

A copy of this document, which comprises a prospectus (the "Prospectus") with regard to Ruffer Investment Company Limited (the "Company") prepared in accordance with the Listing Rules of the UK Listing Authority made pursuant to Section 74(4) of the Financial Services and Markets Act 2000, has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 83 of that Act.

Application has been made for consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989, for the circulation of this document insofar as it relates to the issue of the Shares and to the raising of money by the issue of such shares and the raising of bank finance. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council accept any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard thereto.

Application has been made for all the Shares to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange. It is expected that Admission will become effective and that dealings will commence on 8 July 2004.

RUFFER INVESTMENT COMPANY LIMITED

(a closed-ended investment company incorporated in Guernsey with registration number 41996)

Placing and Offer for Subscription of up to 100,000,000 Shares of 0.01p each at an Issue Price of 100p per Share payable in full on application

Investment Manager

Ruffer LLP

Sponsored by

UBS Investment Bank

The Directors of the Company, whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The number of Shares being offered should not be taken to be indicative of the number of Shares which will be issued. The right is reserved to scale back applications under the Placing and/or Offer for Subscription. The minimum subscription under the Offer for Subscription is 1,000 Shares and applications under the Offer for Subscription must be made thereafter in multiples of 500 Shares.

The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the relevant securities laws of any state of the United States, Canada, Australia or Japan. The Company has not been, and will not be, registered under the United States Investment Company Act of 1940, as amended. Accordingly, unless an exemption under such acts or laws is applicable, the Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan.

UBS Limited, which is authorised and regulated in the United Kingdom by The Financial Services Authority, is acting for the Company and for no one else in connection with the Issue and will not be responsible to anyone other than the Company for providing the protections offered to clients of UBS Limited nor for providing advice in relation to the contents of this document or any matters referred to herein.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice and who understand and are capable of assuming the risks of an investment in this Company and who have sufficient resources to bear any losses which may result therefrom. Potential investors should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 before investing.

The attention of potential investors is drawn to the Risk Factors set out on pages 20 to 22 of Part 2 of this document.

Dated 23 June 2004

CONTENTS

Expected Timetable	3
Issue Statistics	3
Key Information	4
Directors, Investment Manager and Advisers	6
Definitions	7
Part 1 Information on the Company	10
Part 2 Risk Factors	20
Part 3 Additional Information	23
Part 4 Terms and Conditions of Application	44

EXPECTED TIMETABLE

	2004
Latest time and date for receipt of Placing commitments	5.00 p.m. on 2 July
Latest time and date for receipt of Application Forms under the Offer for Subscription	5.00 p.m. on 2 July
Results of Placing and Offer for Subscription announced	5 July
Dealings in Shares issued under the Issue commence on the London Stock Exchange	8 July
Crediting of CREST accounts pursuant to the Issue	8 July
Share certificates despatched week commencing	19 July

ISSUE STATISTICS

Issue Price	100p
Number of Shares following the Issue*	100,000,000
Net Proceeds of the Issue*	£98,000,000
Initial Net Asset Value per Share	98p

* Assuming the Issue is subscribed for in full

KEY INFORMATION

The following information is a summary of the key features of the Company. However, it is a summary only and investors should read the full text of this document from which it is derived. Attention is drawn to the "Risk Factors" section set out in Part 2 of this document.

The Company and management

- Ruffer Investment Company Limited is a new, Guernsey registered, closed-ended investment company.
- Ruffer has been appointed Investment Manager to the Company. As at 31 May 2004, Ruffer had in excess of £800 million of funds under management invested globally in equities, fixed income investments and cash.
- The Investment Manager will receive a fee of 1 per cent. per annum of the Net Asset Value of the Company in respect of its role.

Investment objective and policy

- The principal objective of the Company will be to achieve a positive total annual portfolio return of at least twice the return of the Bank of England base rate (4.5 per cent. as at 21 June 2004) by investing in internationally listed or quoted equities or equity related securities (including convertibles) and bonds which are issued by corporate issuers, supra-nationals or government organisations.

Capital structure

- The Company will have a capital structure comprising a single class of listed Shares, which are being offered at 100p each.
- Application has been made to the UK Listing Authority for all the Shares to be admitted to the Official List and to trading on the London Stock Exchange.
- The Company will not have any borrowings except for short term or temporary purposes.

Shares

- It is anticipated that any dividends will be declared semi-annually in March and September. The first interim dividend is expected to be declared in March 2005.
- The Shares are entitled to all of the income and all of the capital growth of the Company.

Discount control

- In order to address any imbalance in the supply of and demand for the Shares and to assist in maintaining a narrow discount to the Net Asset Value per Share at which the Shares may be trading, the Company will at the sole discretion of the Directors:
 - (i) purchase Shares when deemed appropriate; and
 - (ii) allow an annual redemption of up to 25 per cent. of the issued Shares at the prevailing Net Asset Value per Share commencing in November 2007.

Shareholders should have no expectation that the Directors will exercise any such discretion on one or more occasions or the proportion of Shares that may be redeemed.

The Issue

- The Issue will comprise an issue of Shares under the Placing and Offer for Subscription.
- Shares are being offered at 100p each under the Placing and Offer for Subscription payable in full in cash.
- The latest time for receipt of Application Forms under the Offer for Subscription and commitments under the Placing will be 5.00 p.m. on 2 July 2004.

Further issues of Shares

- Under the Articles, the Directors have wide powers to issue further Shares on a non-pre-emptive basis.

Savings schemes

- It is expected that the Shares will qualify for inclusion in a PEP, ISA, SIPP and SSAS, provided that they are acquired via the Offer for Subscription.

Risk Factors

- The attention of investors is drawn to the Risk Factors set out in Part 2 of this document.
- There can be no guarantee that the investment objectives of the Company will be met.

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors	John de Havilland (Chairman) Wayne Bulpitt Jan Etherden Peter Luthy Christopher Spencer all non-executive and all of: Trafalgar Court Les Banques St. Peter Port Guernsey GY1 3QL
Investment Manager	Ruffer LLP Nations House 103 Wigmore Street London W1U 1QS
Registered Office, Secretary, Administrator and Registrar	Guernsey International Fund Managers Limited PO Box 235 Trafalgar Court Les Banques St. Peter Port Guernsey GY1 3QL
Sponsor	UBS Limited 1 Finsbury Avenue London EC2M 2PP
Solicitors to the Company <i>as to UK law</i>	Lawrence Graham 190 Strand London WC2R 1JN
Advocates to the Company <i>as to Guernsey law</i>	Ozannes 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP
Auditors	Moore Stephens PO Box 146 Town Mills South La Rue du Pré St. Peter Port Guernsey GY1 3HZ
Custodian	The Royal Trust Company Royal Trust Tower 12th Floor 77 King Street West P.O. Box 7500, Station "A" Toronto Ontario M5W 1P9
CREST Agent	Computershare Investor Services (Channel Islands) Limited Ordinance House 31 Pier Road St. Helier Jersey JE4 8PW
Receiving Agent and UK Paying Agent	Computershare Investor Services PLC PO Box 859 The Pavilions Bridgwater Road Bristol BS99 1XZ

DEFINITIONS

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

“Administration Agreement”	the agreement between the Company and the Administrator, a summary of which is set out in paragraph 7 of Part 3 of this document
“Administrator” or “Secretary”	Guernsey International Fund Managers Limited and its affiliates or such other person or persons from time to time appointed by the Company
“Admission”	admission to the Official List and/or admission to trading on the London Stock Exchange, as the context may require, and of the Shares becoming effective in accordance with the Listing Rules and/or the LSE Admission Standards as the context may require
“Application Form”	an application form for use in connection with the Offer for Subscription attached at the end of this document
“Articles of Association” or “Articles”	the articles of association of the Company
“Business Day”	a day on which the London Stock Exchange and banks in Guernsey are normally open for business
“certificated” or “certificated form”	not in uncertificated form
“Companies Laws”	the Companies (Guernsey) Laws 1994 to 1996, as amended
“Company”	Ruffer Investment Company Limited
“CREST”	the facilities and procedures for the time being of the relevant system of which CRESTCo has been approved as Operator (as defined in the Regulations) pursuant to the Regulations
“CRESTCo”	CRESTCo Limited
“CREST Guernsey Requirements”	Rule 8 and such other rules and requirements of CRESTCo as may be applicable to issuers as from time to time specified in the CREST Manual
“CREST Manual”	the compendium of documents entitled CREST Manual issued by CRESTCo from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
“Custodian” or “RTC”	The Royal Trust Company
“Custodian Agreement”	the custodian agreement between the Company and the Custodian, a summary of which is set out in paragraph 7 of Part 3 of this document
“Directors” or “Board”	the directors of the Company
“FSA”	the UK Financial Services Authority
“Initial Gross Proceeds”	the aggregate value of the Shares issued under the Issue (taken at the Issue Price)

“Investment Company Act”	the US Investment Company Act of 1940
“Investment Manager” or “Ruffer”	Ruffer LLP
“ISA”	individual savings account
“Issue”	the Placing and the Offer for Subscription
“Issue Price”	100p per Share pursuant to the Issue
“Listing Rules”	the listing rules made by the UK Listing Authority under section 74 of the Financial Services and Markets Act 2000
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“LSE Admission Standards”	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Official List
“Management Agreement”	the management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 7 of Part 3 of this document
“Management Shares”	non-participating shares of £1.00 each in the capital of the Company designated as management shares and issued at 100p each
“Net Asset Value”	the net asset value, as determined in accordance with the Articles
“Net Asset Value per Share”	the Net Asset Value divided by the number of Shares in issue
“Offer for Subscription”	the offer for subscription of Shares to the public on the terms set out in this document
“Official List”	the list maintained by the UK Listing Authority pursuant to Part VI of the Financial Services and Markets Act 2000
“PEP”	personal equity plan
“Placing”	the placing of Shares by UBS Limited pursuant to the terms of the Placing and Offer Agreement as described in this document
“Placing and Offer Agreement”	the conditional agreement between the Company, the Investment Manager and UBS Limited, a summary of which is set out in paragraph 7 of Part 3 of this document
“Pounds Sterling” or “£” or “Sterling”	the lawful currency of the United Kingdom
“Receiving Agent”	Computershare Investor Services PLC
“Redemption Date”	such date as may be nominated by the Board being on or around 2 November 2007 and thereafter such date as may be nominated by the Board in November in each year or if such a date is not a Business Day then the immediately preceding Business Day but does not include any date on or before which a resolution to wind up the Company has been passed
“Redemption Facility”	the facility allowing Shareholders to redeem their Shares which will be operated by the Directors at their sole discretion as further described on page 12 of Part 1 of this document
“Redemption Notice”	a notice of redemption of Shares in such form as the Directors may from time to time prescribe
“Registrar”	Guernsey International Fund Managers Limited, or such other person or persons from time to time appointed by the Company

“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755)
“Relevant Market”	a market specified in, or established under the rules of an exchange specified in, Parts II to IV of Schedule 3 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as may be amended from time to time) and such other financial markets as may be specifically agreed from time to time between the Board and the Investment Manager
“Risk Factors”	the risk factors pertaining to the Company set out in Part 2 of this document
“SSAS” or “Small Self Administered Scheme”	means a small self administered scheme as defined in Regulation 2 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991 (SI 1991/1614)
“Shareholder”	a holder of Shares
“Shares”	redeemable participating preference shares of 0.01p each in the capital of the Company
“SIPPS” or “Self Invested Personal Pension Scheme”	means a self-invested personal pension scheme as defined in Regulation 3 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001
“Taxes Act”	the Income and Corporation Taxes Act 1988, as amended
“UBS”	UBS Limited
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for listing in the United Kingdom pursuant to Part VI of the Financial Services and Markets Act 2000
“uncertificated form” or “in uncertificated form”	recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“United States”, “USA” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“US Dollar” or “US\$”	the lawful currency of the United States
“Valuation Point”	being the time at which the Net Asset Value of the Company is calculated under the Administration Agreement generally being the close of business on the last business day of each week or such other time as the Directors may, from time to time, determine

PART 1

Information on the Company

Introduction

Ruffer Investment Company Limited is a newly incorporated, Guernsey registered, closed-ended investment company. Its Investment Manager will be Ruffer.

The Company will have a capital structure comprising a single class of listed Shares, which will be listed in London. It is not intended that the Company will have any borrowings except for short term or temporary purposes.

Investment Objective and Policy

The principal objective of the Company is to achieve a positive total annual portfolio return of at least twice the Bank of England base rate (4.5 per cent. as at 21 June 2004) by investing in internationally listed or quoted equities or equity related securities (including convertibles) or bonds which are issued by corporate issuers, supra-nationals or government organisations.

In selecting investments the Company will adopt a stock picking approach and will not adopt any investment weightings by reference to any benchmark. Both Ruffer and the Board believe that the adoption of any index related investment style would inhibit the ability of the Company to deliver its objectives.

The allocation of the portfolio between equities and bonds will vary from time to time so as to enable the Company to achieve its objective. Initially it is expected that approximately 42 per cent. of the portfolio will be allocated to international bonds and fixed interest investments, approximately 55 per cent. to international equities or equity related instruments and approximately 3 per cent. to cash.

The universe of equity, equity related securities or bonds in which the Company may invest will be wide and may include companies domiciled in, and bonds issued by entities based in, non-European countries, including countries that may be classed as emerging or developing (although initially it is expected that investment in emerging or developing countries will be nil). The proportion of the portfolio invested into companies based in emerging or developing countries will be limited, at the time of any investment, to below 15 per cent. of the gross assets.

The Company will not invest in the securities of any company that is not quoted or does not have a listing on a Relevant Market.

