is authorised and regulated by the Financial Services Authority.

2. Share capital and indebtedness

- 2.1 The authorised share capital and the issued share capital of the Company (all of which will be fully paid-up) as at the date of this document and immediately following Admission (assuming the maximum number of New Shares are issued) will be as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>No. of Ordinary Shares</i>	<i>Nominal</i>	<i>No. of Ordinary Shares</i>	<i>Nominal</i>
As at the date of this document				
Ordinary Shares	150 million	£1,500,000	23,262,080	£232,620.80
Immediately following Admission				
Ordinary Shares	150 million	£1,500,000	93,262,080	£932,620.80

- 2.2 The Company was incorporated with an authorised share capital of £50,000 divided into 5 million Ordinary Shares of 1p each. Pursuant to a special resolution of the Company passed on 19 November 2003 the authorised share capital 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. On 15 December 2003 the 50,000 redeemable preference shares were reclassified as 5,000,000 Ordinary Shares. Pursuant to a special resolution of the Company passed on 26 October 2005 the authorised share capital was increased from £900,000 to £1,500,000 by the creation of an additional 60,000,000 Ordinary Shares.
- 2.3 The following changes have occurred in the share capital of the Company since the date of the incorporation of the Company.
- (i) On 19 November 2003, 50,000 redeemable preference shares of £1 each were issued, fully paid, at a price of £1 per share.
 - (ii) On 15 December 2003, 21,442,078 Ordinary Shares were issued, fully paid, at a price of £1 per Ordinary Share.

- (iii) On 15 December 2003, 50,000 redeemable preference shares of £1 each were redeemed at a price of £1 per share.
- (iv) On 14 January 2004, 773,250 Ordinary Shares were issued, fully paid, at a price of £1.02 per Share.
- (v) On 27 February 2004, 16,911 Ordinary Shares were issued, fully paid, at a price of £1.02 per Share.
- (vi) On 3 March 2004, 293,098 Ordinary Shares were issued, fully paid, at a price of £1.02 per Share.
- (vii) On 14 July 2004, 80,000 Ordinary Shares were purchased by the Company for cancellation for an aggregate consideration of £78,146 including expenses.
- (viii) On 9 February 2005, 200,000 Ordinary Shares were issued, fully paid, at a price of £1.20 per Share.
- (ix) On 17 February 2005, 100,000 Ordinary Shares were issued, fully paid, at a price of £1.22 per Share.
- (x) On 24 May 2005, 220,000 Ordinary Shares were issued, fully paid, at a price of £1.23 per Share.
- (xi) On 27 May 2005, 100,000 Ordinary Shares were issued, fully paid, at a price of £1.24 per Share.
- (xii) On 21 September 2005, 196,741 Ordinary Shares were issued, fully paid, at a price of £1.41 per Share.

2.4 As at 31 October 2005 the Company had no indebtedness (including guaranteed and unguaranteed, secured and unsecured, indirect and contingent indebtedness). The following table sets out the capitalisation of the Company as at 30 June 2005 (the date of the last published financial information on the Company) and as at 31 October 2005.

	<i>30 June 2005</i>	<i>31 October 2005</i>
Shareholders' equity		
– Share capital	£231,000	£233,000
– Legal reserves (excl. revenue reserves)	£29,119,000	£32,708,000
– Other reserves (excl. revenue reserves)	nil	nil
Total Shareholders' equity	<u>£29,350,000</u>	<u>£32,941,000</u>

2.5 Save as described in paragraph 2.3 above, since the date of 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 of any such capital. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

2.6 At an extraordinary general meeting of the Company held on 26 October 2005, the Directors were authorised as follows:

- (i) generally and unconditionally pursuant to section 80 of the Act, to allot relevant securities (as defined in sub-section 80(2) of the Act) up to a maximum nominal amount of £700,000 (such authority to expire on 25 October 2010); and
- (ii) pursuant to section 95 of the Act, to allot equity securities (as defined in sections 94(2) to 94(3A) of the Act) for cash pursuant to the authority noted in paragraph 2.6(i) above as if sub-section 89(1) of the Act did not apply to any such allotment, provided that this authority is to expire at the conclusion of the annual general meeting of the Company in 2006 (but so that the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired) and is limited to (a) the allotment of equity securities with a nominal value of up to £700,000 pursuant to the Placing and Offer for Subscription; (b) the allotment of

equity securities in connection with or pursuant to a rights issue or any other offer in favour of the holders of equity securities and other persons entitled to participate therein in proportion (as nearly as may be practicable) to the respective number of equity securities then held by them; and (c) the allotment of equity securities for cash otherwise than pursuant to (a) and (b) above up to an aggregate nominal value of £500,000.

