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This document comprises a prospectus relating to EPIC Securities PLC (the “Company”) prepared in accordance with the Prospectus Rules made under section 73A of the Financial Services and Markets Act 2000. This document has been approved by and filed with the Financial Services Authority in accordance with the Prospectus Rules.

The Equity Partnership Investment Company PLC (“EPIC”) and the Company, whose registered offices appear on page 9, and the Directors, whose names appear on page 9, accept responsibility for the information contained in this document. To the best of the knowledge of EPIC, the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Application has been made to the Financial Services Authority for all the Zero Dividend Preference Shares to be admitted to the Official List and to the London Stock Exchange for all such Zero Dividend Preference Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the Zero Dividend Preference Shares will commence on 24 April 2006.

Placing sponsored by

Teather & Greenwood Limited

**of 20 million Zero Dividend Preference Shares of 10p each at
100p per Zero Dividend Preference Share**

by

EPIC SECURITIES PLC

(Incorporated in the Isle of Man with registered number 115527C)

a wholly owned subsidiary of

The Equity Partnership Investment Company PLC

(incorporated in the Isle of Man with registered number 103447C)

Teather & Greenwood Limited, which is authorised and regulated by the Financial Services Authority, is acting exclusively for the Company and EPIC in connection with the matters set out in this Prospectus and will not be responsible to anyone other than the Company and EPIC for providing the protections afforded to customers of Teather & Greenwood Limited or for providing advice in connection with any matter referred to herein.

The whole text of this document should be read. Attention is drawn in particular to the section entitled “Risk Factors”. That section sets out the factors which the Directors believe that prospective investors should consider prior to making an investment in the Zero Dividend Preference Shares.

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SUMMARY

This summary section should be read as an introduction to the Prospectus which comprises the whole of this document. Any decision to invest in the Zero Dividend Preference Shares should be based on a consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in a prospectus is brought before a Court, an investor might, under national legislation of the European Economic Area member states, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

EPIC Securities

- EPIC Securities is a closed-ended investment company incorporated in the Isle of Man. EPIC Securities is a wholly owned subsidiary of EPIC, which is also a closed ended investment company incorporated in the Isle of Man.
- EPIC Securities has a fixed life which will expire on the Repayment Date, 31 July 2011, at which point it will be wound up and the Zero Dividend Preference Shareholders will be entitled to their final capital entitlement. EPIC will be subject to a continuation vote in 2008 to continue to carry on business after 2011.

EPIC

- EPIC's portfolio is currently managed by the Investment Manager. A management fee of 1 per cent. of Total Assets plus VAT (if applicable) per annum is payable by EPIC to the Investment Manager quarterly in arrears. In addition, the Investment Manager may be entitled to a performance fee related to the growth in Net Asset Value of EPIC. As described further in paragraph 17.2 of Part 1, as part of the Proposals set out in the Circular issued by the EPIC Board today, the Private Equity Portfolio will be ignored for the purposes of calculating any performance fee payable to the Investment Manager.
- If the Proposals are approved by Capital Shareholders, the Private Equity Portfolio will be transferred to a new vehicle, EPIC LLP, whose assets will be managed by a new private equity management vehicle, EPE. EPE will be entitled to a basic management fee of 0.5 per cent. per annum of the net assets of EPIC LLP, which shall be payable in addition to the management fee payable to the Investment Manager.
- EPIC has a holding of 33.5 per cent. in the Investment Manager.
- EPIC has in issue 20,736,333 Income Shares and 34,561,666 Capital Shares. The Capital Shares will, at the end of EPIC's life, have the right to all capital growth and accumulated income after all debt, other liabilities and Income Share obligations are satisfied. The Income Shares carry the entitlement to cumulative preferential dividends, the annual rate of which will be increased in each year in proportion to any increase in the RPI, capped at a maximum 5 per cent. increase for any year. In addition, there are 6,912,333 Warrants in issue entitling the holders to subscribe for one Capital Share per Warrant at a subscription price of 100p per Capital Share. The Warrants are exercisable up to 30 November 2006.
- As at 31 January 2006, the most recent practicable date prior to the publication of this document, the unaudited net assets attributable to the Capital Shares were approximately £42.2 million.
- EPIC also has a Bank Loan due to be repaid in February 2007 on which interest is rolled up until maturity. As at 28 February 2006, principal and accrued interest in respect of the Bank Loan amounted to approximately £17.45 million.
- All of the Income Shares and Capital Shares are admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities.

- EPIC has today issued the Circular to its Shareholders in which it set out the Proposals whereby, subject to the approval of Capital Shareholders:
 - (a) the arrangements between EPIC and the Investment Manager would be recast so as to reflect the Group's increased exposure to private equity investments;
 - (b) appropriate incentives would be provided with a view to aligning the interests of the private equity management team with those of Shareholders; and
 - (c) the Bank Loan would be repaid in full and the Group refinanced by the issue of Zero Dividend Preference Shares by the Company, a wholly owned subsidiary of EPIC.

Investment policy

- EPIC's investment policy is to invest in quoted equities, bonds and structured income products, unquoted equities and investment funds, subject to the restrictions set out in this document. EPIC's current target asset allocation is 40 per cent. in quoted equities, 15 per cent. in investment funds, 30 per cent. in unquoted equities (excluding strategic investments), 10 per cent. in strategic investments and 5 per cent. in structured income products.
- These proportions will fluctuate from time to time and the timing of the investments is dependent on prevailing market conditions.

The Zero Dividend Preference Shares and the Placing

- The Company intends to raise £20 million (before expenses) by the issue of 20 million Zero Dividend Preference Shares, the proceeds of which will be loaned to EPIC by the Company subscribing for the Loan Note. EPIC will use such proceeds to repay the Bank Loan and accrued interest.
- The Zero Dividend Preference Shares will have a pre-determined final capital entitlement of 139.3p per share on the Repayment Date which equates to a Redemption Yield of 6.5 per cent. per annum.
- Application has been made for all of the Zero Dividend Preference Shares to be admitted to the Official List and to trading on the main market of the London Stock Exchange.
- The typical investor for whom the Zero Dividend Preference Shares are designed will be an institutional investor or a professionally advised private investor who is seeking a pre-determined capital return on his investment and who is prepared to accept the level of risk described in the section headed "Risk Factors" that are summarised in this Summary.