The Directors have determined that not more than 10 per cent., in aggregate, of the value of the gross assets of the Company at the time of admission may be invested in other listed investment companies (including listed investment trusts) except that this restriction will not apply to investments in such entities which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed investment companies (including listed investment trusts). Regardless of the above restriction, the Directors have further determined that no more than 15 per cent. in aggregate of the Company's gross assets will be invested in other listed investment companies (including listed investment trusts).

The Directors have determined that the Company will not engage in currency hedging except where Ruffer considers such hedging to be in the interests of efficient portfolio management.

In managing the portfolio, Ruffer will adopt a broadly similar investment strategy to the one applied in managing the Ruffer Income Fund, a sub-fund of the Ruffer Investment Funds OEIC launched in September 2000, and also the segregated portfolios, which have formed the basis of Ruffer's business since its inception in 1994.

The investment objective will, in the absence of unforeseen circumstances, be adhered to for at least 3 years following Admission and a change of objective within that period will only be made with Shareholder approval.

Investment Outlook

The outlook for the markets internationally is currently full of uncertainty. The Investment Manager believes that the fundamental economic indicators are consistent with a deteriorating outlook both for economies throughout the developed world and investment and consumer confidence.

The background environment is that of disinflation. The increased effectiveness of global communication through the Internet has led to lower prices for traded goods and services. In this environment, returns on capital decrease and default risk becomes the main concern for fixed income investors. Accordingly, fixed interest stocks of long duration, issued by governments, are attractive for those concerned to preserve capital.

The Federal Reserve in the United States is combating these deflationary forces by boosting money supply with historically low interest rates, which also maintain consumer spending. One of the governors of the Federal Reserve, Dr Bernanke, has articulated the view that investors should not lose sight of the fact that the dollar is a paper currency the supply of which can be expanded by monetary authorities. The Investment Manager believes that this could lead to potential monetary instability.

The prolonged period of low interest rates has led to rising risk asset values, particularly in those sectors susceptible to leverage. Leverage in both financial markets and consumer debt is at historically high levels on both sides of the Atlantic. The Investment Manager considers that this factor could be of greater short-term significance than the issue as to whether market conditions are inflationary or deflationary and in particular what would happen to bond markets if the leverage unwound. While fixed interest markets could suffer in the short-term, offering a higher yield in unequivocally deflationary conditions may still provide better value than other asset classes.

Abnormally low interest rates in the United States, coupled with continuing foreign investment in US dollar based assets, has resulted in a number of other distortions. Neither the low savings rate in the United States nor the high US trade deficit could have grown without both these factors. The boom in China, and the surpluses of Japan and other Pacific Rim nations, has also been fuelled by low interest rates. The Investment Manager is of the opinion that traditional assets look fully priced, whether US equities, corporate bonds, bond yields or commodity prices.

The Investment Manager believes that Swiss government bonds and utilities are attractive in such a market environment and further that gold's defensive characteristics justify its place in a portfolio designed to produce an absolute return. In government bonds, the Investment Manager will look for returns from bonds with longer dated maturities. Investors are used to regarding long duration as high risk, but, at times when cash is not eroded by inflation, the Investment Manager believes that the value of a certain income stream much outweighs the discounted value of the return of capital.

The Investment Manager is of the view that of all the equity markets, Japan, and especially the domestic sector of Japan, offers potential value. Compared with other international markets Japanese equities are still cheap on a free cash flow, market capitalisation to sales and price to book value basis. This market has the potential to grow if local investors recover their confidence in equity investing, since the Japanese household sector holds more than half their assets in cash or cash equivalent.

While prospects for the Company for at least the current financial year may reflect, to a certain extent, the prospects for international equities and fixed interest investments as detailed above, investors should be well positioned to benefit from the Investment Manager's strategy of investing across a wide range of investment opportunities, which it is hoped will reduce overall risk to the investor.

Risk Factors

The attention of potential investors is drawn to the Risk Factors set out in Part 2 of this document.

Shares

It is the Directors intention that any dividend will be declared semi-annually in September and March each year. The first interim dividend is expected to be declared in March 2005 in respect of the period from Admission to 31 December 2004.

The Company is not required to distribute all or any of its income according to Guernsey legislation. As a UK listed investment company, however, any distributable income must be principally derived from investment and dividends will not be paid unless covered by income received from underlying investments.

Except where agreed with the UK Listing Authority, the distribution as dividend of surpluses arising from the realisation of investments is prohibited.

The Shares are entitled to all the income recommended by the Directors as being distributed by way of dividend and to all of the capital growth of the Company.

Life of the Company

The Company currently does not have a fixed life but the Board considers it desirable that Shareholders should have the opportunity to review the future of the Company after an initial period of 3 years. Accordingly, at the annual general meeting of the Company in 2007 an ordinary resolution will be proposed that the Company should continue as presently constituted. If the resolution is not passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up. If the resolution is passed, the Company will continue indefinitely and no such further resolutions will automatically be proposed at subsequent annual general meetings.

Redemption Facility

The Company has a Redemption Facility (which will take the form of a tender offer to all Shareholders) which may first be utilised after the third anniversary of Admission (subject to the resolution as to the continuation of the Company being passed at the Annual General Meeting of the Company in 2007) and thereafter on an annual basis. Pursuant to the Redemption Facility (and subject to certain limitations, the Directors exercising their discretion to operate the facility on any relevant occasion and, where necessary, the approval of Shareholders in general meeting), Shareholders may request to tender all or part of their holdings of Shares for cash. Redemption will be effected at the prevailing Net Asset Value per Share on the Redemption Date (less the costs of redemption) in a tax efficient manner, where possible. Subject to the above limitations and the Directors' discretion being exercised on any relevant occasion, this facility will operate annually commencing in November 2007 and thereafter in November of each year. Redemptions on any Redemption Date will be restricted to such proportion of the Shares as the Directors may decide, not exceeding 25 per cent. in aggregate of the Shares then in issue, with any tender requests in excess of this being scaled back pro rata.

The tender offers will be conducted in accordance with the Listing Rules and the rules of the London Stock Exchange.

The mechanics of the Redemption Facility will be as follows:

- not less than thirty clear days before each Redemption Date, if the Company intends to redeem any Shares on that date, it will send a short, written circular to Shareholders announcing its intention to operate a tender offer and the extent thereof, together with a tender form;
- Shareholders may then tender some or all of their Shares by returning the tender form to the Registrar not less than 10 clear days prior to the relevant Redemption Date;
- the redemption price will be calculated by reference to the Net Asset Value per Share as at the close of business on the relevant Redemption Date and Shares will be redeemed at that price on that date;
- if the number of Shares tendered for redemption exceeds the number of Shares which the Company wishes to redeem, tenders will be scaled back pro rata in proportion to the excess amount tendered; and
- cheques are expected to be despatched (at the recipient's risk) within 10 Business Days of the relevant Redemption Date.

Further details of the Redemption Facility are set out in paragraph 6.2.2 of Part 3 of this document.

Prospective Shareholders should note that the operation of this Redemption Facility is entirely discretionary and they should place no expectation or reliance on the Directors exercising such discretion on any one or more occasions or the proportion of Shares which may be redeemed.

Borrowing Powers

It is not intended for the Company to have any structural gearing. The Directors have resolved that the Company may borrow up to 30 per cent. of the Net Asset Value of the Company at any time for short-term or temporary purposes as may be necessary for settlement of transactions, to facilitate Share redemption (where applicable) or to meet ongoing expenses.

Dealings in Shares

Application has been made to the UK Listing Authority for the Shares issued pursuant to the Issue to be admitted to the Official List. Application has also been made for such Shares to be admitted to trading on the London Stock Exchange.

To assist in the creation of liquidity for Shareholders it is expected that one or more market-maker(s) will maintain a market for the Shares. Following Admission, Shares may be purchased from and sold through the market-maker(s). The Company does not guarantee that at any particular time the market-maker(s) will be willing to make a market in the Shares, nor does it guarantee the price at which a market will be made in the Shares. Accordingly, the dealing price of the Shares may not necessarily reflect changes in the Net Asset Value per Share.

Purchases of Own Shares by the Company

In addition to having the Redemption Facility available, the Company may purchase Shares in the market with a view to addressing any imbalance between the supply of and demand for Shares, to increase the Net Asset Value per Share and to assist in minimising any discount to Net Asset Value at which Shares may be trading.

A resolution, which will take effect on completion of the Issue, has been passed granting the Company authority to make market purchases of up to 14.99 per cent. of its own issued Shares following the conclusion of the Issue. The Company's authority to make purchases of its own issued Shares will expire at the earlier of 30 September 2005 or the conclusion of the first annual general meeting of the Company. A renewal of the authority to make purchases of Shares will be sought from Shareholders at each annual general meeting of the Company or, more frequently, at a general meeting of Shareholders, if required. Purchases of Shares will be made within guidelines established from time to time by the Board. The timing of any such purchases will be decided by the Board.

Purchases will only be made through the market for cash at prices below the prevailing Net Asset Value per Share where the Directors believe such purchases will result in an increase in the Net Asset Value per Share of the remaining Shares and as a means of addressing any imbalance between the supply of and demand for the Shares. Such purchases will only be made in accordance with the Companies Laws, the rules of the London Stock Exchange and the Listing Rules which currently provide that the maximum price to be paid per Share must not be more than five per cent. above the average of the mid-market values of the Shares for the five business days before the purchase is made.

Further Issues of Shares

Under the Articles of Association, the Directors have wide powers to issue further Shares on a non-pre-emptive basis. The Directors will consider issuing further Shares at not less than the prevailing Net Asset Value per Share where there is significant demand for further Shares and as part of the process of managing any premium which may arise in the market price of the Shares as compared to the prevailing Net Asset Value per Share.

The Investment Manager will seek to invest the proceeds of any further issues where possible, and considered appropriate, in investments suitable for the Company's portfolio as close to the date of issue as possible so as to avoid dilution of existing Shareholders' exposure to the prevailing composition of the Company's portfolio. Whilst the Investment Manager will have regard to the Company's investment objective and investment policy, there can be no assurance that further additions to existing holdings can be achieved.

Directors

The Company will, initially, have five non-executive directors, all of whom will be independent of the Investment Manager.

The Directors have been chosen for their investment and commercial experience and are listed below:

John Anthony de Havilland, aged 66 and a resident of South Africa. John joined J Henry Schroder Wagg and Co Limited in 1959 as a fund manager and he became director of Schroder Wagg in 1972. He ran Schroder investment division's own account trading book for 20 years and also managed funds for Schroder clients including overseas government agencies. He retired from Schroders in 1990 since when he has continued with longstanding advisory and/or trustee roles for certain major family groups.

Wayne Bulpitt, aged 42 and a resident of Guernsey. Wayne is managing director and principal of Active Management Services Limited. He was formerly head of offshore investment services for Canadian Imperial Bank of Commerce, Global Private Banking & Trust division (1998-2001) and managing director of CIBC Fund Managers (Guernsey) Limited (1992-1998).

Jeannette Elaine Etherden, aged 44 and a resident of the United Kingdom. Jan started in 1983 as a research analyst at Confederation Life (acquired by Sun Life of Canada in 1994) and was head of UK equities from 1991. In 1996 she moved to Newton Investment Management as a multi-asset fund manager and additionally was chief operating officer, Investments from 1999 until her resignation in 2001. In January 2004 Jan joined Olympus Capital Management as business development manager for the Candela Fund.

Peter William Luthy, aged 53 and a resident of the United Kingdom. Peter has worked in the fixed income market for 25 years. In 1990, he co-founded a credit focussed bond broker, Luthy Baillie Dowsett Pethick and Co. Limited ("LBDP") whose shareholders included Deutsche Bank AG, Robert Fleming Limited and Swiss Bank Corporation. A European market pioneer in credit research and valuation, LBDP developed a credit-scoring model subscribed to by some of Europe's largest fixed income investors. Dresdner Kleinwort Benson acquired LBDP in 1996 where Peter was global head of credit products. In 1998 Peter became global head of investment banking at Barclays Capital and, since 2001, has acted as a consultant on bank credit portfolios.

Christopher Paul Spencer, aged 53 and a resident of Guernsey. Christopher qualified as a chartered accountant in London in 1975 with P D Leake & Co. Following two years in Bermuda he moved to Guernsey and set up Midgley, Snelling, Spencer & Co as a principal. In 1984 that firm's Guernsey operation merged with Pannell Kerr Foster. In 1996 the business was incorporated as Pannell Kerr Foster (Guernsey) Limited and Praxis Fiduciaries Limited. Christopher, who specialised in audit and fiduciary work, was managing partner/director from 1990 until his retirement in May 2000. He is past president of the Guernsey Society of Chartered and Certified Accountants, a past chairman of the Guernsey Branch of the Institute of Directors and a past chairman of Guernsey Post Limited. Christopher is a member of the Guernsey Gambling Control Commission and a non-executive director of a number of funds and other companies.

Management of the Company

The Directors are responsible for the determination of the investment policy of the Company and have overall responsibility for the Company's activities.

The Company and the Investment Manager have entered into a Management Agreement under which the Investment Manager has been given responsibility for the day-to-day discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment objective and policy, subject to the overall supervision of the Directors and in accordance with the investment restrictions in the Management Agreement and the Articles.

Ruffer

Ruffer is an independent business incorporated in the United Kingdom as a limited liability partnership and is owned by members of the partnership and former employees. Ruffer Investment Management Limited ("RIML") was founded by Jonathan Ruffer, Viscount Tamworth and Jane

Tufnell in 1994. RIML is the managing member of Ruffer, to which it transferred its investment business in April 2004. Ruffer manages investments on a discretionary basis for private clients, their trusts and pension funds. It also manages portfolios for small and medium sized corporate and charitable institutions. As at 31 May 2004 funds managed by Ruffer exceeded £800 million, invested globally in equities, fixed income investments and cash, of which £193 million was managed in the Ruffer Investment Funds OEIC.