- 2.7 The disapplication of statutory pre-emption rights in the terms provided under the special resolution noted at paragraph 2.6 above has given the Company the flexibility to resell Shares which it holds in treasury for cash without first being required to offer such Shares to existing Shareholders in proportion to their existing holdings.
- 2.8 The Company has authority to buy back up to such number of Shares as equals 14.99 per cent. of the number of Shares in issue as at 27 April 2005 (the date on which the buy-back authority was granted by special resolution of the Company).
- 2.9 The provisions of section 89 of the Act, which confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities which are to be paid up in cash, apply to the authorised but unissued capital of the Company except as referred to in paragraphs 2.6 and 2.7 above. However, Shareholders who wish to subscribe for New Shares pursuant to the Offer will, if the Offer is oversubscribed, have their application met in priority to applicants under the Offer who are not existing Shareholders.
- 2.10 It is expected that the New Shares will be issued pursuant to a resolution of the Board of Directors on 17 November 2005 conditional upon admission of those shares to the UKLA Official List and to trading on the London Stock Exchange.
- 2.11 On the basis of the Net Asset Value per Share as at 31 October 2005, each New Share will be issued fully paid at a premium of 146.5p to the nominal value of 1p per share.
- 2.12 Assuming that the maximum number of New Shares are issued, following Admission the authorised but unissued share capital of the Company will be £567,379.20 comprising 56,737,920 Ordinary Shares.
- 2.13 Under the Issue, the New 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 New Shares under the CREST system. CREST is a voluntary system and holders of New 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 New Shares issued in certificated form under the Issue. Definitive certificates for such New Shares are expected to be despatched in the week commencing 28 November 2005.

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. 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.

3.11 General meetings

Not less than fourteen days' notice specifying the time and place of any general meeting (or 21 days' in the case of an annual general meeting or a general meeting at which a special or extraordinary resolution is to be proposed) and specifying also, in the case of any special business, the general nature of the business to be transacted shall be given by notice sent by post to Shareholders. Every Shareholder shall be entitled to attend and vote and to speak at every general meeting. The quorum for a general meeting shall be two Shareholders present in person or by proxy.

3.12 Changes to the Articles of Association

In accordance with the Act, the Articles can be amended by means of a special resolution of Shareholders which requires 75 per cent. of the votes cast at a general meeting to be in favour.

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 ending on 31 December 2004 was £56,000. It is estimated that the aggregate remuneration to be paid and benefits in kind granted to the

Directors by the Company for the current financial period will not exceed £50,000. The total remuneration and benefits in kind granted to the Directors will not be varied as a consequence of the Issue.

- 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 a period of service expiring at the annual general meeting of the Company to be held in 2006, 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, the interests of the Directors and persons connected with them in the issued share capital of the Company (all of which, unless otherwise stated, are beneficial) which are required to have been notified to the Company pursuant to sections 324 or 328 of the Act or are required to be entered into the register referred to in section 325 of the Act or (in the case of persons connected with the Directors) are interests the existence of which is known to or could with reasonable diligence be ascertained by that Director which would be required to be so notified or entered into the register if that connected person were a Director, were as follows:

<i>Director</i>	<i>No. of Shares</i>	<i>Percentage of issued share capital</i>
Teddy Tulloch	50,000	0.21
Richard Burns	327,000	1.41
David Hough	19,000	0.08
Ian McBean	100,000	0.43

- 4.6 As at 31 October 2005 (the latest practicable date prior to the publication of this document), the Company was aware of the following interests in three per cent. or more of the issued share capital of the Company:

	<i>No. of Shares</i>	<i>Percentage of issued share capital</i>
Britannic Assurance With Profits Growth Fund	1,262,500	5.43
Barclays plc	956,100	4.11
Dr Sandy Nairn	877,000	3.77

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. There are no different voting rights for any Shareholder.

4.7 Details of those companies (other than the Company and subsidiaries of the companies disclosed below) and partnerships of which the Directors have been a member of the administrative, management or supervisory body or a partner at any time since 4 November 2000 are as follows:

(i) *Edward (Teddy) Archibald William Tulloch*

Present directorships and partnerships: Amoebics Limited
Cavendish AIM Fund VCT PLC
Randotte (No 478) Limited
Gillesbie Farm Partnership

Past directorships and partnerships: 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.
Baillie Gifford Life Limited
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
The Patrons of the National Galleries of Scotland
Mitsubishi 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: None

(iv) *John (Ian) McConachie McBean*

Present directorships and partnerships: None

Past directorships and partnerships: None

4.8 As at the date of this document none of the Directors:

- (a) has any convictions in relation to fraudulent offences for at least the previous five years;
- (b) has been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 4.7 above;
- (c) has any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

4.9 There are no potential conflicts of interest between any duties of the Directors and the Company and their private interests and/or other duties.