Use of Proceeds

- EPIC has £13.75 million principal, and, as at 28 February 2006, approximately £3.7 million rolled-up interest outstanding under the Bank Loan. The EPIC Board intends to repay the principal due under the Bank Loan together with the rolled-up interest using the proceeds of the Placing. The balance will be used to pay the costs of the Placing and the Proposals and to cover the payment crystallised by the cancellation of the interest rate swap on 23 February 2006 of £231,000. Any remainder will be applied in accordance with EPIC's investment policy and the Group's investment objectives.
- Following repayment of the Bank Loan, it is intended that the Group will not incur any indebtedness in future other than short term borrowing purely for operational (as opposed to investment) purposes, capped in any event at 5 per cent. of EPIC's Net Asset Value.

Risk Factors

General risks

- An investment in the Zero Dividend Preference Shares is suitable only for financially sophisticated investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss (including total loss) which may result from the investment. Prospective investors should, therefore, consult an independent financial adviser authorised under the FSMA before investing.
- 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 equity investments, and according, the ability of EPIC to meet its obligations to the Company.

Zero Dividend Preference Shares

- The market value of the Zero Dividend Preference Shares can fluctuate and may not always reflect their underlying Net Asset Value. Prospective investors may not get back the full amount initially invested.
- Although the Zero Dividend Preference Shares are entitled to a pre-determined capital repayment on the Repayment Date, this is not guaranteed and, based on the Principal Bases and Assumptions, following the Placing a fall at a rate greater than 15 per cent. per annum (compound) in the value of the Total Assets (after taking into account the expenses of the Placing) would result in a lower payment than the pre-determined entitlement of 139.3p per Zero Dividend Preference Share, which could potentially be zero.
- The obligations of EPIC to the Company are subordinated to claims of other creditors on a winding-up and the Company may, therefore, have insufficient assets to satisfy the then current or final capital entitlement of the Zero Dividend Preference Shares.
- The Zero Dividend Preference Shares rank for capital behind any creditors of the Company.
- If the Company is wound-up prior to the Repayment Date, Zero Dividend Preference Shareholders will have the right to receive a pro rata accrued entitlement which will be less than their final capital entitlement.

Principal Bases and Assumptions

- The illustrative investment statistics given in this document are based on assumptions which may not be fulfilled in practice and should not be regarded as forecasts of profit or growth. In particular, the Cover and Hurdle Rates indicated for the Zero Dividend Preference Shares are based on the Principal Bases and Assumptions. If events differ from these assumptions, the Cover and Hurdle Rates may be less favourable.

Investments and investment policy

- A significant proportion of EPIC's investments is in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise. There can be no guarantee that any appreciation in the value of EPIC's investments will occur or that the investment objectives of the Group will be achieved.
- Certain of the securities held by EPIC may be denominated in a foreign currency and the returns to EPIC may be affected by fluctuations in exchange rates.
- Investments by EPIC in bonds, structured products and investment funds may be relatively illiquid, notwithstanding that such instruments may be listed. There may be a small number of potential investors in such products and this may contribute to price volatility.

RISK FACTORS

General Risks

An investment in the Zero Dividend Preference Shares is suitable only for financially sophisticated investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss (including total loss) which may result from the investment. Prospective investors should, therefore, consult an independent financial adviser authorised under the FSMA before investing.

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 equity investments and, accordingly, the ability of EPIC to meet its obligations to the Company.

Risks of investing in the Zero Dividend Preference Shares

Entitlements of the Zero Dividend Preference Shares

The market value of the Zero Dividend Preference Shares can fluctuate and may not always reflect their underlying Net Asset Value. Prospective investors may not get back the full amount initially invested.

Although the Zero Dividend Preference Shares are entitled to a pre-determined capital repayment on the Repayment Date, this is not guaranteed and, based on the Principal Bases and Assumptions, following the Placing a fall at a rate greater than 15 per cent. per annum (compound) in the value of the Total Assets (after taking into account the expenses of the Placing) would result in a lower payment than the pre-determined entitlement of 139.3p per Zero Dividend Preference Share, which could potentially be zero.

The obligations of EPIC to repay the Loan Note and discharge its obligations pursuant to the undertakings, as described in paragraph 16 of Part 1, will be subordinated to the claims of EPIC's other creditors on a winding-up. If at the Repayment Date (or any earlier redemption of the Zero Dividend Preference Shares) EPIC has insufficient assets, then its obligations to repay the loan notes and make payment under the undertakings may be satisfied only in part or not at all. Accordingly, the Company may have insufficient assets to satisfy the then current or final capital entitlement of the Zero Dividend Preference Shares.

Should the Company be wound-up prior to the Repayment Date, holders of Zero Dividend Preference Shares would be entitled to receive only their accrued entitlement to the date of the winding-up. This amount, which would be calculated in accordance with the terms of the Articles, would be less than the final capital entitlement of the Zero Dividend Preference Shares and would be subject to the Group having sufficient net assets.

Prospective investors should be aware that the Zero Dividend Preference Shares rank for capital behind any creditors of the Company.

An investment in the Zero Dividend Preference Shares may be relatively illiquid. There may be a limited number of shareholders and this fact may contribute to infrequent trading and volatile share price movements.

Principal Bases and Assumptions

The illustrative investment statistics and related figures given in this document in relation to the Group's securities are based on the Principal Bases and Assumptions. These are assumptions only which may or may not be fulfilled in practice. The Principal Bases and Assumptions and the illustrative investment statistics should not be regarded as forecasts of profit or growth in the value of the Group's assets. In particular, the Cover and Hurdle Rate indicated for the Zero Dividend Preference Shares are based on the Principal Bases and Assumptions. If events differ from these assumptions, the Cover and Hurdle Rate may be less favourable.

Investments and investment policy

A significant proportion of EPIC's investments is in companies whose securities are not publicly traded or freely marketable and may, therefore, be difficult to realise. There can be no guarantee that any appreciation in the value of EPIC's investments will occur or that the investment objectives of the Group will be achieved.

Certain of the securities held by EPIC may be denominated in a foreign currency and the returns to EPIC may be affected by fluctuations in exchange rates.

Investments by EPIC in bonds, other structured products and investment funds may be relatively illiquid, notwithstanding that such instruments may be listed. There may be a small number of potential investors in such products and this may contribute to price volatility.