The following employees of the Investment Manager will be principally responsible for the management of the portfolio:

Jonathan Ruffer Born 1951, trained as a stockbroker and barrister and joined J Henry Schroder Wagg's corporate finance department in 1977. He moved into private client investment management in 1980 with Dunbar Group Limited. In 1990 he became managing director of Rathbone Investment Management Limited and the first chief executive investment officer of Rathbone Bros PLC in 1993. In 2001 he became an independent non-executive director of Henderson Electric and General Investment Trust PLC. He established RIML in 1994 as chief executive. Since April 2004 he has been chief executive of Ruffer LLP.

Steve Russell Born 1964, started as a research analyst at SLC Asset Management in 1987, where he became head of UK equities in charge of approximately £5 billion of equity funds. In 1999 he moved to HSBC Investment Bank as head of UK and European equity strategy, before joining RIML in September 2003.

Management agreement

The Investment Manager will be entitled to a management fee payable monthly in arrears at a rate equivalent to 1 per cent. per annum of the Net Asset Value of the Company. The Investment Manager is also entitled to reimbursement of certain out-of-pocket expenses incurred by it in connection with its duties.

The Management Agreement may not, subject to the occurrence of certain specified events, be terminated by either the Company or the Investment Manager prior to the second anniversary of the agreement but, thereafter, either party may terminate the agreement on not less than twelve months' notice in writing such notice to expire not earlier than 7 July 2007. The Investment Manager may, with the consent of the Directors, delegate the provision of investment management and other services to a third party but will remain liable for the acts of any such third party and will be responsible for such third party's remuneration.

Further details of the Management Agreement are set out in paragraph 7 of Part 3 of this document.

Conflicts of Interest

The Investment Manager and its affiliates serve as the investment manager to other clients. As a result, the Investment Manager and its affiliates may have conflicts of interest in allocating investments among the Company and other clients and in effecting transactions between the Company and other clients, including ones in which the Investment Manager and its affiliates may have a greater financial interest. Where appropriate, the Investment Manager (and its affiliates) may give advice or take action with respect to such other clients that differs from the advice given to, or action taken in relation to, the Company.

The Investment Manager and its affiliates may be involved in other financial, investment or professional activities which 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 other funds which may have similar investment policies to that of the Company or funds in which the Company invests.

The Investment Manager will have regard to its obligations under the 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, when potential conflicts of interest arise. The provision of services by the Investment Manager is governed by the Conduct of Business Rules contained in the FSA

Handbook (“COB Rules”) and in the event of a conflict of interest arising, the Investment Manager will ensure that it is resolved fairly and in accordance with the COB Rules. The COB Rules require the Investment Manager to ensure fair treatment of all its clients. The COB Rules also require that when an investment is made it shall be allocated fairly amongst all of its clients for whom the investment is appropriate. In particular, the Investment Manager will use its reasonable efforts to ensure that the Company has the opportunity to participate in potential investments identified by the Investment Manager which fall within the Company’s investment objective and policy on the best terms reasonably obtainable at the relevant time with the aim of ensuring that the principle of best execution is attained in accordance with the COB Rules.

Administrator, Secretary and Registrar

Guernsey International Fund Managers Limited, has been appointed as Administrator, Secretary and Registrar pursuant to the Administration Agreement, a summary of which is set out in paragraph 7 of Part 3 of this document. In such capacity, the Administrator will be responsible for the general secretarial functions required by the Companies Laws and for ensuring that the Company complies with its continuing obligations as a company listed on the Official List. The Administrator will also be responsible for the Company’s general administrative functions such as the calculation of the Net Asset Value and the maintenance of accounting records as well as acting as registrar and transfer agent to the Company.

The Administrator will utilise the services of Computershare Investor Services (Channel Islands) Limited, as CREST agent and Computershare Investor Services PLC as UK transfer agent regarding the transfer and settlement of Shares held in uncertificated form.

Custodian

RTC has been appointed as the principal custodian of the assets of the Company pursuant to the Custodian Agreement (further details of which are set out in paragraph 7 of Part 3 of this document).

Fees and Expenses

Formation and Initial Expenses

The formation and initial expenses of the Company are those which are necessary for the incorporation of the Company and the Issue. These expenses will be met by the Company and paid on or around Admission. Such expenses will be written off in the first year of incorporation and will include fees payable under the Placing and Offer Agreement, registration, listing and admission fees, printing, advertising and distribution costs and legal fees and any other applicable expenses.

The costs and expenses (including VAT where relevant) of, and incidental to, the Issue payable by the Company will be fixed at 2 per cent. of the Initial Gross Proceeds. In the event that formation and initial expenses exceed 2 per cent. of the Initial Gross Proceeds, the excess will be paid by the Investment Manager. In the event that actual formation and initial expenses are less than 2 per cent. of Initial Gross Proceeds, the Investment Manager shall, at its discretion, be entitled to be paid for its benefit the difference (or a part thereof).

Ongoing, Annual and Redemption Expenses

The Company will also incur ongoing, annual and redemption expenses. These expenses will include the following:

(i) *Investment Manager*

The Investment Manager will be entitled to a management fee, payable monthly in arrears, equivalent to 1 per cent. per annum (plus VAT where applicable) calculated on the Net Asset Value of the Company. The Investment Manager is also entitled to reimbursement of certain expenses incurred by it in connection with its duties. Under current UK law, no VAT is payable as the supply of these services to a Guernsey customer is outside the scope of VAT.

(ii) *UBS*

For its services in connection with the Issue, UBS will be entitled to a corporate finance fee of £50,000 and a commission of 1.2 per cent. of Initial Gross Proceeds.

In consideration for providing on going broking and advisory services to the Company, UBS will receive a sum payable to it by the Investment Manager out of the annual management fee equal to 20 per cent. of the retained annual management fee after payment of fees or commissions, if any, payable to qualifying intermediaries (plus VAT where applicable). Such sum will be payable for an initial period of three years from Admission provided that UBS continues to act as broker to the Company.

(iii) *Administrator*

The Administrator will be entitled to a fee calculated on the Net Asset Value of the Company of 0.15 per cent. per annum on the first £100 million of Net Asset Value and 0.10 per cent. per annum on any Net Asset Value in excess of £100 million payable monthly in arrears (subject to a minimum monthly fee of £5,000) and from which it may, at its discretion, pay fees to any affiliate of the Administrator to which it may have delegated any of its functions. The Administrator and any of its delegates will also be entitled to reimbursement of certain expenses incurred by it in connection with their duties. The Administrator will also be entitled to a fee of approximately £5,000 to cover one-off set up costs.

(iv) *Custodian*

The Custodian will be entitled to receive agreed safekeeping fees calculated on the basis of a percentage of the value of each holding of securities (which vary dependant on the location of the market on which those securities are traded) together with fixed transaction fees which similarly vary on a market by market basis.

(v) *Directors*

Each Director will be paid a fee of £17,500 per annum (£25,000 for the Chairman).

(vi) *Other Operational Expenses*

Other ongoing operational expenses of the Company will be borne by the Company including printing, audit and legal fees. All out of pocket expenses of the Investment Manager, the sponsor, the Administrator and Secretary, the Custodian, the Registrar, the CREST Agent and the Directors relating to the Company will be borne by the Company.

(vii) *Redemption Expenses*

Expenses associated with the redemption of Shares will be deducted from the proceeds payable to those Shareholders who elect to redeem their Shares.

The Company's management fees and the costs of borrowing, if any, shall be allocated between the capital and revenue accounts of the Company in the ratio of 75 to 25 respectively. All other administrative expenses of the Company shall be charged wholly to the revenue account.

Taxation

Information concerning the tax status of the Company and the taxation of Shareholders is contained in paragraph 5 of Part 3 of this document. If any potential investor is in any doubt about the taxation consequences of acquiring, holding or disposing of Shares, he should seek advice from his own independent professional tax adviser.

ISAs and PEPs

Investors are recommended to consult their tax and or investment advisers in relation to the eligibility of the Shares for inclusion in savings schemes (including PEPs, ISAs, SIPPS and SSASs). Shares allotted under the Offer for Subscription may be eligible for direct transfer into an ISA. Shares allotted under the Placing are not eligible for direct transfer into an ISA. Subsequently, Shares acquired in the secondary market may be eligible for inclusion in an ISA. Eligibility for inclusion of the Shares in an ISA is subject to the usual subscription limits applicable (for the tax year 2004/05 an individual may invest £7,000 worth of stocks and shares in a maxi ISA or £3,000 for the stocks and shares component of a mini ISA). The Shares would need to be acquired by an account manager by purchase in the market and they will confirm ISA eligibility.

The Directors intend to manage the affairs of the Company so as to maintain the eligibility of the Shares acquired in the secondary market for inclusion in an ISA although this cannot be guaranteed.

Although no new PEPs may be opened and no further subscriptions made to existing PEPs, the Shares may be qualifying investments for existing PEPs provided that the PEP manager has acquired such Shares by purchase in the market and is satisfied on the subject of eligibility.

SIPPS/SSAS

The Shares are expected to be eligible for inclusion in Self Invested Personal Pension Schemes and Small Self Administered Schemes although this should be confirmed independently by investors with their professional tax or financial advisers before investment.

Accounting and Valuation Policy

The audited accounts of the Company will be prepared under International Financial Reporting Standards which the Directors believe is an acceptable body of generally accepted accounting practice under Guernsey company law. Under International Financial Reporting Standards, the Company will prepare a Statement of Operations which will disclose revenue and capital including net investment gains. The Company's management fees and the costs of borrowing, if any, shall be allocated between the capital and revenue accounts of the Company in the ratio of 75 to 25 respectively. All other administrative expenses of the Company shall be charged wholly to the revenue account. For the avoidance of doubt, net investment gains will not be distributed by way of dividend.

The Company will announce its New Asset Value weekly, based on the mid-market value of its investments at each week end. The price of the Shares will be published daily in both the Daily Telegraph and in the Financial Times.

Meetings, Reports and Accounts

All general meetings of the Company will be held in Guernsey. The Company will hold an annual general meeting each year.

The annual reports and accounts of the Company will be made up to 30 June in each year with copies expected to be sent to Shareholders in the following September. Shareholders will also receive each year an unaudited interim report for the six months to 31 December. These are expected to be sent to Shareholders in March of the following year. The first financial period of the Company will cover the period ending 30 June 2005.

Issue Arrangements

Up to 100,000,000 Shares are available under the Placing and the Offer for Subscription. The Directors have set the size of the Issue at such a level so as to minimise the risk of needing to scale back subscriptions for Shares under the Issue. In the event that subscriptions exceed the maximum number of Shares available under the Issue, the Directors will scale back subscriptions pro rata, with no priority as between the Placing and the Offer for Subscription. As at the date of this document, the actual number of Shares to be subscribed under each of the Placing and the Offer for Subscription is not known. **The maximum number of Shares available under the Issue should not be taken as an indication of the number of Shares finally to be issued.**

The Directors and the Investment Manager reserve the right not to proceed with the Issue if Initial Gross Proceeds are less than £25 million or such lesser amount as the Directors and the Investment Manager in their absolute discretion, may decide.

Placing

Shares are being made available under the Placing at 100p per Share. The Placing is not being underwritten.

Offer for Subscription

UBS has also agreed to make an offer of Shares pursuant to the Offer for Subscription, at 100p per Share. Your attention is drawn to the terms and conditions of application under the Offer for Subscription set out in Part 4 of this document. These terms and conditions should be read carefully before an application is made. Shares acquired pursuant to the Offer for Subscription may be eligible for direct transfer into an ISA following their subscription. Investors should consult their independent financial adviser if they are in doubt about the contents of this document or the acquisition of Shares pursuant to the Offer for Subscription.

Application Forms, accompanied by a cheque or banker's draft payable to "The Royal Bank of Scotland PLC A/C Ruffer Investment Company Limited" and crossed "A/C payee" for the appropriate sum, should be returned to the Receiving Agent at Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ by no later than 5.00 p.m. on 2 July 2004.

General

The minimum application under the Placing and the Offer for Subscription is for £1,000 and applications in excess of this should be in multiples of £500 as appropriate.

All applications for Shares at the Issue Price will be payable in full in cash. No commissions will be paid by the Company to any applicants under the Placing or the Offer for Subscription. The minimum initial application amount in respect of the Shares may be waived at the sole discretion of the Company. To the extent that any application is rejected in whole or in part, monies received will be returned without interest at the risk of the applicant.

The Placing and Offer for Subscription, which is not underwritten, is conditional, inter alia, upon the Shares being admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange.

Details of the Placing and Offer Agreement appointing UBS and the fees payable to UBS are set out in paragraph 7 of Part 3 of this document.

Management Shares

The Management Shares, of which there are 2 in issue, were created to comply with the Companies Laws, under which there must be a class of non-redeemable shares in issue in order that the Shares may be redeemable preference shares in accordance with the Companies Laws. The Management Shares do not carry any rights to dividends and, in a winding-up, rank only for a return of the amount of the paid-up capital on such shares after return of capital on all other shares in the Company.

Settlement and Dealings

Application has been made to the UK Listing Authority for the Shares to be admitted to the Official List and application has been made to the London Stock Exchange for the Shares to be admitted to trading. It is expected that the basis of allocation under the Issue will be announced on 5 July 2004. It is expected that allotment of Shares will take place on 5 July 2004 and that Admission will become effective and that dealings in the Shares will commence on 8 July 2004. Dealings in Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The Shares will be issued in both certificated form and in uncertificated form for settlement through CREST. Investors should be aware that dealings in Shares held in certificated form are likely to incur, on an ongoing basis, higher costs than dealings in Shares held in CREST. Shares initially issued in certificated form may subsequently be deposited into CREST in accordance with normal CREST procedures. Certificates for Shares are expected to be despatched in the week commencing 19 July 2004. Temporary documents of title will not be issued pending the delivery of Shares to subscribers and, during that period, transfers will be certified against the relevant register.