5. Material contracts

The following are all of the material contracts, other than contracts entered into in the ordinary course of business, that have been entered into by the Company since the date of its incorporation and any other contract, not being a contract entered into in the ordinary course of business, that

has been entered into by the Company which contains any provisions under which the Company has any 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 was appointed to act as investment manager of the Company and 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 is 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 £62,365 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. In the event of any material breach of the investment restrictions to which the Investment Manager is subject, the Directors will announce the steps taken to rectify that breach through a Regulatory Information Service.
- 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 of ordinary shares referred to in the prospectus published by the Company on 24 November 2003 (the "Costs") were less than 3.0 per cent. of the proceeds of that issue, the Company was obliged to pay to Edinburgh Partners a commission equal to the difference; or (ii) if the amount of the Costs exceeded 3.0 per cent. of the proceeds of that issue, Edinburgh Partners was obliged to pay to the Company an amount equal to such excess. Under this agreement, Edinburgh Partners also agreed to meet any costs or expenses payable by the Company if that issue did not proceed.
- 5.3 An option agreement dated 21 November 2003 between the Company (1) and the Investment Manager (2) whereby the Investment Manager granted to the Company an option to subscribe for 71,294 ordinary shares in the Investment Manager being 1.8 per cent. of the fully diluted issued ordinary share capital of the Investment Manager as at the date of this document. The exercise price of the option is £3 per share and the option shall be exercisable at any time prior to 15 December 2008 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.
- 5.4 A custody agreement dated 3 December 2003 between the Company (1) and the Custodian (2) whereby the Company appointed the Custodian to act as its custodian in relation to the cash and securities of the Company and to provide, *inter alia*, the following services: holding cash and securities and arranging settlement of transactions in relation to those assets, collecting and processing income from the assets and providing statements of account and other services typical of a custodian to an investment company. Under the agreement, the Company agreed to indemnify the Custodian in respect of all claims, losses, liabilities, damages, costs, expenses and judgements incurred by the Custodian or its nominees arising in connection with the performance of the services under the agreement except where they arise out of the negligence, fraud or wilful default of the Custodian or its nominees. Subject to certain

exceptions, the Custodian is liable to the Company for any claims, losses, liabilities, damages, costs, expenses and judgements suffered by the Company arising directly or indirectly from the performance, or lack of performance, of the services under the agreement to the extent that the Custodian or its nominees have been negligent, fraudulent or in wilful default in respect of their duties under the agreement. The agreement may be terminated by either party on 30 days' written notice to the other and may be terminated without notice upon customary events of default. Under the agreement, the Custodian is entitled to receive safekeeping fees and transaction charges.

6. 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 HM Revenue & Customs' 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.

6.1 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 HM Revenue & Customs 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.

6.2 Shareholders

6.2.1 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. After three years the gain is reduced by 5 per cent. and for each further complete year of ownership the gain is reduced by a further 5 per cent. 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 2005/2006, is £8,500.

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

6.2.2 *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 HM Revenue & Customs 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.

6.3 *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).

6.4 *ISAs and PEPs*

New 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.

6.5 *SIPPs*

Ordinary Shares will be permitted investments for SIPPs.

7. General

- 7.1 Assuming the minimum amount is raised under the Issue, the total costs and expenses of and incidental to the Issue payable by the Company will be approximately £265,000, being 2.65 per cent. of the proceeds of the Issue, (including, the commission payable to financial intermediaries of up to a maximum of £100,000).
- 7.2 Assuming the minimum amount is raised under the Issue, the net proceeds available for investment by the Company following Admission will be £9,735,000 and these net proceeds will be invested in accordance with the Company's investment policy described in Part 1 of this document.
- 7.3 The Company is not and has not been engaged in any governmental, legal or arbitration proceedings and, in so far as the Company is aware, there are no governmental, 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, a significant effect on the Company's financial position or profitability.
- 7.4 The Company is of the opinion that the working capital available to the Company (including the minimum net proceeds from the Issue) is sufficient for the Company's present requirements, that is, for at least the next 12 months from the date of this document.
- 7.5 The Issue will constitute a significant gross change in relation to the Company. The effect of this significant gross change will be to significantly increase the Total Assets of the Company by the net proceeds of the Issue and to spread the fixed costs of the Company over a larger asset base. There is not expected to be a material change to the nature of the Company's investment portfolio as a result of the Issue.
- 7.6 The Company has not had any employees since its incorporation and does not own any premises.