Fixed-interest and mezzanine securities are subject to credit, liquidity and interest rate risks. Adverse changes in the financial position of an issuer of a fixed-interest security or in general economic conditions may impair the ability of the issuer to make payments of interest and/or principal or may cause the liquidation or insolvency of an issuer. To the extent that EPIC invests in fixed-interest securities which are not assessed by the credit agencies or are assessed by credit agencies as being "high yield" (or "non-investment grade"), these assets may realise a higher current yield than the yield offered by investment grade securities. Investments in such securities involve a greater volatility of price and a greater probability of default by the issuers of such securities with consequential loss of interest and/or principal. Non-investment grade bonds will have, in the judgement of a rating agency, uncertainties of 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 its obligations.

Costs of the Placing and the Proposals

The actual costs of effecting the Proposals (excluding the payment of £231,000 crystallised by the cancellation of the interest rate swap on 23 February 2006) and the Placing may be greater than the estimated figure of approximately £750,000.

Taxation

Statements in this document concerning the taxation of Shareholders are based upon current law and practice. These are, in principle, subject to change and prospective investors should be aware that such changes may affect the Group's ability to generate returns to Shareholders and/or the taxation of any such returns to Shareholders.

Accounting policies

Representations in this document concerning returns to Shareholders are based on accounting policies and practices currently applicable to the Group. Prospective investors should be aware that any changes in such accounting policies and practices may affect the Group's ability to provide returns to Shareholders as envisaged in this document.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Extraordinary General Meeting of EPIC	21 April 2006
Expected date of issue and Admission and expected date of commencement of dealings in the Zero Dividend Preference Shares	24 April 2006
Delivery in CREST of Zero Dividend Preference Shares to be held in uncertificated form	24 April 2006
Despatch of definitive share certificates in respect of Zero Dividend Preference Shares to be held in certificated form	24 April 2006

PLACING STATISTICS

Placing Price	100p
Proceeds of the Placing (before expenses)	£20 million
Number of Zero Dividend Preference Shares being issued pursuant to the Placing	20 million
Final capital entitlement per Zero Dividend Preference Share	139.3p
Redemption Yield at the Placing Price	6.5 per cent.

DIRECTORS, SECRETARY AND ADVISERS

Directors of EPIC and the Company:

Cameron McPhail (*Chairman*)
Donald Lindsay Adamson
Donald Cecil McCrickard
Martin Williaume Richardson
Philip Peter Scales
Cormac O'Keeffe

All non-executive directors and all of whose business address is:

PO Box 174
St. James's Chambers
Athol Street
Douglas
Isle of Man IM99 1PP

Investment Manager:

EPIC Investment Partners Limited (formerly The Equity Partnership Limited)
7th Floor
22 Billiter Street
London EC3M 2RY

Administrator and Registrar:

Northern Trust International Fund Administration Services (Isle of Man) Limited
St. James's Chambers
Athol Street
Douglas
Isle of Man IM1 1JE

Sponsor and Stockbroker:

Teather & Greenwood Limited
Beaufort House
15 St. Botolph Street
London EC3A 7QR

Auditors to EPIC and the Company:

Ernst & Young LLC
Rose House
51-59 Circular Road
Douglas
Isle of Man IM1 1AZ

Isle of Man Advocates:

Cains Advocates Limited
15-19 Athol Street
Douglas
Isle of Man IM1 1LB

Solicitors to the Company:

Latham & Watkins
99 Bishopsgate
London EC2M 3XF

Principal Bankers:

Barclays Bank PLC
54 Lombard Street
London EC3P 3AH

CREST Provider:

Computershare Investor Services (Channel Islands) Limited
Ordnance House
31 Pier Road
St. Helier, Jersey JE4 8PW

Custodian:

The Royal Bank of Scotland Trust Company (I.O.M.) Limited
Royal Bank House
2 Victoria Street
Douglas
Isle of Man IM99 1NJ

PART 1

INFORMATION ON THE GROUP

1. Background and investment objective

In August 2001 EPIC issued 20,736,333 Income Shares at 100p each and 34,561,666 Capital Shares at 100p each under the terms of the prospectus dated 14 August 2001. As at 31 January 2006, the latest practicable date prior to the publication of this document, Total Assets amounted to approximately £80.4 million, of which approximately £17.5 million was represented by amounts due under the Bank Loan, the redemption value of the Income Shares was approximately £20.7 million and the balance of approximately £42.2 million was the net assets attributable to the Capital Shares (*source: unaudited internal accounting records*). In addition, there are 6,912,333 Warrants in issue entitling holders to subscribe for one Capital Share per Warrant at a subscription price of 100p. The Warrants are exercisable up to 30 November 2006.

Dividends have been paid on the Income Shares, initially at the rate of 10p, rising in line with the RPI over the life of EPIC. In respect of the financial year ended 31 July 2005, four quarterly dividends were declared totalling 10.779p. For the current financial year, two quarterly dividends have been declared to date, each of 2.77265p.

On the basis that the Placing goes ahead, the investment objective of the Group will be to:

- provide Zero Dividend Preference Shareholders with their pre-determined final capital entitlement;
- provide Income Shareholders with quarterly dividends of 2.77265p in the current year with annual RPI adjustment (upwards only, subject to a maximum increase of 5 per cent. only in any 12 month period) and their capital entitlement of 100p at the Repayment Date; and
- achieve growth for Capital Shareholders of at least 3 per cent. per annum above the “risk free” rate, defined as LIBOR.

2. Investment policy

The Company

The Company’s investment policy will be to invest in the Loan Note to be issued by EPIC. EPIC will also enter an undertaking with the Company under which it will undertake to contribute such amount as would be necessary to ensure that the Company has sufficient assets on the Repayment Date to satisfy the then current or final entitlement of the Zero Dividend Preference Shares.

EPIC

EPIC seeks to achieve its investment objective through investment in quoted and unquoted equities, fixed income securities, structured income products and investment funds, subject to the investment restrictions set out below.

EPIC’s current target asset allocation is as follows: 40 per cent. in quoted equities, 15 per cent. in investment funds, 30 per cent. in unquoted equities (other than strategic investments), 10 per cent. in strategic investments and 5 per cent. in structured income products. The actual allocations will be dependent on the prevailing market conditions.

Quoted equities

The performance of the major UK equity market indices has become increasingly influenced by a small number of very large companies. Many smaller companies find it difficult to generate interest from the investment community and, as a result, can remain under-researched and trade at low valuations. EPIC looks to exploit opportunities where share ratings do not reflect a company’s value or growth prospects.