Where Shares issued pursuant to the Issue have been requested to be issued in uncertificated form, the Company will arrange for CRESTCo to be instructed on 8 July 2004 (or as soon as practicable thereafter) to credit the appropriate CREST stock accounts of the applicants concerned with their respective entitlements to such Shares.

The ISIN number and SEDOL code for the Shares are GB00B018CS46 and B018CS4 respectively.

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Guernsey, the Company and its agents, the Investment Manager or UBS will require evidence in connection with any application for Shares, including further identification of the applicant(s), before any Shares are issued.

PART 2

Risk Factors

General

An investment in the Company is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) which may result from such an investment. Prospective investors should carefully review and evaluate the risks and the other information contained in this document before making a decision to invest in the Shares. If in any doubt prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under the Financial Services and Markets Act 2000 or other advisers such as legal and tax advisers and accountants (as appropriate).

The risks set out below are the risks which are considered to be material but are not the only risks relating to the Company or an investment in the Company. There may be additional material risks that the Company does not currently consider to be material or of which the Company is not aware.

Prospective investors should be aware that the value of the Shares and the income from them may go down as well as up and that they may not realise their initial investment.

There can be no guarantee that the Company's investment objective will be achieved.

There is no guarantee that the market price of the Shares will fully reflect the underlying Net Asset Value per Share.

Investment in the Company should be regarded as long-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment.

The Company is new and has no operating history. The past performance of portfolios managed by Ruffer and by associates of Ruffer are not guides to the future performance of the Company.

Taxation

Any change in the Company's tax status or in taxation legislation could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of Shareholders are based upon current tax law and what is understood to be current practice, both of which are subject to change.

Economic conditions

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect the Company's prospects.

Debt securities generally

Debt instruments held by the Company will be affected by general changes in interest rates that will in turn result in increases and decreases in the market value of those instruments. When interest rates decline, the value of the Company's investments in fixed rate debt obligations can be expected to rise, and when interest rates rise, the value of those investments may decline. There can be no assurance as to the levels of default and/or recovery that may be experienced with regard to the Company's debt security investments.

Sub-investment grade securities

To the extent that the Company invests in below investment grade debt and other securities the Company may realise a higher current yield than the yield offered by investment grade securities, but investment in such securities involves a greater volatility of price and a greater probability of default by the issuers of such securities with consequent loss of interest payment and principal. Sub-investment grade securities will have, in the judgement of a rating agency, uncertainties or risk exposures to adverse conditions, and are speculative with respect to an issuer's capacity to meet interest payments and repay principal in accordance with the terms of the obligation.

Adverse changes in the financial position of an issuer of high yielding securities or general economic conditions may impair the ability of the issuer to meet interest payments and repayments of principal. There can be no assurance as to the levels of default and/or recovery that may be experienced with respect to the Company's debt security investments.

Foreign Investment and exchange risks

The Company will be denominated in Sterling while some investments are likely to be made and realised in other currencies. The Company's Net Asset Value will be reported in sterling, dividends (if any) will be declared in sterling and payment of dividends (if any) will be made in sterling. In any instances where the Company does not hedge its currency exposure, the movement of exchange rates between sterling and any other currencies in which the Company's investments are denominated may have a separate effect, unfavourable as well as favourable, on the return otherwise experienced on the investments made by the Company. Although the Investment Manager will seek to manage any foreign exchange exposure in relation to the Company, there is no assurance that this can be performed effectively. The costs, expenses and profits of any currency hedging may force the Investment Manager to realise underlying investments as well as affecting the overall value of the portfolio and the Net Asset Value per Share.

Movements in the foreign exchange rate between Sterling and the currency applicable to a particular Shareholder may have an impact upon such Shareholder's returns in their own currency of account.

Realisation of Shares

Investors should not expect that they will necessarily be able to realise, within a period which they would otherwise regard as reasonable, their Shares in the Company, nor can they be certain that they will be able to realise their Shares on a basis which necessarily reflects the value of the underlying investments held by the Company.

Fund managers

There can be no guarantee that individual fund managers will remain with the Investment Manager. The departure of an individual fund manager may have an adverse effect on the performance of the Company.

ERISA considerations

The purchase of Shares by an employee benefit plan subject to the US Employee Retirement Income Security Act of 1976, as amended ("ERISA"), or Section 4975 of the US Internal Revenue Code, as amended ("US Code"), or by any entity whose assets are treated as assets of any such plan, could result in severe penalties or other liabilities for the purchaser or the Company. Each purchaser and transferee of a Share will be deemed to have represented by its purchase or receipt of the Share, and throughout the period that it holds the Share that it is not an employee benefit plan subject to ERISA or Section 4975 of the US Code or an entity whose assets are treated as assets of any such employee benefit plan.

The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company.

Additional risks

If prices of bonds and equities move significantly between the publication of this document and the time when the net proceeds of the Issue are invested, the potential returns available for Shareholders may be less than expected.

Dividend growth on the Shares will partially depend on dividend growth in the underlying portfolio. Dividend cuts by companies within the portfolio could result in Shares yielding less in future years. Any change in the asset allocation in the Company's portfolio or the tax treatment of dividends or interest received by the Company may reduce the level of yield received by Shareholders.

Investors should be aware that whilst further issues of Shares pursuant to the arrangements described in this document will be made at prices at or above the most recently calculated Net Asset Value per Share, such issues may dilute the percentage shareholding of an investor.

The Company may from time to time purchase investments that will subject the Company to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally reduce the income received by the Company on its investments.

The analytical models used by the Investment Manager to evaluate securities or securities markets are based on its understanding of the interplay of market factors and do not ensure successful investment. The markets, or the prices of individual securities, may be affected by factors not foreseen in developing the models.

PART 3

Additional Information

1. Incorporation and Administration

- 1.1 The Company was incorporated with limited liability in Guernsey under the Companies Laws as a company limited by shares and as a closed-ended investment company on 1 June 2004 with registered number 41996. The registered office of the Company is Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL. The Company operates under the Companies Laws and the ordinances and regulations made thereunder and has no subsidiaries or employees.
- 1.2 The Directors confirm that the Company has not traded and no audited accounts of the Company have been made up since its incorporation. In future the Company's accounting periods will terminate on 30 June of each year, with the first such period commencing on 8 July 2004.
- 1.3 Save for its entry into the material contracts summarised in paragraph 7 of this Part 3 and certain non-material contracts, since its incorporation the Company has not carried on business or incurred borrowings. The Company has received a certificate from H.M. Greffier in Guernsey, entitling it to commence business and exercise borrowing powers.
- 1.4 Changes in the authorised and issued share capital of the Company since incorporation are summarised in paragraph 2 below.
- 1.5 Moore Stephens, accountants and auditors, were appointed as auditors of the Company on 14 June 2004.
- 1.6 There has been no significant change in the trading or financial position of the Company since its incorporation.

2. Share Capital

- 2.1 The authorised share capital of the Company on incorporation and as at the date hereof is £20,100 divided into 100 Management Shares of £1.00 each and 200 million unclassified Shares of 0.01p each. Unclassified Shares may be issued as Shares or Nominal Shares. The two Management Shares in issue were issued at par and are beneficially owned by the Administrator. Management Shares do not entitle the holders to any dividend and on a winding-up entitle the holder to receive the amount paid up thereon but not otherwise to participate in the assets of the Company.

The Shares are the sole class of share subject to the Placing and Offer for Subscription. They will be the sole listed and traded securities of the Company. The Management Shares and Nominal Shares are not subject to the Placing and Offer for Subscription.

There have been no changes to the authorised share capital of the Company since its incorporation save that, immediately following incorporation, two Management Shares were allotted and as at the date hereof are registered as to one share in the name of Admiral Nominees Limited and the other in the name of Nelson Representatives Limited both of which shares are held for and on behalf of a Guernsey charitable trust.

- 2.2 On 22 June 2004, the Directors resolved, conditional on Admission, to issue up to 100,000,000 Shares pursuant to the Issue.
- 2.3 Subject to the exceptions set out in paragraph 6 of this Part 3 in the section subtitled "Transfer of shares", Shares issued by the Company are freely transferable and entitled to participate equally in the assets on a liquidation. The Shares of the Company, which must be fully paid on issue, carry a preferential right to a return of capital in priority to the Management Shares but have no pre-emptive rights and are entitled to one vote at all meetings of the relevant class of shareholders. All shares rank *pari passu* with other shares of the relevant class.

- 2.4 Upon Admission, the Company's issued share capital will be up to £10,002 comprising 2 Management Shares and up to 100,000,000 Shares. Any of the Shares which are not issued pursuant to the Issue will remain authorised but unissued.
- 2.5 By way of a special resolution passed by written resolution dated 22 June 2004, it was resolved that, conditional on the Placing and Offer for Subscription becoming unconditional and the approval of the Court in Guernsey, the amount standing to the credit of the share premium account of the Company following completion of the Issue (less any issue expenses set off against the share premium account) be cancelled and the amount of the share premium account so cancelled be credited as a distributable reserve to be established in the books of account which shall be able to be applied in any manner in which the Company's profits available for distribution (as determined in accordance with the Companies Laws) are able to be applied, including the purchase of the Company's own shares and the payment of dividends. In deciding whether to give its confirmation, the Court will be concerned to protect the interests of any creditors of the Company at the date the reduction takes effect. The Court will require all such creditors to have been paid or to have consented to the reduction. The Company is recently incorporated and has no creditors other than its professional advisers. Until the Court has confirmed the reduction of the share premium account (and the terms of any undertaking regarding creditors required by the Court has been complied with), the Company will only be able to distribute dividends out of existing distributable profits and, to the extent permitted by The Companies (Purchase of Own Shares) Ordinance 1998, to repurchase Shares out of existing distributable profits, the proceeds of a fresh issue of shares or (in limited circumstances) capital reserves.
- 2.6 Save as disclosed in this paragraph 2 and paragraph 7 below, since the date of its incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, either for cash or any other consideration, and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.7 All of the Shares will be in registered form and eligible for settlement in CREST. Temporary documents of title will not be issued.

3. Directors' and other Interests

- 3.1 In so far as is known to the Company, the interests of each director, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that director whether or not held through another party, in the share capital of the Company together with any options in respect of such capital immediately following the Issue are set out below. All such Shares allotted and issued will be beneficially held by such Directors unless otherwise stated.

<i>Directors</i>	<i>Shares</i>	
	<i>Beneficial</i>	<i>Non-Beneficial</i>
John de Havilland	—	—
Wayne Bulpitt	20,000	—
Jan Etherden	20,000	—
Peter Luthy	—	—
Christopher Spencer	10,000	—

- 3.2 The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending on 30 June 2005 is not expected to exceed £95,000. Each of the Directors, will receive £17,500 per annum save for the Chairman who will receive £25,000 per annum. No Director of the Company has waived or agreed to waive future emoluments nor has any Director waived any such emolument during the current financial year.

- 3.3 No Director has a service contract with the Company, nor are any such contracts proposed. The Directors were appointed as non-executive directors for an initial period of 3 years by letters dated 22 June 2004 and their appointment is subject to the Articles of Association. The Directors' appointments can be terminated without notice and without compensation. Copies of the Directors' letters of appointment are available for inspection at the address specified in paragraph 12 of this Part 3.
- 3.4 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- 3.5 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or which has been effected by the Company since its incorporation.
- 3.6 In addition to their directorships of the Company, the Directors hold or have held the following directorships, and are or were members of the following partnerships, over or within the past five years:

Current Directorships and Partnerships

John de Havilland

Cadogan Group Limited
 Cadogan Estates Agricultural Holdings Limited
 Cadogan Settled Estates Limited
 Cadogan Settled Estates Shareholding Company Limited
 Clean Diesel Technologies Inc
 Dunlossit Trustees Limited
 Englehall Trustees Limited
 Lower Brora Fishings Limited
 One-Forty-Five Trust Limited
 PLMS Trustees Limited
 The Shimpling Trust Limited

Wayne Bulpitt

Active Management Services Limited
 Active Compliance Services Limited
 Hanseatic Asset Management LBG
 Hansa Fund PCC Limited
 Hansa Special Opportunities Fund Limited
 TAL Asset Management (Guernsey) Limited
 CIBC Private Client Fund Limited
 The Professional Investor Fund PCC Limited
 AOS Fund Services Limited
 M3 Capital Management Guernsey Limited
 M3 Capital Mutual Fund PCC Limited
 The International Mutual Fund PCC Limited
 M3 Capital Assurance PCC Limited
 BGL Reads Fund Management Limited
 Sonecho Wealth Management Limited
 Mare Baltic PCC Limited
 Scout Insurance (Guernsey) Limited
 Scout Services Limited

Jan Etherden

None

Peter Luthy

Banquo Credit Management LLP
 Banquo Credit Management (2) Limited
 Banquo Management Limited

Christopher Spencer

Carib Golf Limited
 Drummonds Insurance PCC Limited
 Gartmore Capital Strategy Fund Ltd
 Generali International Limited
 Generali Worldwide Insurance Company Ltd.