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 and 16 Charlotte Square, Edinburgh EH2 4DF until 18 November 2005:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports and accounts of the Company for the period ended 31 December 2004;
- (iii) the unaudited interim report and accounts for the six months ended 30 June 2005;
- (iv) the material contracts referred to in paragraph 5 above;
- (v) the Directors' letters of appointment as referred to in paragraph 4.2 above; and
- (vi) 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., Royal London House, 22/25 Finsbury Square, London EC2A 1DX and 16 Charlotte Square, Edinburgh EH2 4DF .

4 November 2005

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER

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/or 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 Ordinary Shares with a minimum aggregate subscription price of £1,000 and, if your application is for Ordinary Shares with an aggregate subscription price of more than £1,000, it must be for a sum which is a multiple of £250.
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 amount of Ordinary Shares that you have specified in your Application Form (or such lesser amount for which your application is accepted) at the Issue Price 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 28 November 2005 (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 banker's 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 2003;

- 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 2003;
 - 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 22 and 23; 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 offer

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. 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 14 November 2005 (or such later date, not being later than 28 November 2005, 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, 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 22 and 23 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 section), 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, 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ no later than 5.00 p.m. on 11 November 2005. 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.

Money Laundering

20. You agree that, in order to ensure compliance with the Money Laundering Regulations 2003, 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:
 - 20.1 tender payment by way of banker's 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
 - 20.2 appear to the Receiving Agent to be acting on behalf of some other person (in which case verification of identify 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.
21. Without prejudice to the generality of paragraph 20 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 £9,000 (approximately equivalent to €15,000). If in such circumstances, you use a building society cheque, banker's 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, banker's 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

22. 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.

23. 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 United States Securities Act of 1933 (as amended) 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 otherwise where there is cause to believe you are in the United States.

Definitions used in these Terms and Conditions of Application

24. In these Terms and Conditions of Application and the Application Form the following terms have the meanings set out below:

“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; and

“Prospectus” means the document comprising a prospectus of the Company dated 4 November 2005.

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

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by 5.00 p.m. on 11 November 2005.

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

1. Application

Fill in (in figures) the aggregate subscription price for which your application for Ordinary Shares is made. Your application must be for Ordinary Shares with a minimum aggregate subscription price of £1,000 or, if for more than £1,000, in multiples of £250.

2. Amount Payable

Fill in (in figures) the amount payable for the Ordinary Shares for which your application is made.

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 date and sign 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/Banker's Draft Details

Attach a cheque or banker's draft for the exact amount shown in Box 2 to your completed Application Form. Your cheque or banker's draft must be made payable to "The Royal Bank of Scotland plc re. 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 banker's 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 £9,000 (approximately equivalent to €15,000) or greater, which are to be settled by way of a third party payment, e.g. banker's draft, building society cheque or a cheque drawn by someone other than the applicant, will be subject to the United Kingdom's verification of identity requirements which are contained in the Money Laundering Regulations 2003.

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 5.00 p.m. on 11 November 2005, 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.

Instructions for Delivery of Completed Application Forms

Completed Application Forms should be returned, by post or by hand, to Computershare Investor Services PLC at PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or by hand only to Computershare Investor Services PLC at 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ so as to be received by no later than 5.00 p.m. on 11 November 2005, 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 two 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 at PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ or, by hand only, to Computershare Investor Services PLC at 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ so as to be received no later than 5.00 p.m. on 11 November 2005.

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:

£ of Ordinary Shares (minimum £1,000 and thereafter in multiples of £250)

fully paid, subject to the Terms and Conditions of Application set out in the Prospectus dated 4 November 2005 and subject to the Memorandum and Articles of Association of the Company respectively.

2. Amount Payable

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

£ (minimum £1,000 and thereafter in multiples of £250)

3. Personal Details (PLEASE USE BLOCK CAPITALS)

Mr, Mrs, Miss or Title	Forenames (in full)
Surname	
Address (in full)	
Postcode	Daytime telephone no.

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.

Signature	Dated	2005
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5. Cheque/Banker's Draft Details

Attach your cheque or banker's draft for the exact amount shown in Box 2 made payable to "The Royal Bank of Scotland plc re. 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.

CREST Participant ID: (no more than five characters)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	CREST Member Account ID: (no more than eight characters)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
CREST Participant's Name:													

BOX 7 MUST ONLY BE COMPLETED BY JOINT APPLICANTS (SEE NOTE 7).

7. Joint Applicants (PLEASE USE BLOCK CAPITALS)

Mr, Mrs, Miss or Title	Forenames (in full)	Surname	Signature
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>