Investment funds

EPIC invests in specialist sector funds, closed-end funds traded at deep discounts, funds that are investing in new asset classes, and hedge funds. EPIC is prohibited from investing in the ordinary income and income share capital of split capital funds.

Unquoted equities

EPIC invests in companies that have established business models where there is the opportunity for a significant uplift in market value, for example in companies that are actively seeking a listing.

Strategic investments

EPIC owns 33.5 per cent. of the ordinary share capital of the Investment Manager and approximately 14 per cent. of Strand Partners Limited. Collectively, in EPIC's portfolio, these investments are referred to as "strategic investments".

Bonds and structured income products

Bonds and structured income products include a range of asset classes such as investment grade bonds, high yield bonds, convertible bonds and structured high yield products.

3. The Investment Manager

The Investment Manager is responsible for the management of EPIC's portfolio subject to the overall supervision of the EPIC Board.

The Investment Manager manages EPIC's investments in accordance with the policies laid down by the EPIC Board and in accordance with the investment restrictions referred to in the Investment Management Agreement. The exception to this is EPIC's investment in the Investment Manager itself, any investment decisions relating to which would be made by the EPIC Board. Further, the EPIC Board has the right to put forward an independent director to be appointed to the board of the Investment Manager, although it has not exercised this right. The Investment Management Agreement is terminable by either EPIC or the Investment Manager on giving 12 months' prior written notice.

The Investment Manager was incorporated in England and Wales on 6 April 2001 as Northfield Limited, with registered number 04196006. Its name was changed to The Equity Partnership Limited on 25 April 2001 and to EPIC Investment Partners Limited on 16 February 2006. The Investment Manager operates under the laws of England and Wales and its registered office is at 22 Billiter Street, London EC3M 2RY; the telephone number of its registered office is 020 7553 2300.

The Private Equity Portfolio

Subject to approval at the extraordinary general meeting convened by the notice set out in the Circular, EPE will become the manager of the Private Equity Portfolio, which as at 31 January 2006 represented approximately 25 per cent. of Total Assets. Further information on these management arrangements are set out in paragraph 17 below.

EPE may retain for its own benefit and without liability to account to EPIC LLP, subject to full disclosure having been made to the Board, arrangement fees which it receives in connection with any unquoted investment made by EPIC LLP and any exit fee it receives up to a maximum of 1 per cent. of the consideration received. It may also retain all monitoring fees or directors' fees received.

Where one or more of EPE's private equity funds wish to participate in an investment opportunity, the allocations will, subject to the capacity and other portfolio considerations such as a sector exposure, be made in the ratio of the net funds available for such investment. Any variation from this co-investment policy, insofar as it affects EPIC LLP or where EPIC LLP makes any investment not at the same time on the same terms as that made by other private equity funds, may only be made with the prior approval of the Directors.

4. Investment management fees

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive a basic investment management fee, payable quarterly in arrears, equal to one quarter of one per cent. of the Total Assets, valued at the close of business on the last business day of each quarter (plus value added tax, if applicable).

Where EPIC invests in any other investment vehicle(s) managed or advised by the Investment Manager or any associate, the aggregate fees receivable by the Investment Manager and any such associate from EPIC and such other investment vehicle(s) shall, unless the EPIC Board shall otherwise determine in any particular case, be adjusted so that no incremental benefit accrues to the Investment Manager as a result of such investment being made and the benefit of such adjustment shall be apportioned between EPIC and such other investment vehicles(s) in a manner to be approved by the EPIC Board. No such adjustment will be made in respect of the Investment Manager.

5. Performance fees

The Investment Manager is also entitled to receive a performance fee related to the growth in EPIC's Net Asset Value. Payment of the performance fee will depend on whether growth in the Net Asset Value of EPIC in any financial year (subject to certain adjustments) out-performs a benchmark return of LIBOR plus 3 per cent. per annum. Further details of the performance fee are set out in paragraph 9.2 of Part 4. As described further at paragraph 17.2 below, as part of the Proposals, the Private Equity Portfolio will be ignored for the purposes of calculating any performance fee payable to the Investment Manager.

6. Administration and secretarial arrangements

Northern Trust International Fund Administration Services (Isle of Man) Limited provides administration, registrar and secretarial services to the Group as set out in the Administration Agreement. For these services the Administrator receives an annual fee of 0.2 per cent. per annum of the first £50 million of Net Assets plus 0.15 per cent. on any excess with a maximum of £150,000 plus a one-off fee of £10,000 in respect of start-up costs of the Company in the period to 14 August 2006 (exclusive of VAT). The fee is subject to change by the Administrator on 30 days' notice (not to be given prior to 14 August 2006). The Agreement is terminable by either party on six months' notice. Further details of the Administration Agreement are set out in paragraph 9.3 of Part 4.

7. Custody arrangements

EPIC has appointed the Custodian as custodian of its assets. The Custodian is a private company incorporated in the Isle of Man with registered number 005638C whose registered office is at Royal Bank House, 2 Victoria Street, Douglas, Isle of Man IM99 1NJ (telephone number 01624 646464). It was incorporated on 1 May 1973, operates under the Law and is regulated by the Isle of Man Financial Supervisory Commission. Under the Custody Agreement, the Custodian is responsible for the safekeeping of any cash, cash equivalents and securities which it or any delegate or sub-custodian receives for the account of EPIC.

Under the Administration Agreement the Administrator has agreed to be responsible for the safe-keeping of the documents of title for EPIC LLP's investments.

8. Investment restrictions

The following investment restrictions apply:

- no member of the Group will conduct a trading activity which is significant in the context of the Group as a whole;
- the Group will not take legal or management control of investments in its portfolio;
- except in respect of EPIC LLP, no more than 20 per cent. of the gross assets of the Group will be lent to or invested in the securities of any one company or group (including loans to or shares in

EPIC's own subsidiaries) at the time the investment or loan is made; for this purpose any existing holding in the company concerned will be aggregated with the proposed new investment;

- no more than 10 per cent. in aggregate of the gross assets of the Group will be invested in other listed investment companies or listed investment trusts (save where such listed investment company or investment trust has a stated investment policy to invest no more than 15 per cent. of its assets in other listed investment companies or investment trusts);
- 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 Group;
- the distribution as dividend of surpluses arising from the realisation of investments will be prohibited;
- the Group will be a passive investor and will not seek to control, or be actively involved in the management of, any companies or businesses in which it invests;
- the Group will not invest in the ordinary income or income shares of split capital funds; and
- the Group will not be, to a significant extent, a dealer in investments.