Past Directorships and Partnerships

Fuel Tech Europe Limited
 Fuel Tech NV
 Hythe Securities Limited
 TOT Film Finances Limited

Staines Fund Managers (Guernsey) Limited
 Currency Concept 2000 Limited
 Al Falah Limited
 CIBC Fund Managers (Guernsey) Limited
 M3 Trustees (Guernsey) Limited

Newton Investment Management Limited
 Collectors Art Advisers LLP

Banquo Finance Limited
 Tradesurface Limited

Advanta Holdings Limited
 Ely International Asset Management Limited
 Guernsey Post Limited
 Gartmore Alternative Strategies PCC Limited
 Pannell Kerr Forster Guernsey Limited

Current Directorships and Partnerships

Christopher Spencer (continued)

Guernsey Gambling Control Commission
Isis Property Trust 2 Limited
Isis Property Holdings Limited
Michaelangelo Insurance Co. Limited
Progressive European Alternative Portfolio Limited
Opportunity Investment Co. Limited
RIL Insurance Limited
Safedataco.com Limited
St. Johns Ambulance & Rescue Service
Spencer Holdings Limited
Thames River Global Funds Limited
Thames River Nevsky Fund Limited
Thames River Edo Fund Limited
Thames River Topaz Fund Limited
Thames River Garret Fund Limited
United Service Technologies Limited

Past Directorships and Partnerships

Praxis Fiduciaries Limited
Praxis Holdings Limited
SDH Insurance Company (PCC) Ltd
States of Guernsey Transport
Thames River Scimitar Fund Limited

Christopher Spencer has also in the past been a director of a number of companies, the majority of which were holding companies administered by an appropriately regulated institution in Guernsey. These directorships were held under contractual arrangements in accordance with long established business practice in Guernsey whereby such institutions retained the service of suitably qualified and experienced persons to act as directors of their client companies.

John de Havilland was a director of Mincing Lane Investments Limited (formerly Czarnikow Holdings Limited) at the time that an administrative receiver was appointed in 1995. The company was dissolved on 12 May 1998 with no amounts to creditors outstanding.

- 3.7 Save as disclosed herein, at the date of this document, none of the Directors:
- 3.7.1 has any unspent convictions in relation to indictable offences;
 - 3.7.2 has been bankrupt or entered into an individual voluntary arrangement;
 - 3.7.3 was a director with an executive function of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;
 - 3.7.4 has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration of partnership or voluntary arrangement of such partnership;
 - 3.7.5 has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or
 - 3.7.6 has been subject to any public criticism by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 3.8 The Company will maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- 3.9 As at the date of this document, the two issued Management Shares are registered as to one share in the name of Admiral Nominees Limited and the other in the name of Nelson Representatives Limited, both of which shares are held for and on behalf of a Guernsey charitable trust.

As at the close of business on 21 June 2004 (being the latest practicable date prior to the publication of this document), the Company was unaware of any person that, immediately following the Issue, may be interested, either directly or indirectly, in 3 per cent. or more of the issued share capital of the Company.

- 3.10 The Company is not aware of any person who directly or indirectly, jointly or severally, exercises or immediately following the Issue could exercise control over the Company.
- 4. Valuation of Assets**
- 4.1 The assets of the Company shall be deemed to include the following:
- 4.1.1 all cash on hand, on loan or on deposit, or on call including any interest accrued thereon;
 - 4.1.2 all treasury bills, demand notes, promissory notes and accounts receivable;
 - 4.1.3 all shares, stocks, units, participations, warrants, bonds, time notes, debenture stock, subscription rights, options, futures contracts and other investments and securities owned or contracted for by the Company, other than rights and securities issued by it;
 - 4.1.4 all stock and cash dividends and cash distributions to be received by the Company and not yet received by it but declared payable to stockholders of record on a date before the day as of which the assets are being valued;
 - 4.1.5 all interest accrued on any interest-bearing securities owned by the Company;
 - 4.1.6 unrealised profits on open contracts; and
 - 4.1.7 all other assets of the Company of every kind and nature including any claims for repayment of any taxation levied on capital (including capital gains) or on income accrued before the Valuation Point and prepaid expenses as valued and defined from time to time by the Directors.
- 4.2 Any expense or liability of the Company may be amortised over such period as the Directors may determine (and the Directors may at any time and from time to time determine to lengthen or shorten any such period) and the unamortised amount thereof at any time shall also be deemed to be an asset of the Company.
- 4.3 The investments of the Company shall be valued as follows:
- 4.3.1 subject to sub-paragraph 4.5, assets listed, quoted or dealt in on a recognised securities exchange (including financial futures, warrants and rights expressed by reference to stock indices) are to be valued at the market dealing price, at the last close of business before the Valuation Point on the recognised securities exchange which, in the opinion of the Directors, is the principal recognised securities exchange on which the asset in question is listed, quoted or dealt in. If separate bid and offer prices are quoted, the price to be adopted for calculating the Net Asset Value shall be the mean average of the two prices;
 - 4.3.2 deposits shall be valued at their principal amount plus accrued interest from the date of acquisition;
 - 4.3.3 certificates of deposit acquired at their nominal value shall be valued at cost plus accrued interest from the date of acquisition on the nominal value at the coupon rate;
 - 4.3.4 certificates of deposit acquired at a discount or premium on the sum of the nominal value and accrued interest at the date of acquisition shall be valued at their cost plus accrued interest from the date of acquisition on the nominal value at the coupon rate, and adjusted by an amount equal to the discount or premium at which they were acquired divided by the number of days unexpired at the date of acquisition and multiplied by the number of days elapsed from the date of acquisition to the date as of which the assets are being valued;
 - 4.3.5 the value attributed to any open futures position will be the amount calculated by reference to the settlement price on the principal futures exchange on which that future is being traded after deduction of any commission or charge that would be incurred in liquidating that future at the settlement price on the relevant day. If any

future cannot be valued by reference to the settlement price on that day due to the operation of daily limits or other rules of the market on which that future is traded, then the value of that future will be the value which is attributed to it by the Investment Manager after obtaining such professional advice as the Investment Manager thinks fit;

- 4.3.6 in relation to any future which is a forward contract for a currency other than sterling which is not traded on a futures exchange, the value of any particular contract will be the average between the lowest offered price and the highest bid price at the close of business on the relevant day of the banker or broker through whom the contract is traded;
- 4.3.7 investments in unit trusts or other forms of collective investment schemes will be valued at the latest available mid-market price or valuation quoted by the manager or, as the case may be, the administrator of the unit trust or scheme in question;
- 4.3.8 any treasury bills and other government obligations held for margin deposits and any interest and exchange rate contracts will be valued at their market value.

PROVIDED THAT if in the case of any investment the Directors at any time consider that the above basis of valuation is inapplicable or that the value determined in accordance with the foregoing principles is unfair they shall be entitled to substitute what in their opinion is a fair value therefor (or different values for the purpose of calculating offer prices and bid prices).

- 4.4 Notwithstanding the foregoing, where at the time as of which the assets are being valued any Investment of the Company has been realised or unconditionally contracted to be realised there shall be included in the assets of the Company in place of such investment the net amount receivable by the Company in respect thereof provided that if the net amount receivable is not payable until some further time after the time as of which the assets are being valued the Directors may make such allowance as they consider appropriate.
- 4.5 Notwithstanding the rules in sub-paragraph 4.3, where an option subsists for another person to purchase an asset from the Company or for the Company to sell an asset to another person, but such option has not been exercised, the value of the asset concerned shall be taken to be the price at which the option is exercisable, at any time at which such price is (in the case where another person is entitled to purchase) lower than, or (in the case where the Company is entitled to sell to another person) higher than, the price by reference to which the value would otherwise be calculated.
- 4.6 Any valuations made shall be binding on all relevant persons.
- 4.7 The liabilities of the Company shall be deemed to include all its liabilities (including such amount as the Directors determine to provide in respect of contingent liabilities including (but without limitation) liabilities in respect of taxation on income or capital gains whether realised or unrealised) of whatsoever kind and nature. Any unrealised loss on open contracts will be included as liabilities of the Company. In determining the amount of such liabilities the Directors may calculate any liabilities on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period. All fees and expenses payable by the Company shall be treated as accruing on a daily basis unless the Directors shall otherwise determine.
- 4.8 Brokerage commissions on open contracts shall be accrued as a liability of the Company upon the initiation of such positions.

5. Taxation

General

The information below, which relates only to Guernsey and United Kingdom taxation, summarises the advice received by the Board and is applicable to the Company and to persons who are resident or ordinarily resident in Guernsey or the United Kingdom for taxation purposes and who hold Shares as an investment. It is based on current revenue law and published practice and is subject to any subsequent changes therein.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than Guernsey or the United Kingdom, you should consult your independent professional adviser.

Guernsey

(i) The Company

The Company has applied to the Administrator of Income Tax for confirmation that the Company will be eligible for exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. Once the exemption is granted, the Company will need to reapply for it annually, incurring a fee of £600 per annum.

The conditions of exemption are:

- (i) that the Company be deemed to be an “investment scheme”.
- (ii) that the Company contracted on an arm’s length basis with a person resident in Guernsey for the provision of managerial and secretarial services and, where appropriate, custodian services in respect of its affairs, unless the States of Guernsey Income Tax Authority is satisfied that in the circumstances of a particular case it would be unreasonable to require that custodian services are contracted with a person resident in Guernsey; and
- (iii) that no investment or other property situated in Guernsey, other than a relevant bank deposit or an interest in another body to which an exemption from tax has been granted under the Ordinance, be acquired or held.

If the exemption is granted, the Company will not be resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising in Guernsey, other than bank deposit interest. The Company will not therefore incur any additional liability to Guernsey tax, providing that the Company is not in receipt of any Guernsey sourced income, other than interest on bank deposits maintained in Guernsey.

In the absence of an exemption, the Company will be treated as resident in Guernsey for tax purposes and will be liable to income tax at a standard rate on its total taxable income.

On 25 November 2002, the Advisory & Finance Committee of the States of Guernsey (“A&F”) announced the proposed framework for a structure of corporate tax reform within an indicative timescale. In the announcement, the A&F stated that any specific recommendations for change would only be placed before the Guernsey States after further consultation with local businesses and review of taxation in other financial centres.

The relevant parts of the announcement are as follows:

- (a) The general rate of income tax paid by Guernsey companies will be reduced to 0 per cent. in respect of the tax year 2008 and subsequent years.
- (b) It is intended that personal income tax will be maintained at 20 per cent. and VAT will not be introduced.
- (c) The A&F has stated that there is no intention to introduce capital gains tax, inheritance, gift or wealth tax or other form of capital taxation.

Following the outcome of the Council Meeting for Economic Financial Affairs (Ecofin) held in Luxembourg on 3 June 2003, the President of A&F issued a statement concerning the position to be adopted by Guernsey in relation to the application of the Council of the European Union draft directive on taxation of savings income in the form of interest payments (“EU Savings Directive”) which applies to individual investors. Whilst Guernsey is not a member of the European Union and the EU Savings Directive has no direct application in Guernsey, the A&F has agreed with Her Majesty’s Government in the United Kingdom that Guernsey will implement equivalent measures to those applied within other Member States of the European Union. The A&F has announced that it will recommend that the State of Guernsey introduce a retention tax on savings interest paid to EU residents at the same time as the EU Member States of Austria, Belgium and Luxembourg and the named Third Countries of Andorra, Liechtenstein, Monaco, San Marino and Switzerland

introduce a similar retention tax. Guernsey will, however, give each EU resident the choice to opt out of the retention tax by authorising disclosure of information to their EU home state authority. It is by no means clear whether or not the EU Savings Directive would apply to payment on redemption of the Shares in respect of EU resident individuals. In the event that any retention tax introduced by the State of Guernsey did apply to payment on redemption of the Shares, EU residents should be able to avoid the retention tax by authorising disclosure.

Guernsey does not levy taxes upon capital inheritances, capital gains (with the exception of a dwellings profit tax), gifts, sales or turnover, nor are there any estate duties, save for an ad valorem fee for the grant of probate or letters of administration. Document duty is payable on the creation or increase of authorised share capital at the rate of one half of one per cent. of the authorised share capital of a company incorporated in Guernsey up to a maximum of £5,000 in the lifetime of the company. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of shares.

(ii) *Shareholders*

Shareholders resident in Guernsey who hold their Shares to redemption should not be liable to Guernsey income tax on the redemption price. Subject to possible implementation of the EU Savings Directive (as to which see above), Shareholders resident outside Guernsey will not under current Guernsey taxation be subject to any tax in Guernsey in respect of any Shares owned by them.

United Kingdom

(i) *The Company*

The Company will be managed and controlled in such a way that it should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a permanent establishment situated there), the Company will not be subject to United Kingdom corporation tax on its income or capital gains other than on any United Kingdom sourced income.

(ii) *Shareholders (holding Shares through an ISA, a PEP, a SIPP or a SSAS)*

Dividends on Shares held within an ISA or a PEP are exempt from income tax. Capital gains arising on the disposal of Shares held within an ISA or a PEP are exempt from capital gains tax.

Contributions made to a SIPP or a SSAS are tax deductible. In addition, income and capital gains arising from investments held in a SIPP or a SSAS are exempt from income tax and capital gains tax.

(iii) *Shareholders (not holding Shares through an ISA, a PEP, a SIPP or a SSAS)*

Capital Gains Tax

The Directors have been advised that the Company should not be an offshore fund for the purposes of United Kingdom taxation and the provisions of Chapter V of Part XVII of the Taxes Act will not apply. Accordingly, Shareholders (other than those holding Shares as dealing stock, who are subject to separate rules) who are resident or ordinarily resident in the United Kingdom, or who carry on business in the United Kingdom through a branch or agency with which their investment in the Company is connected may, depending on their circumstances and subject as mentioned below, be liable to United Kingdom tax on capital gains realised on the disposal of their Shares.

On a subsequent disposal (which includes a redemption) by an individual Shareholder who is resident or ordinarily resident in the United Kingdom for taxation purposes, the Shares may attract taper relief which reduces the amount of chargeable gain according to how long, measured in years, the Shares have been held. A Shareholder which is a body corporate resident in the United Kingdom for taxation purposes will benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with the rise in the retail prices index.

Dividends

Individuals domiciled and ordinary resident for tax purposes in the United Kingdom will be taxed at either the ordinary rate under Case V of Schedule D (10 per cent.) or (if their total income exceeds the higher rate threshold) at the Upper Rate under Case V of Schedule D (32.5 per cent.). Non-taxpayers will have no liability to income tax.

United Kingdom resident corporate shareholders will normally be liable for corporation tax on any dividends paid by the Company.

Stamp duty and Stamp Duty Reserve Tax (“SDRT”)

No United Kingdom stamp duty or stamp duty reserve tax will arise on the issue of Shares.

Generally, no United Kingdom stamp duty or SDRT is payable on a transfer of or agreement to transfer Shares.

Other United Kingdom Tax Considerations

United Kingdom resident companies having an interest in the Company, such that 25 per cent. or more of the Company’s profits for an accounting period could be apportioned to them, may be liable to United Kingdom corporation tax in respect of their share of the Company’s undistributed profits in accordance with the provisions of Chapter IV of Part XVII of the Taxes Act relating to controlled foreign companies. These provisions only apply if the Company is controlled by United Kingdom residents.

Individuals ordinarily resident in the United Kingdom should note that Chapter III of Part XVII of the Taxes Act which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad, may render them liable to taxation in respect of any undistributed income and profits of the Company. However, those provisions will not apply if the Shareholder can satisfy the Inland Revenue that either:

- (1) the purpose of avoiding liability to UK taxation was not the purpose or one of the purposes of his investment in the Company; or
- (2) the investment was a *bona fide* commercial transaction and was not designed for the purpose of avoiding UK taxation.

The attention of United Kingdom Shareholders resident or ordinarily resident and, if an individual, domiciled in the United Kingdom is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than 10 per cent. of the Shares. The capital gains attributed to the Shareholder may (in certain circumstances) be liable to United Kingdom tax on capital gains in the hands of the Shareholder.

If any potential investor is in any doubt about the taxation consequences of acquiring, holding or disposing of Shares, he should seek advice from his own independent professional adviser.

6. Memorandum and Articles of Association

6.1 The Memorandum of Association of the Company provides that the objects of the Company include carrying on business as an investment company. The objects of the Company are set out in full in Clause 3 of the Memorandum of Association, a copy of which is available for inspection at the addresses specified in paragraph 12 of this Part 3.

6.2 The Articles of Association of the Company contain provisions, *inter alia*, to the following effect:

6.2.1 *Votes of members*

Subject to the restrictions referred to below and subject to any special rights or restrictions for the time being attached to any class of shares, every member (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative at a general meeting has, on a show of hands, one vote and, on a poll, one vote for every share held by him.

6.2.2 *Shares*

(i) *Management Shares of £1.00 each*

The Management Shares have been created so that participating shares may be issued. The Management Shares are owned for and on behalf of a Guernsey charitable trust by Admiral Nominees Limited and Nelson Representatives

Limited respectively. The Management Shares carry one vote each on a poll, do not carry any right to dividends and, in a winding-up, rank only for a return of the amount of the paid-up capital on such shares after return of capital on Shares and Nominal Shares. The Management Shares are not redeemable.

(ii) *Participating shares of 0.01p each*

Income

Holders of Shares are entitled to participate in any dividends or other distributions out of the profits of the Company available for dividend and resolved to be distributed in respect of any accounting period or any other income right to participate therein.

Capital

Holders of Shares are entitled on the winding-up of the Company to receive out of the assets of the Company available for distribution an amount equal to the nominal value of the Shares plus the surplus (if any) remaining after payment of the nominal values of the Management Shares and Nominal Shares then in issue.

Redemption

If Shareholders vote in favour of the resolution at the annual general meeting of the Company in 2007 to continue as an investment company, the Shares shall become redeemable at the election of the holders of such Shares at each Redemption Date after such meeting.

The Directors are entitled in their absolute discretion to determine the procedures for redemption, subject to the Listing Rules on and after the Redemption Date (subject to the facilities and requirements of CREST). Without prejudice to the foregoing, the Company shall notify Shareholders of the number of Shares to be redeemed (if any) and the discount to be applied to the Net Asset Value of the Shares in arriving at the redemption price.

Payment of the redemption price in respect of any Shares in certificated form may be made by cheque or warrant made payable to the relevant Shareholders or, in the case of joint Shareholders, to such relevant joint Shareholders or to such person or persons as the relevant Shareholder or all the relevant joint Shareholders may in writing direct and sent (at the risk of the Shareholder or Shareholders) to the address specified by that Shareholder (or, if none is specified, to the address of the Shareholder as entered on the register, or in the case of joint Shareholders, to that one of the relevant joint Shareholders who is first named on the register in respect of such Shares). Due payment of the cheque or warrant will be in satisfaction of the redemption price represented thereby. The Company may alternatively make such payment by electronic transfer to a bank account nominated by the relevant Shareholder or all the relevant joint Shareholders and notified to the Registrar not less than three Business Days before the Redemption Date, at the Shareholder's or Shareholders' expense. Every such cheque or warrant which is sent through the post shall be sent by first class post.

Each payment in respect of Shares held in uncertificated form (that is, in CREST) will be made by electronic transmission to an account in accordance with the mandate instruction in writing acceptable to the Company given by the relevant Shareholder or all the relevant joint Shareholders.

(iii) *Nominal Shares of 0.01p each*

Nominal Shares of 0.01p each can only be issued at par to the Administrator. The holder or holders of Nominal Shares shall have the right to receive notice of and to attend general meetings of the Company but shall not be entitled to

vote thereat. Nominal Shares shall carry no right to dividends. In a winding-up, holders of Nominal Shares shall be entitled to be repaid an amount equal to their nominal value out of the assets of the Company.

The Administrator is obliged pursuant to the Administration Agreement to subscribe for Nominal Shares for cash at par when the Shares are redeemed to ensure that funds are available to redeem the nominal amount paid-up on each Share, unless the Directors decide that the nominal amount of such Shares is to be redeemed out of profits attributable to the Company.

6.2.3 *Dividends*

- (i) The Company in general meeting may declare a dividend but no dividend shall exceed the amount recommended by the Directors.
- (ii) No dividend shall be paid other than out of the profits of the Company as recognised by Guernsey Law and International Financial Reporting Standards or such other accounting standards as may from time to time be adopted by the Directors provided always that all monies realised on the sale or other realisation of any capital assets in excess of book value and all other monies in the nature of accretion to capital shall not be treated as profits available for dividend.
- (iii) The Directors may if they think fit at any time declare and pay such interim dividends as appear to be justified by the position of the Company.
- (iv) All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee thereof. No dividend shall bear interest against the Company. Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.
- (v) The Directors are empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to distribute by dividend.

6.2.4 *Issue of shares*

- (i) Subject to the provisions of the Articles and without prejudice to any special rights conferred on the holders of any class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, return of capital, voting or otherwise as the Company may from time to time by ordinary resolution determine and, subject to and in default of such resolution, as the Board may determine.
- (ii) Subject to the Articles, the unissued shares shall be at the disposal of the Directors, and they may allot, grant options over or otherwise dispose of them to such persons, at such times and generally on such terms and conditions as they determine.
- (iii) The Company may on any issue of shares pay such commission as may be fixed by the Board and disclosed in accordance with the Companies Laws. The Company may also pay brokerages.

6.2.5 *Variation of rights*

If at any time the capital of the Company is divided into separate classes of share, the special rights attached to any class of shares may (unless otherwise provided by the terms of issue) be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons holding or representing by proxy at least one third of the issued shares of the class. Every holder of shares of the class concerned shall be entitled at such meeting to

one vote for every share held by him on a poll. The special rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other special rights shall not be deemed to be varied by the creation of or issue of further shares ranking pari passu therewith or the exercise of any power under the disclosure provisions requiring shareholders to disclose an interest in the Company's shares as set out in the Articles.

6.2.6 *Restriction on voting*

- (i) A member of the Company shall not be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company unless all amounts payable by him in respect of that share have been paid.
- (ii) A member of the Company shall not, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a notice requiring the disclosure of shareholders' interests and given under the Articles (see paragraph 6.2.7 below) within 14 days, in a case where the shares in question represent at least 0.25 per cent. of their class, or within 28 days, in any other case, from the date of such notice. The restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

6.2.7 *Notice requiring disclosure of interest in shares*

The Directors may serve notice on any member requiring that member to disclose to the Company the identity of any person (other than the member) who has an interest in the shares held by the member and the nature of such interest. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine.

The Directors may be required to exercise their powers under the relevant Article on a requisition of members holding not less than one tenth of the paid up capital of the Company carrying the right to vote at general meetings. If any member is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the shares concerned represent 0.25 per cent. or more of the issued shares of the relevant class), the Directors in their absolute discretion may serve a direction notice on the member. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares") and any other shares held by the member, the member shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

6.2.8 *Transfer of shares*

The Articles provide that the Directors may implement such arrangements as they may think fit in order for any class of shares to be admitted to settlement by means of the CREST UK system. If the Directors implement any such arrangements no provision of the Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

- (i) the holding of shares of that class in uncertificated form;
- (ii) the transfer of title to shares of that class by means of the CREST UK system;
or
- (iii) the CREST Guernsey Requirements.

Where any class of shares is for the time being admitted to settlement by means of the CREST UK system such securities may be issued in uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Unless the Directors otherwise determine, such securities held by the same holder or joint holder in both certificated form and uncertificated form shall be treated as separate holdings. Such securities may be changed from uncertificated to certificated form and from certificated to uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements.

Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST UK system. Every transfer of shares from a CREST account of a CREST member to a CREST account of another CREST member shall vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the contrary however and whenever arising and however expressed.

Subject as provided below, any member may transfer all or any of his shares which are in certificated form by instrument of transfer in any form which the Directors may approve. The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor. The Directors may refuse to register any transfer of certificated shares unless the instrument of transfer is lodged at the Company's registered office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien provided that this would not prevent dealings from taking place on an open and proper basis.

Subject to the provisions of the CREST Guernsey Requirements the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided that such suspension shall not be for more than 30 days in any year and shall be communicated to Shareholders, giving reasonable notice of such suspension, by means of a recognised regulatory news service.

If at any time the holding or beneficial ownership of any shares in the Company would (whether on its own or taken with other shares), in the opinion of the Directors, cause the assets of the Company to be considered "plan assets" within the meaning of Regulation S adopted by the United States Department of Labor under ERISA then any shares which the Directors decide are shares which are so held or beneficially owned ("Prohibited Share(s)") must be dealt with in accordance with the provisions below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.

The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at general meetings of the Company and of any class of shareholders) and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion). If the notice is not complied with within 21 days to the satisfaction of the

Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate.

6.2.9 *Alteration of capital and purchase of shares*

The Company may from time to time by ordinary resolution increase its share capital by such sum to be divided into shares of such amount as the resolution may prescribe.

The Company may from time to time, subject to the provisions of the Companies Laws, purchase its own shares (including any redeemable shares) in any manner authorised by the Companies Laws.

The Company may by ordinary resolution: consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the memorandum of association; cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish the amount of its authorised share capital by the amount of shares so cancelled.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any incident authorisation and consent required by the Companies Laws.

6.2.10 *Interests of Directors*

- (i) Save as mentioned below, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest in shares or debentures or other securities of the Company).
- (ii) A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
 - (1) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
 - (2) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (3) the offer of securities of the Company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to participate;
 - (4) any proposal concerning any other company in which he is interested, directly or indirectly, as an officer or shareholder or otherwise, provided that he, together with persons connected with him, is not to his knowledge the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of any such company or of the voting rights of such company;
 - (5) any arrangement for the benefit of employees of the Company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; or

- (6) any proposal for the purchase or maintenance of insurance for the benefit of Directors or persons including the Directors.
- (iii) Any Director may act by himself or by his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (iv) Any Director may continue to be or become a director, managing director, manager or other officer or member of a company in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

6.2.11 *Directors*

- (i) The Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed £150,000 per annum (or such sums as the Company in general meeting shall from time to time determine). The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.
- (ii) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as the Directors may determine.
- (iii) The Directors may from time to time appoint one or more of their body (other than a Director resident in the UK) to the office of managing director or to any other executive office for such periods and upon such terms as they determine.
- (iv) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company, or where the terms of appointment are arranged or any contract in which he is interested is considered and he may vote on any such appointment or arrangement other than his own appointment or the terms thereof.
- (v) The Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until, and shall be eligible for re-election at, the next general meeting following his appointment but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting if it is an annual general meeting. Without prejudice to those powers, the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director.
- (vi) 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 (or if their number is not three or an integral multiple of three), the number nearest to, but (except where there are less than three Directors) not greater than one-third shall retire from office.
- (vii) Subject to the provisions of the Articles, the Directors to retire by rotation on each occasion shall be those of the Directors who have been longest in office since their last appointment or re-appointment but, as between persons who became or were last re-appointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. In addition, any Director who would not otherwise be required to retire at any annual general meeting which is the third annual general meeting after the later of his appointment by the Company in general meeting and re-election as a Director of the Company in general meeting, shall nevertheless be required to retire at such annual general meeting.

- (viii) The maximum number of Directors shall be 7 and the minimum number of Directors shall be two. The majority of the Directors shall at all times be resident outside the United Kingdom.
- (ix) Unless otherwise fixed by the Company in general meeting, a Director shall not be required to hold any qualification shares.
- (x) Each Director is required to retire at 70 years of age.
- (xi) The office of Director shall be vacated if the Director resigns his office by written notice, if he shall have absented himself from meetings of the Board for a consecutive period of six months and the Board resolves that his office shall be vacated, if he becomes of unsound mind or incapable, if he becomes insolvent, suspends payment or compounds with his creditors, if he is requested to resign by written notice signed by all his co-Directors, if the Company in general meeting by ordinary resolution shall declare that he shall cease to be a Director, or if he becomes resident in the United Kingdom and, as a result, a majority of the Directors are resident in the United Kingdom.