The restrictions above shall apply only when any investment is made, so that no divestments will be required to be made as a result of any applicable limit being exceeded by reason of changes in the value of underlying investments. Further, the EPIC Board may amend or waive any such restriction if at any time it considers it to be in the interests of Shareholders to do so. Any such amendment or waiver shall be notified to Shareholders through the interim and annual report to Shareholders.

9. Investment portfolio

As at 31 January 2006, EPIC's Total Assets were allocated as follows:

Quoted equities	44.2
Specialist funds	9.9
Private Equity Portfolio	25.0
Strategic investments	9.4
Cash and structured income products	11.5

The following table shows the fifteen largest investments in EPIC's portfolio (which accounted for 60.78 per cent. of EPIC's total investments by value) as at 31 January 2006:

	<i>% of total investments</i>
EPIC Investment Partners Limited*	7.08
Diploma PLC	6.73
DTZ Holdings PLC	6.63
Communitas DDB	5.41
Palatinate Ltd DDB A (Mezz)	
10% 31/12/2012	5.28
Alpha Real Estate GmbH 8%	
11/02/2010 4.65%	4.25
Nexus Industries Ltd DDB	
Series A 31/12/2004	3.89
Jupiter Hyde Park Hedge Fund	3.24
Heywood Williams Group PLC	3.23
Gleeson (MJ) Group PLC	3.17
JSS Pinnacle Group Limited	2.48
Hunting	2.42
Invensys PLC	2.39
Strand Partners Limited	2.33
Blueheath Holdings PLC	2.25
Total of 15 largest investments	60.78

* Valuation frozen as at 31 December 2004

10. Dividend policy

The Zero Dividend Preference Shares have no entitlement to dividends. Neither do the Capital Shares.

The Income Shares carry the right to a cumulative preferential dividend which increases in proportion to the increase (if any) in the RPI over the preceding year, capped at a 5 per cent. increase in any one year. In respect of the financial period ended 31 July 2005, dividends totalling approximately £2.2 million were paid to holders of Income Shares, equal to 10.779p per Income Share.

11. Valuation policy

The following investment valuation policies are or will be adopted by the Group:

The Company

The Company's investment in the Loan Note will be valued at cost less any diminution in value.

The Group

All investments are classified as "measured at fair value through the profit and loss account". Investments are initially recognised at cost, being the fair value of the consideration given, including transaction costs associated with the investment.

After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments and impairment of investments recognised in the Group's consolidated statement of operations. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost, or if previously re-valued, the valuation as at the last balance sheet date. The Group applies the "first-in first-out" basis for the purposes of determining the historical cost in calculating all realised gains and losses arising throughout the year.

For investments actively traded in organised financial markets, fair value is generally determined for the purposes of the interim and annual financial statements by reference to stock exchange quoted market bid prices (with mid prices being used for monthly net asset announcements) at the close of business on the balance sheet date.

A portion of EPIC's investments are in non-marketable equity investments which are carried at cost, including capitalised expenses such as legal fees and other professional charges.

Where it proves impossible to obtain a market price, the EPIC Board decide to value investments at book cost, a discount from book cost or at nil value. The EPIC Board will use their discretion and awareness of market conditions to evaluate the prudent valuation of such investments.

In valuing EPIC's investment in the Investment Manager, the EPIC Board has sought to value the holding on the basis of a simple and transparent formula, which is reviewed from time to time after consultation with an independent specialist advisor, to take account both of changing conditions in the market for asset management companies and developments in the Investment Manager's own business. EPIC continues to value its investment in the Investment Manager based on 1 per cent. of funds under management, which has been frozen as at 31 December 2004 due to the volatility of funds under management.

The carrying value of the investment in the Sunrise CDO is the lower of the fair value of the cost of the investment or the value calculated on the basis of a discounted cash flow model in respect of the underlying collateral portfolio of the CDO. Fair value of the cost consists of historical cost plus related over-collateralisation in respect of the CDO structure less any diminution in value due to impairment of the bonds in the underlying collateral portfolio. The CDO has been valued at nil since May 2004.

Publication of asset values

The monthly calculation of unaudited net assets attributable to the Capital Shares is undertaken and published by the Administrator. Currently, such monthly net asset values differ from the annual and interim financial statements as follows: (a) they incorporate mid-market values for quoted investments

and (b) they do not provide for the deferral and subsequent amortisation of the issue costs in respect of the Income Shares.

The making of such valuations would be suspended in circumstances where the underlying data necessary to value the investments cannot readily, or without undue expenditure, be obtained. Details of each monthly valuation are announced on an RIS and details of any suspension in the making of such valuations would be similarly announced.

12. Borrowings

Following repayment of the Bank Loan, the Board intends that the Group will not incur any external indebtedness in future other than short term borrowing purely for operational (as opposed to investment) purposes, capped in any event at 5 per cent. of EPIC's Net Asset Value.

13. Reports to Shareholders

The Group's annual report and accounts are prepared up to 31 July each year and copies sent to Shareholders in the following four months. Shareholders also receive an unaudited interim report covering the six months to 31 January each year, expected to be despatched in April of each year.

14. Regulatory status

Neither the Company nor EPIC is regulated as a collective investment scheme by the FSA.

15. Profile of typical investor

The typical investor for whom the Zero Dividend Preference Shares are designed will be an institutional investor or a professionally advised private investor who is seeking a pre-determined capital return on his investment and is prepared to accept the level of risk described under Risk Factors above.

16. Repayment of the Bank Loan and issue of Zero Dividend Preference Shares

Repayment of the Bank Loan

In addition to its equity capital, EPIC has a loan facility of up to £30 million from the Bank, of which a principal amount of £13.75 million has been drawn down and is repayable on 10 February 2007. The effective rate of interest payable on the Bank Loan is a margin of 1.05 per cent. over LIBOR. The interest is "rolled up" and repayable, along with the principal amount, on maturity. The agreement for the Bank Loan contains certain financial covenants. These impose constraints upon EPIC's ability to invest in certain categories of investment, including a covenant that at least 50 per cent. of investments should be quoted investments, bonds rated A or above and cash and that no more than 25 per cent. of investments should be unquoted. The Bank Loan may be repaid early together with interest accrued (which amounted to approximately £3.7 million as at 28 February 2006) without any penalty being incurred.