6.2.12 *Duration of the Company*

At the annual general meeting of the Company in 2007 an ordinary resolution will be proposed that the Company continue as an investment company. If that resolution is not passed, the Directors will be required to formulate proposals to be put to Shareholders to reorganise, unitise or reconstruct the Company or for the Company to be wound up. If the resolution is passed, the Company will continue indefinitely and no such further resolutions will automatically be proposed at subsequent annual general meetings.

6.2.13 *Winding-up*

- (i) On a winding-up, the surplus assets remaining after payment of all creditors, including payment of bank borrowings, shall be applied in the following priority:
 - (1) first, in the payment to the holders of Shares of a sum equal to the nominal amount of the Shares of such class held by such holders provided that there are sufficient assets available in the Company to enable such payment to be made;
 - (2) second, in the payment to the holder or holders of the Nominal Shares of sums up to the nominal amount paid up thereon out of the assets of the Company remaining after recourse thereto under (1) above;
 - (3) third, in the payment to the holder or holders of the Management Shares of sums up to the nominal amount paid up thereon out of the assets of the Company;
 - (4) fourth, in the payment to the holders of the Shares of any balance then remaining, including but without limitation the balance of any assets in the Company.
- (ii) On a winding-up the liquidator may, with the authority of a special resolution, divide amongst the members in specie any part of the assets of the Company. The liquidator may with like authority vest any part of the assets in trustees upon such trusts for the benefit of members as he shall think fit but no member shall be compelled to accept any assets in respect of which there is any liability.

- (iii) Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company the liquidator may, with the sanction of an ordinary resolution, receive in compensation, or part compensation for the transfer or sale, shares, policies or other like interests for distribution among the members or may enter into any other arrangements whereby the members may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.

6.2.14 *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property or assets and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party provided always that the aggregate principal amount from time to time outstanding of all borrowings (as defined in the Articles) by the Company (exclusive of borrowings wholly within the Company) shall not at any time exceed 30 per cent. of the Net Asset Value of the Company.

7. **Material Contracts**

7.1 The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company since its incorporation and are, or may be, material.

7.1.1 the Placing and Offer Agreement, dated 22 June 2004, between the Company, the Investment Manager and UBS whereby UBS has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for Shares under the Placing at the Issue Price. The agreement is conditional, *inter alia*, on the Initial Gross Proceeds being not less than £25 million. UBS has also agreed to make the Offer for Subscription on behalf of the Company. For its services in connection with the Issue, UBS will be entitled to a corporate finance fee of £50,000 and a commission of 1.2 per cent. of Initial Gross Proceeds. In addition, the Company, the Investment Manager and UBS have agreed that the Investment Manager shall pay an ongoing broking and advisory fee to UBS equal to 20 per cent. of the retained annual management fee net of fees or commissions payable, if any, to financial intermediaries (plus VAT when applicable). Such sum will be payable for an initial period of three years from Admission provided that UBS continues to act as broker to the Company.

Under the Placing and Offer Agreement, the Company has agreed to pay formation and initial expenses of the Issue of a sum equal to 2 per cent. of Initial Gross Proceeds, including such fees and commission payable to UBS referred to above. In the event that such expenses exceed 2 per cent. of Initial Gross Proceeds, the Investment Manager has agreed to pay any excess over 2 per cent. In the event that actual expenses are less than 2 per cent. the Investment Manager shall, at its discretion, be entitled to be paid for its benefit a sum equal to the difference (or part thereof) between 2 per cent. of Initial Gross Proceeds and actual expenses.

Under the Placing and Offer Agreement, which may be terminated by UBS in certain limited circumstances prior to Admission, the Company and the Investment Manager have given warranties and indemnities to UBS concerning, *inter alia*, the accuracy of the information contained in this document. Under the indemnities given by the Company and the Investment Manager to UBS, the Company and the Investment Manager have agreed that UBS shall (where it is entitled) make a claim under the indemnities first against the Company and if the claim has not been met in full, then against the Investment Manager for the balance of any loss suffered by UBS provided that UBS (acting reasonably) shall also be entitled to claim against the Investment Manager if the losses are caused by the fraud, default, breach of warranty given by the Investment Manager, breach of the Placing and Offer Agreement, negligence or omission on the part of the Investment Manager.

7.1.2 the Management Agreement, dated 22 June 2004, between the Company and the Investment Manager whereby the Investment Manager is appointed to act as manager of the Company, to manage the investments of the Company in accordance with the investment policy and to implement the borrowing policy from time to time approved by the Directors. Under the terms of the Agreement, subject to the overall supervision of the Directors, the Investment Manager has complete discretion to buy, sell, retain, exchange or otherwise deal in investments for the account of the Company.

The Investment Manager shall be entitled to receive a management fee payable monthly in arrears from the Company in respect of the management of the Company at a rate equivalent to 1 per cent. per annum (plus VAT where applicable) of the Net Asset Value of the Company. Pursuant to the Placing and Offer Agreement the Investment Manager has agreed to pay to UBS, in consideration for providing advisory services to the Board, an ongoing broking and advisory fee equal to 20 basis points of the retained annual management fee net of fees or commissions, if any, payable to financial intermediaries (plus VAT where applicable). Such sum will be payable for an initial period of three years from Admission provided that UBS continues to act as broker to the Company.

The Investment Manager may with the Board's consent delegate the investment management function to responsible third parties but will remain liable to the Company for their acts and omissions.

The Management Agreement contains provisions under which the Company exempts the Investment Manager from all liabilities and indemnifies the Investment Manager against all liabilities suffered by the Investment Manager in carrying out its duties except where due to the negligence, wilful default or fraud of the Investment Manager or any breach of any duties or liabilities under the Financial Services and Markets Act 2000 and permits the Investment Manager and its associates to deal with parties other than the Company.

The Management Agreement may not, subject to the occurrence of certain specified events, be terminated by either the Company or the Investment Manager prior to the second anniversary of the agreement, but thereafter, either party may terminate the agreement at any time on not less than 12 months notice in writing such notice to expire not earlier than 7 July 2007. Termination shall be without prejudice to the completion of any transactions already initiated and shall be without any penalty or other additional payment save that the Company shall be obliged to pay the accrued contractual fees and charges due to the Investment Manager and any expenses of the Investment Manager in terminating the agreement.

7.1.3 the Administration Agreement, dated 22 June 2004, between the Company and the Administrator whereby the Administrator is appointed to act as administrator, secretary and registrar of the Company.

The Administrator will be entitled to a fee calculated on the Net Asset Value of the Company of 0.15 per cent. per annum on the first £100 million of Net Asset Value and 0.1 per cent. per annum on any Net Asset Value in excess of £100 million payable monthly in arrears (subject to a minimum monthly fee of £5,000) and from which it may, at its discretion, pay fees to any affiliate of the Administrator to which it may have delegated any of its functions. The Administrator and any of its delegates will also be entitled to reimbursement of certain expenses incurred by it in connection with their duties.

The Administrator will also be entitled to a fee of approximately £5,000 to cover one-off set up costs.

The agreement contains provisions under which the Company exempts the Administrator from liability and indemnifies the Administrator against liability in the absence of negligence, fraud or wilful default for any loss, cost, expense or damage suffered by the Company in any of the following circumstances:

- (i) in connection with the duties carried out by the Administrator;
- (ii) in connection with the use of the internet or other electronic communication used for providing or receiving notices or information;
- (iii) where the Administrator acted in good faith upon a communication believed to be genuine.

The agreement may be terminated on not less than 90 days' notice in writing given so as to expire on the last day of any calendar month provided that termination will be immediate where:

- (i) either party breaches the terms of the Administration Agreement and such breach is incapable of remedy within 30 days; or
- (ii) either party commences liquidation proceedings.

Upon termination, the Administrator will be entitled to receive all fees accrued due to the date of termination but is not entitled to compensation in respect of such termination.

7.1.4 the Custodian Agreement, dated 22 June 2004, between the Company and the Custodian pursuant to which the Company appoints the Custodian to act as custodian of the Company's investments, cash and other assets and to accept responsibility for the safe custody of the property of the Company which is delivered to and accepted by the Custodian or any of its sub-custodians. The Custodian Agreement may be terminated by either the Company or the Custodian giving to the other not less than 30 days' written notice. The Custodian will be entitled to receive agreed safekeeping fees calculated on the basis of a percentage of the value of each holding of securities which vary dependant on the location of the market on which those securities are traded together with fixed transaction fees which similarly vary on a market by market basis.

7.2 As at the date of this document and save as disclosed in this paragraph 7, there are no other contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company at any time which contain any provision under which the Company has any obligation or entitlement which is or may be material to the Company.

8. Litigation

Since its incorporation the Company is not, nor has been, involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or has since incorporation had, a significant effect on the Company's financial position.

9. General

9.1 The Issue of the Shares is being carried out on behalf of the Company by UBS which is authorised and regulated by the FSA. The Issue is not underwritten.

9.2 The principal place of business and registered office of the Company is at Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL.

9.3 The Investment Manager and UBS are or may be the promoters of the Company. Save as disclosed in paragraph 7.1.1 and 7.1.2 above, no amount or benefit has been paid, or given, to the promoters or any of their subsidiaries since the incorporation of the Company and none is intended to be paid, or given.

9.4 The costs and expenses (including VAT where relevant) of, and incidental to, the Issue payable by the Company will be fixed at 2 per cent. of the Initial Gross Proceeds. In the event that the Issue is fully subscribed, the estimated net proceeds would be £98 million. Based on a minimum Issue size of £25 million, the total costs and expenses (including VAT, where

relevant) of and incidental to the Issue would be £500,000. Based on the maximum Issue size, the total expenses would amount to £2 million. The estimated net proceeds of the Issue will be applied as described in the section headed “Investment Objective and Policy” in Part I of this document.

- 9.5 The Issue Price of 100p per Share represents a premium of 99.99p over its nominal value of 0.01p. No expenses are to be charged to any placee or subscriber pursuant to the Issue.
- 9.6 Save in relation to the Offer for Subscription, the Shares have not been marketed to, and are not available in whole or in part to, the public in conjunction with the Issue.
- 9.7 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. The Articles of Association permit the holding of Shares under the CREST system. The Directors intend to apply for the Shares to be admitted to CREST with effect from Admission. Accordingly it is intended that settlement of transactions in Shares following Admission may take place within the CREST system if the relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.
- 9.8 Application has been made to the UK Listing Authority for all of the Shares to be issued under the Issue to be admitted to the Official List and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange’s market for listed securities. It is expected that Admission will become effective, and that dealings will commence, on 8 July 2004. No application is being made for the Shares to be listed or dealt with in or on any stock exchange or investment exchange other than the London Stock Exchange.
- 9.9 The Shares will be capable of being held in certificated or uncertificated form. Certificates in respect of Shares will be despatched during the week commencing 19 July 2004. Stock accounts of persons who elect to receive their Shares in uncertificated form through the CREST System are expected to be credited on 8 July 2004.
- 9.10 UBS and the Investment Manager have given and have not withdrawn their written consent to the issue of this document and the inclusion herein of their names and the references to them in the form and context in which they appear.

10. Investment Restrictions

- 10.1 In accordance with the requirements of the UK Listing Authority, the Company has adopted the following policies:
 - 10.1.1 it will not conduct a trading activity;
 - 10.1.2 a maximum of 20 per cent. of the gross assets of the Company (at the time the investment is made) may be lent to or invested in the securities of any one company or group at the time the investment or loan is made;
 - 10.1.3 the Company will not take legal or management control of the issuers of the underlying investments in its portfolio;
 - 10.1.4 dividends will not be paid unless they are covered by income received from underlying investments, and for this purpose a share of profit of an associated company is unavailable unless and until distributed to the Company;
 - 10.1.5 the distribution as dividend of surpluses arising from the realisation of investments will be prohibited; and
 - 10.1.6 material changes to the investment policy of the Company set out in Part I of this document may only be made with the prior approval of Shareholders.

11. Availability of Prospectus

Copies of this document can be obtained during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of this document until 2 July 2004 from any of the following:

UBS Investment Bank	Computershare Investor	Guernsey International	Ruffer LLP
1 Finsbury Avenue	Services PLC	Fund Managers Limited	Nations House
London EC2M 2PP	PO Box 859	PO Box 255	103 Wigmore Street
	The Pavilions	Trafalgar Court	London W1U 1QS
	Bridgwater Road	Les Banques	
	Bristol BS99 1XZ	St. Peter Port	
		Guernsey GY1 3QL	

In addition, copies of this document are available for inspection only from the Document Viewing Facility, UK Listing Authority, The Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

12. Documents Available for Inspection

Copies of the following documents will be available for inspection at the registered office of the Company and the offices of Lawrence Graham, 190 Strand, London WC2R 1JN during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of this document until 2 July 2004:

- 12.1 the Memorandum and Articles of Association of the Company;
- 12.2 the material contracts which are summarised in paragraph 7 above;
- 12.3 the Directors' letters of appointment, and
- 12.4 this document.

23 June 2004

PART 4

Terms and Conditions of Application

The Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in one or more classes of Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment programme.

In the case of a joint Application, references to you in these terms and conditions of Application are to each of you, and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Application Form.