In order to mitigate the impact of Sterling interest rate increases, for the purpose of efficient portfolio management the Company entered into an interest rate swap with the Bank for a notional amount of £13.75 million the effect of which was to cap the cost of the loan at 6.70 per cent. per annum. This associated interest rate swap was cancelled on 23 February 2006, crystallising a payment to the counterparty of £231,000, representing the fair value of the instrument at that time.

The EPIC Board perceives there to be a strong market at present for zero dividend preference shares and considers therefore that it would be beneficial to the EPIC's Income and Capital Shareholders to repay the Bank Loan using the proceeds of the Placing. Replacement of the Bank Loan with the Zero Dividend Preference Shares will leave EPIC free of the constraints imposed by the Bank Loan and provide funding through to July 2011.

Placing of New Zero Dividend Preference Shares

The Company proposes the issue of 20 million Zero Dividend Preference Shares at 100p per share by way of the Placing and these shares have been placed by Teather & Greenwood conditional, *inter alia*,

upon admission of the Zero Dividend Preference Shares to the Official List and to trading on the London Stock Exchange's market for listed securities becoming effective. Because EPIC does not have a fixed life, the Zero Dividend Preference Shares will be issued by the Company, a wholly owned subsidiary of EPIC, which has been formed for this purpose.

The Zero Dividend Preference Shares will have an initial capital entitlement of 100p, increasing to 139.3p on the Repayment Date, which is equivalent to a Redemption Yield of 6.5 per cent. on the Placing Price of 100p. However, this capital entitlement is not guaranteed and, as set out in the section headed "Risk Factors", the Company may have insufficient assets to satisfy the then current or final capital entitlement of the Zero Dividend Preference Shares.

The Zero Dividend Preference Shares do not carry any entitlement to receive income.

Based on the Principal Bases and Assumptions contained in paragraph 4 of Part 4 below, the final capital entitlement of the Zero Dividend Preference Shares would have a Cover of approximately 2.7 times assuming that there is no growth in Total Assets up to the Repayment Date, and the Hurdle Rate required for Zero Dividend Preference Shareholders to receive their final capital entitlement of 139.3p on the Repayment Date would be minus 15 per cent.

Zero Dividend Preference Shareholders will not be entitled to attend or vote at general meetings of the Company. However their approval as a separate class is required for certain actions which would affect their rights.

Effect on Cover for the Income Shares

As at 31 January 2006, the Cover for the Income Shares was 3.02 times. It is expected that the effect of implementing the Placing and the Proposals, based on the estimated costs of implementation of approximately £750,000 would be to reduce such Cover to 2.99 times. For the avoidance of doubt, these costs cover all aspects of the Placing and the Proposals.

Arrangements with EPIC

Following the issue of the Zero Dividend Preference Shares, the Company will loan the net cash proceeds of the Placing to EPIC to enable it to repay the Bank Loan. The Company will subscribe at par in cash for one or more subordinated, interest-free loan notes to be issued by EPIC to the Company, the aggregate nominal amount of which will be equal to the cash proceeds of the Placing. The Loan Note will not be transferable and, in the event of a winding-up of EPIC, the rights of the Company to repayment will be subordinated to the claims of the Group's other creditors. The Loan Note will be repayable at par on the Repayment Date and EPIC will undertake in the instrument constituting the Loan Note that, for so long as the Loan Note remains outstanding:

- (i) for so long as it is the holder of all the issued ordinary share capital of the Company, it will not vote to pass a resolution at any general meeting of the Company relating to any matters which would require the previous sanction of a separate general meeting of the holders of the Zero Dividend Preference Shares under the Articles unless such sanction has first been obtained;
- (ii) it shall not enter into any transaction (including any issue of further Shares) which, if it were entered into by the Company would require the previous sanction of an extraordinary resolution passed at a separate general meeting of the holders of Zero Dividend Preference Shares under the Articles or otherwise as required by law, without such previous sanction having first been obtained;
- (iii) except with the previous sanction of an extraordinary resolution passed at a separate general meeting of the holders of Zero Dividend Preference Shares or as required by law, it will not make any repayment of capital to the holders of Capital Shares or repurchase any Income Shares or Capital Shares, save for any repurchase of Income Shares or Capital Shares that has been approved by EPIC's Shareholders prior to the date of the Loan Note instrument;
- (iv) except with the previous sanction of an extraordinary resolution passed at a separate general meeting of the holders of the Zero Dividend Preference Shares or as required by law or the Listing Rules, it shall ensure that the Board as constituted from time to time are the same individuals who form the EPIC Board; and

- (v) except with the previous sanction of an extraordinary resolution passed at a separate general meeting of the holders of Zero Dividend Preference Shares or as required by law, it will restrict the borrowings of the Group and shall exercise voting and other rights or powers of control exercisable by EPIC in relation to its subsidiaries so as to procure (as regards subsidiaries, to the extent possible) that the aggregate principal amount from time to time outstanding in respect of all moneys borrowed by the Group does not at any time exceed 5 per cent. of EPIC's Net Asset Value.

EPIC will also enter into an undertaking with the Company under which it will agree to contribute (by way of gift, capital contribution or otherwise) such amount as would be necessary to ensure that the Company has sufficient assets on the Repayment Date to satisfy the final capital entitlement of the Zero Dividend Preference Shares. In the event of a winding-up of EPIC, the Company's rights under the undertaking will be subordinated to the claims of the Group's other creditors. EPIC will give undertakings to the Company for so long as its obligations under the undertaking remain outstanding, on the same terms as are set out in paragraphs (i) to (v) above.

17. The Circular and the Proposals

The EPIC Board has today issued the Circular setting out the Proposals and convening an extraordinary general meeting of EPIC for 10.30 a.m. on 21 April 2006 to obtain various approvals required in connection with the Proposals. The key aspects of the Proposals are summarised below.

17.1 *Revised fee structure*

Subject to the approval of Capital Shareholders at the extraordinary general meeting to be held on 21 April 2006, it is proposed that with effect from the Effective Date, the Private Equity Portfolio will be transferred into EPIC LLP. EPE will be a member of EPIC LLP and under the terms of the EPIC LLP members' agreement, EPE will be appointed to advise EPIC LLP in respect of its assets. A basic advisory fee will be payable to EPE of 0.5 per cent. per annum of the net assets of EPIC LLP (and, for these purposes, the amount of any loans made to EPIC LLP by its members shall not be taken into account in calculating the net assets of EPIC LLP) subject to a minimum of £100,000 for the first two years, out of which the operating costs of EPE will be borne. This will be in addition to the management fee payable to the Investment Manager described in paragraph 4 above.

In addition, a proportion of the realised profits, if any, made on the disposal of investments in the Private Equity Portfolio ("carry") will be payable to a newly created entity to be named EPIC Carry LLP, at the rate of 20 per cent., subject to a hurdle of 7 per cent. per annum being achieved. More specifically, if, with effect from the Effective Date, the Private Equity Portfolio grows by at least 7 per cent. per annum (compound), EPIC Carry LLP will be entitled to receive 20 per cent. of the profits and gains of EPIC LLP. On the realisation of investments, interim payments may be made to EPIC Carry LLP on account of its putative entitlement to carried interests but any such payments will be repaid (on an after-tax basis) ("clawback") to the extent that EPIC Carry LLP will have received more than its entitlement to carry when the overall return is calculated at the time the portfolio has been fully realised.

The value of the Private Equity Portfolio transferred to EPIC LLP on the Effective Date will be established by reference to an independent valuation to be carried out by PricewaterhouseCoopers. Returns on mezzanine investments will be solely for the account of EPIC (i.e. EPIC Carry LLP will not be entitled to carried interest), but they will be brought into account for establishing whether the 7 per cent. hurdle has been met.

17.2 *Revised performance fee structure – quoted equities, investment funds, strategic and other investments*

At the inception of EPIC, the Investment Management Agreement provided for a performance fee to be payable, in respect of any financial year in which growth in the Net Asset Value of EPIC (subject to certain adjustments) exceeded a benchmark of LIBOR plus 3 per cent., equal to 10 per cent. of the excess. Consequent upon the arrangements described above, the value of EPIC's investment in EPIC LLP, will, in the current and subsequent financial years, be ignored for the purposes of calculating any performance fee payable to the Investment Manager. The performance fee arrangements will remain subject to a "high watermark" and, as is currently the case, for the purposes of calculating any entitlement to a performance fee any increase in the value of EPIC's investment in the Investment Manager, and any income derived from that investment, will be ignored until such time as a market quotation or listing is obtained for the Investment Manager's shares.

PART 2

FINANCIAL INFORMATION RELATING TO THE COMPANY AND THE GROUP

1. Statutory accounts for three financial years ended 31 July 2005

- 1.1 EPIC has produced statutory accounts for the three financial years ended 31 July 2003, 2004 and 2005, in respect of which EPIC's auditors, Ernst and Young, Chartered Accountants, for the financial years ended 31 July 2003 and 2004 and Ernst & Young LLC, Chartered Accountants, for the financial year ended 31 July 2005, both of Jubilee Rose House, 51-59 Circular Road, Douglas, Isle of Man IM1 1AZ, have given unqualified opinions that the financial statements give a true and fair view of the state of affairs of EPIC and of the return for the financial years then ended and have been properly prepared in accordance with the Law and IFRS.
- 1.2 The Company was incorporated on 10 February 2006 and has not traded since its incorporation.

2. Published annual reports and accounts for three financial years ended 31 July 2005

2.1 *Historical financial information*

The published annual report and audited accounts for EPIC the three financial years ended 31 July 2003, 2004 and 2005, included, on the pages specified in the table below (which have been incorporated in this document by reference), the following information:

<i>Nature of information</i>	<i>Annual report and accounts for year ended 31 July</i>		
	<i>2003 Page No(s)</i>	<i>2004 Page No(s)</i>	<i>2005 Page No(s)</i>
Statement of operations	19	19	19
Balance sheet	20	20	20
Reconciliations of consolidated net asset value to published net asset value	21	21	22
Cash flow statement	23	23	24
Accounting policies	24-25	24-25	25-27
Notes to the Accounts	24-34	24-34	25-37
Audit report	18	18	18

2.2 *Selected financial information*

The key audited figures that summarise the financial condition of EPIC in respect of the three financial years ended 31 July 2003, 2004 and 2005 which have been extracted, without material adjustment, directly on a straightforward basis from the historical financial information referred to in paragraph 2.1 of this Part 2, are set out in the following table.

	<i>As at 31 July</i>		
	<i>2003</i>	<i>2004</i>	<i>2005</i>
Total assets less current liabilities (£'000)	71,242	67,543	73,703
Net assets (£'000)	34,696	31,057	36,219
Net asset value per Capital Share (p)	100.39	89.86	104.7
Total income (£'000)	2,567	1,693	2,783
Net investment income/(expense) (£'000)	289	(618)	465
Dividends in respect of Income Shares (£'000)	2,105	2,169	2,236
Dividends per Income Share	10.15	10.4616	10.779

2.3 *Operating and financial review*

The published annual reports and accounts of EPIC for the three financial years ended 31 July 2003, 2004 and 2005 included, on the pages specified in the table below (which have been

incorporated by reference in this document), descriptions of EPIC's financial condition (in both capital and revenue terms) and changes in its financial condition for each of those years.

<i>Nature of Information</i>	<i>Annual report and accounts for year ended 31 July</i>		
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>Page No(s)</i>	<i>Page No(s)</i>	<i>Page No(s)</i>
Directors' report	15-16	15-16	15-16

2.4 *Historical financial information incorporated by reference*

The audited statutory accounts of EPIC for the three financial years ended 31 July 2003, 2004 and 2005 are being incorporated by reference and are available for inspection at the address set out in paragraph 16 of Part 4.

3. **Capitalisation and indebtedness**

The following table shows the Company's and EPIC's unaudited gross indebtedness as at 31 January 2006, extracted without material adjustment from internal accounting records.

	<i>Company £'000</i>	<i>EPIC £'000</i>
Total Current Debt		
Guaranteed	–	575
Secured	–	–
Unguaranteed/unsecured	–	693
Total Non-current Debt		
Guaranteed	–	38,015
Secured	–	–
Unguaranteed/unsecured	–	–

The following table shows the capitalisation of the Company as at the date of this document and of EPIC as at 31 July 2005 (being the last date in respect of which EPIC has published audited accounts).