In these terms and conditions, which apply to the Offer for Subscription:

“Applicant” means a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details of an Application Form;

“Application” means the offer made by an Applicant by completing an Application Form and posting (or delivering) it to the Receiving Agent as specified in the Prospectus;

“Money Laundering Regulations” means the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations 2002 and, where appropriate, the Money Laundering Regulations 2003;

“Prospectus” means the prospectus dated 23 June 2004 published by the Company;

“US Person” has the meaning given in Regulation S of the US Securities Act of 1933;

- (a) The contract created by the acceptance of an Application under the Offer for Subscription will be conditional on:
 - (i) Admission becoming effective by not later than 5.00 p.m. (London time) on 8 July 2004 (or such later date as may be provided for in accordance with the terms of the Placing and Offer Agreement): and
 - (ii) the Placing and Offer Agreement referred to in paragraph 7 of Part 3 of the Prospectus becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission becomes effective.
- (b) The right is reserved by the Company to present all cheques and banker’s drafts for payment on receipt and to retain application monies and refrain from delivering an Applicant’s Shares into CREST, pending clearance of successful Applicant’s cheques and bankers drafts. The Company also reserves the right to reject in whole or part, or to scale down or limit, any Application. The Company may treat Applications as valid and binding if made in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the Company prior to the closing of the Offer for Subscription. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof will be returned (without interest) by returning each relevant Applicant’s cheque or banker’s draft or by crossed cheque in favour of the first-named Applicant, through the post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.
- (c) To ensure compliance with the Money Laundering Regulations the Receiving Agent, at its absolute discretion, may require verification of identity from any Applicant and, without prejudice to the generality of the foregoing, in particular from any person who either (i) tenders payment by way of a cheque, building society cheque or banker’s draft drawn on an account in the name of a person or persons other than the Applicant or (ii) appears to the Receiving Agent to be acting on behalf of some other person. This may involve verification of his/her name and address through a reputable agency. The Company is entitled to treat as invalid and reject an Application Form if (on the basis of the expected timetable) by 5.00 p.m. on 2 July 2004 the Receiving Agent has determined pursuant to procedures maintained under

the Money Laundering Regulations that satisfactory evidence as to identity has not been and is unlikely to be received within a reasonable period of time in respect of the Application Form in question.

The following is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting the Receiving Agent's right to require verification of identity as indicated above):

- (i) Applicants should make payment by a cheque drawn on an account in their own name and write their name and address on the back of the banker's draft or cheque and, in the case of an individual, record his date of birth against his name.
 - (ii) if an Applicant makes the application as agent for one or more persons, he should indicate on the Application Form whether he is a UK or EU regulated person or institution (for example a bank or stockbroker) and specify his status. If an Applicant is not a UK or EU regulated person or institution, he should contact the Receiving Agent.
- (d) By completing and delivering an Application Form, you, as the Applicant (and, if you sign the Application Form on behalf of somebody else or a corporation, that person or corporation, except as referred to in paragraph (viii) below):
- (i) offer to subscribe for the number of Shares specified in your Application Form (or such lesser number for which your Application is accepted) on the terms of and subject to the Prospectus, including these terms and conditions, and subject to the Memorandum and Articles of Association of the Company;
 - (ii) agree that, in consideration of the Company agreeing to process your Application, your Application cannot be revoked until after 2 August 2004 and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agent of your Application Form
 - (iii) agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive the Shares until you make payment in cleared funds for Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, UBS and the Receiving Agent 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 you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe such Shares and may issue or allot such Shares to some other person, in which case you will not be entitled to any payment in respect of such Shares other than the refund to you at your risk of the proceeds (if any) of the cheque or banker's draft accompanying your application, without interest;
 - (iv) agree that (A) any monies returnable to you may be retained pending clearance of your remittance and the completion of any verification of identity required by the Money Laundering Regulations; and (B) monies pending allocation will be retained in a separate account; and that such monies will not bear interest;
 - (v) undertake to provide satisfactory evidence of your identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Receiving Agent) to ensure compliance with Money Laundering Regulations;
 - (vi) agree that, in respect of those Shares for which your Application has been received and is not rejected, acceptance of your Application shall be constituted, at the election of the Company, or UBS on behalf of the Company, either (i) by notification to the UK Listing Authority and the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (ii) by notification of acceptance thereof to the Receiving Agent;

- (vii) authorise the Receiving Agent to procure that your name (together with the name(s) of any other joint Applicant(s)) is/are placed on the register of members of the Company in Guernsey in respect of such Shares and to send a crossed cheque for any monies returnable by post without interest, at the risk of the persons entitled thereto to the address of the person (or in the case of joint holders, the first-named person) named as an applicant in the Application Form;
- (viii) 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 or corporation, and such person or corporation will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor or bank with the Application Form;
- (ix) agree that all Applications, acceptances of Applications and contracts resulting therefrom shall be governed by and construed in accordance with Guernsey law, and that you submit to the jurisdiction of the Guernsey Courts and agree that nothing shall limit the right of the Company or UBS to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (x) confirm that, in making such Application, neither you nor any person on whose behalf you are applying are relying on any information or representation in relation to the Company other than the information contained in the Prospectus and, accordingly, you agree that no person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof shall have any liability for any such information or representation;
- (xi) irrevocably authorise the Receiving Agent and/or UBS, or any person authorised by either of them, as your agent, to do all things necessary to effect registration of any Shares subscribed by or issued to you into your name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such Shares has been transferred and authorise any representative of the Receiving Agent of UBS to execute any document required therefor;
- (xii) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations concerning the Company and the Shares contained therein;
- (xiii) confirm that you have reviewed the restrictions contained in these terms and conditions;
- (xiv) warrant that, if you are an individual, you are not under the age of 18;
- (xv) agree that all documents and cheques sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at the risk of the person(s) entitled thereto;
- (xvi) warrant that in connection with your application you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue or transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company and UBS acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- (xvii) save where you have satisfied the Company and UBS that an appropriate exemption applies so as to permit you to subscribe, represent and agree that you are not (i) a US Person (meaning any person who is a US Person within the meaning of Regulation S adopted under the United States Securities Act of 1933 (as amended)) and are not acting on behalf of a US Person, that you are not purchasing with a view to re-sale in

the US or to or for the account of a US Person and that you are not an employee benefit plan as defined in section 3(3) of ERISA (whether or not subject to the provisions of Title 1 of ERISA) or an individual retirement account as defined in section 408 of the US Internal Revenue Code or (ii) a resident of Canada, Australia or Japan;

- (xviii) agree, on request by the Company, or UBS on behalf of the Company, to disclose promptly in writing to the Company any information which the Company or UBS may reasonably request in connection with your Application and authorise the Company and UBS to disclose any information relating to your Application as it considers appropriate; and
 - (xix) agree that neither UBS nor its affiliates will treat you as its customer by virtue of your Application being accepted or owe you any duties or responsibilities concerning the price of the Shares or the suitability for you of Shares or be responsible to you for providing the protections afforded to its customers; and
- (e) No person receiving a copy of this document and/or an Application Form in any territory other than the UK may treat the same as constituting invitation or an offer to him; nor should he in any event use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or the Application Form could lawfully be used without contravention of any, or compliance with any unfulfilled registration or other legal or regulatory requirements. It is the responsibility of any person outside the UK wishing to apply for Shares under the Offer for Subscription to satisfy himself as to full observance of the laws of any relevant territory in connection with any such application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in any such territory and paying any issue, transfer or other taxed required to be paid in any such territory.
- (f) The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US Persons. The Company has not been and will not be registered as an “investment company” under the Investment Company Act, and investors will not be entitled to the benefits of the Act. In addition, relevant clearances have not been, and will not be, obtained from the Securities Commission of any province of Canada, Australia or Japan and, accordingly, unless an exemption under any relevant legislation or regulations is applicable, none of the Shares may be offered, sold, renounced, transferred or delivered, directly or indirectly, in Canada, Australia or Japan. Unless the Company has expressly agreed otherwise in writing, you represent and warrant to the Company that you are not a US Person or a resident of Canada, Australia or Japan and that you are not subscribing for such Shares for the account of any US Person or resident of Canada, Australia or Japan and that you will not offer, sell, renounce, transfer or deliver, directly or indirectly Shares subscribed for by you in the United States, Canada, Australia or Japan or to any US Person or resident of Canada, Australia or Japan. Subject to certain exceptions, no Application will be accepted if it bears an address in the United States, Canada, Australia or Japan unless an appropriate exemption is available as referred to above.
- (g) Pursuant to The Data Protection (Bailiwick of Guernsey) Law 2001 (the “DP Law”), the Company and/or its Registrar may hold personal data (as defined in the DP Law) relating to past and present shareholders.
- (h) Such personal data held is used by the Registrar to maintain the Company’s register of shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when (a) effecting the payment of dividends and redemption proceeds to shareholders and the payment of commissions to third parties and (b) filing returns of shareholders and their respective transactions in shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.

- (i) The countries referred to above include, but need not be limited to, those in the European Economic Area or the European Union and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States of America.
- (j) By becoming registered as a holder of Shares in the Company, a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company or its Registrar of any personal data relating to them in the manner described above.
- (k) The basis of allocation will be determined by UBS in its absolute discretion after consultation with the Company. The right is reserved to reject in whole or in part and/or scale down and/or ballot any Application or any part thereof. The right is reserved to treat as valid any Application not in all respects completed in accordance with the instructions relating to the Application Form, including if the accompanying cheque or banker's draft is for the wrong amount.
- (l) Save where the context otherwise requires, words and expressions defined in the Prospectus have the same meanings when used in these terms and conditions and in the Application Form and explanatory notes in relation thereto.

The Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment programme.

APPLICATION FORM IN RELATION TO RUFFER INVESTMENT COMPANY LIMITED

Completed Application Forms should be returned to Computershare Investor Services PLC at the address set out below, by 5.00 p.m. on 2 July 2004

1 Personal details

Insert your full name and address in BLOCK CAPITALS. The Applicant must sign and date this Box.

Applications may only be made by persons aged 18 or over. However a parent, grandparent or guardian of a person under 18 may apply for the benefit of a minor by giving the minor's initials in the space provided.

Mr/Mrs/Miss/Ms/Title_____	Forename(s) in full_____
Surname_____	Address in full_____
Postcode_____	Daytime telephone no._____
	Minor's initials_____
(In case of queries)	
Signature_____	Date / / 2004

I/We offer to subscribe the amount(s) specified below for Shares in Ruffer Investment Company Limited at 100p per Share under the Terms and Conditions set out in the Prospectus.

2 Investment

Write in (figures) the amount you wish to apply for.

£

Note: Applications must be for a minimum of £1,000 and thereafter in multiples of £500

3 How to pay

Pin your cheque or banker's draft here for the exact amount shown in Box 2 above. Your cheque or banker's draft must be made payable to "The Royal Bank of Scotland PLC A/C Ruffer Investment Company Limited" and crossed "a/c payee only". Your payment must relate solely to this Application. No receipt will be issued. The right is reserved to reject any Application in respect of which the Applicant's cheque or banker's draft has not been cleared on first presentation.

4 Declarations

If you cannot confirm that you are not a "US Person" by ticking the box, you will have to satisfy the Company and UBS that an appropriate exemption applies so as to permit you to subscribe for Shares.

If application is made by an individual: I/We confirm that I/we have read the Prospectus of the Company and I/we understand fully and are willing to assume the risks involved in the Company's investment policy. (Please tick box)	<input type="checkbox"/>
If application is made by an Independent Financial Adviser on behalf of an individual: I/we confirm that I/we have specific approval to make an investment in the Company on a discretionary basis from all the individuals who are beneficially interested in this application. (Please tick box)	<input type="checkbox"/>
For all applicants I/We confirm that I/we are not "US Persons" and are not subscribing for Shares on behalf of US Persons. (Please tick box)	<input type="checkbox"/>

5 Joint Applicants only

You may apply jointly with up to three other persons. Box 1 must be completed by one Applicant. All other persons who wish to join in the Application must complete and sign Box 5. Another person may sign on behalf of any joint Applicant 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 bank) must be enclosed for inspection. Correspondence will be sent to the address in Box 1.

Mr/Mrs/Miss/Ms/Title_____	Forename(s) in full_____	Surname_____
Address in full_____		
Postcode_____	Signature_____	
Mr/Mrs/Miss/Ms/Title_____	Forename(s) in full_____	Surname_____
Address in full_____		
Postcode_____	Signature_____	
Mr/Mrs/Miss/Ms/Title_____	Forename(s) in full_____	Surname_____
Address in full_____		
Postcode_____	Signature_____	

**6 Certificated/
Uncertificated Delivery**

I/We hereby request that you register and deliver my/our Shares via:
Please tick one box as appropriate

- Delivery within Crest Box 6A
- Certificated Form Box 6B

If I/we have chosen above to receive delivery and hold the Shares subscribed by me/us within CREST by ticking Box 6A above, I/we hereby request you to deliver title upon clearance of the enclosed payment at my/our risk to the following CREST account:

CREST Participant ID: _____

CREST Member Account ID: _____

Custodian Name: _____

If I/we have chosen to receive delivery and hold the Shares subscribed by me/us in certificated form by ticking Box 6B above, I/we hereby request you to procure the issue and delivery to me/us, at my/our risk, in accordance with the registration details set out at Boxes 1 and 5 above, of definitive certificates in respect of the aforementioned Shares. We understand that dealings of Shares in certificated form are likely to incur higher costs than those held in CREST.

Please note:

- (i) Applicants should make payment by a cheque drawn on an account in their own name and write his name and address on the back of the banker's draft or cheque and, in the case of an individual, record his date of birth against his name.
- (ii) if an Applicant makes the application as agent for one or more persons, he should indicate on the Application Form whether he is a UK or EU regulated person or institution (for example a bank or stockbroker) and specify his status. If an Applicant is not a UK or EU regulated person or institution, he should contact the Receiving Agent.

Please note that if the above requirements are not fulfilled and suitable evidence of identity cannot be obtained within a reasonable time, the Company will be unable to accept your Application.

DELIVERY OF APPLICATION FORM

Please send the completed Application Form, together with the cheque or banker's draft, by post or by hand (during normal business hours) to the Receiving Agent, Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ so as to be received no later than 5.00 p.m. on 2 July 2004.

If you have a query concerning the completion of this Application Form please call the Receiving Agent on 0870 702 0100.