	<i>Company £'000</i>	<i>EPIC £'000</i>
Shareholders' equity		
Share capital and share premium	£2	33,696
Legal Reserve	–	–
Other Reserves	–	2,523
Total	<u>£2</u>	<u>36,219</u>

Notes:

1. Legal Reserve and Other Reserves do not include profit and loss reserves
2. As at 31 January 2006, the Company and EPIC had no indirect or contingent indebtedness
3. There has been no material change in the capitalisation of EPIC since 31 July 2005.

The following table shows, extracted without material adjustment from EPIC's internal accounting records, the Company's and EPIC's unaudited net indebtedness (distinguishing between secured and unsecured indebtedness, there being no guaranteed indebtedness) as at 31 January 2006.

	<i>Company</i> £'000	<i>EPIC</i> £'000
A. Cash	–	5,007
B. Cash equivalent	–	–
C. Trading Securities	–	75,038
D. Liquidity (A+B+C)	–	80,045
E. Current financial receivables	–	1,240
F. Current bank debt	–	–
G. Current portion of non-current debt	–	–
H. Other current financial debt	–	(1,268)
I. Current financial debt (F+G+H)	–	(1,268)
J. Net current financial indebtedness	–	(28)
K. Non-current bank loans	–	(13,750)
L. Bonds issued	–	–
M. Other non-current loans (unsecured)	–	(24,265)
N. Non-current financial indebtedness (K+L+M)	–	(38,015)
O. Net financial indebtedness (J+N)	–	(38,043)

4. Significant change

There has been no significant change in the financial or trading position of EPIC since 31 July 2005. The unaudited net assets attributable to the Capital Shares on 31 January 2006 (the last practicable date of calculation prior to publication of this document) were £42.2 million or 122.04p per Capital Share.

Since incorporation, the Company has not commenced operations and no financial statements have been made up. There has been no significant change in the financial or trading position of the Company since incorporation.

5. Working capital

The Company is of the opinion that the Company and the Group have sufficient working capital for their present requirements, that is for at least the next 12 months from the date of this document.

PART 3

INFORMATION RELATING TO THE PLACING

1. Summary of the Placing

The Company intends to raise gross proceeds of £20 million through the Placing of 20 million Zero Dividend Preference Shares at the Placing Price.

The Placing is being made by Teather & Greenwood on behalf of the Company to institutional and other professional asset managers in the United Kingdom and elsewhere outside the United States. Zero Dividend Preference Shares will not be offered or sold within the United States, Australia, Canada or Japan or to or for the account or benefit of any national, resident or citizen of the United States, Australia, Canada or Japan. Multiple subscriptions may be admitted.

The Placing is not being made to members of the public in the United Kingdom or anywhere else.

The Placing is conditional on Admission becoming effective and on the Placing Agreement having become unconditional and not having been terminated in accordance with its terms. The Placing Agreement is conditional on, *inter alia*, Resolution 2 as set out in the notice of meeting in the Circular being passed by Capital Shareholders at the extraordinary general meeting to be held at 10.30 a.m. on 21 April 2006, but is not conditional on Resolution 1 being approved at the meeting.

2. Dealing arrangements

Application has been made for the Zero Dividend Preference Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Assuming such application is approved, Admission of the Zero Dividend Preference Shares is expected to take place and dealings are expected to commence on the London Stock Exchange on 24 April 2006. These dates may be changed without further notice. **The Placing is subject to the satisfaction of conditions contained in the Placing Agreement. Further details of the Placing Agreement are set out in paragraph 10 of Part 4.**

The Zero Dividend Preference Shares will be registered with International Security Identification Number (ISIN) GB00B114S47.

It is expected that Zero Dividend Preference Shares allocated to investors in the Placing will be delivered in uncertificated form and settlement will take place through CREST on Admission. It is intended that, where applicable, definitive share certificates in respect of the Placing will be distributed within two weeks of Admission or as soon thereafter as is practicable.

3. CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. Upon Admission, the Articles will permit the holding of Zero Dividend Preference Shares under the CREST system. The Company will apply for the Zero Dividend Preference Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Zero Dividend Preference Shares following Admission may take place within the CREST system if the relevant shareholders so wish.

CREST is a voluntary system and holders of Zero Dividend Preference Shares who wish to receive and retain share certificates will be able to do so.

4. Placing arrangements

The Company, EPIC and Teather & Greenwood have entered into the Placing Agreement relating to the Placing pursuant to which, subject to certain conditions, Teather & Greenwood has agreed to use its reasonable endeavours to procure subscribers for 20 million Zero Dividend Preference Shares to be made available under the Placing at the Placing Price. 20 million Zero Dividend Preference Shares have been conditionally placed by Teather & Greenwood.

5. Securities laws

The distribution of this document and the offer of Zero Dividend Preference Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the Zero Dividend Preference Shares, or possession or distribution of this document or any other offering material, in any country or jurisdiction where action for that purpose is required. Accordingly, the Zero Dividend Preference Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Zero Dividend Preference Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and on the offer and sale of Zero Dividend Preference Shares, including those in the paragraphs below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or buy any of the Zero Dividend Preference Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

United States

The Zero Dividend Preference Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States. The Zero Dividend Preference Shares are being offered and sold outside the United States to non-US persons in reliance on Regulation S under the Securities Act. Until the expiration of 40 days after the commencement of the Placing, an offer or sale of Zero Dividend Preference Shares within the United States by any dealer (whether or not participating in the Placing) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to another exemption from registration under the Securities Act.

Australia, Canada and Japan

Relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission, and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing or the Zero Dividend Preference Shares. Accordingly, the Zero Dividend Preference Shares may not, directly or indirectly, be offered or sold within Canada, Australia or (subject to exceptions) Japan or offered or sold to a resident of Canada, Australia or (subject to exceptions) Japan.

United Kingdom

No Zero Dividend Preference Shares have been offered or sold or will be offered or sold to persons in the United Kingdom prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of Section 102B of the FSMA.

The Placing is only being made to persons in the United Kingdom who fall within Articles 19(5), 48(2), 49(2) or 50(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"). Persons wishing to participate in the Placing will be required to represent and warrant to the Company and Teather & Greenwood that they fall within one such article of the Order.

European Economic Area

No offer of the Zero Dividend Preference Shares has been or is being made to the public in any Member State of the European Economic Area which has implemented Directive 2003/71/EC (the “Prospectus Directive”) (each a “relevant member state”) prior to Admission except: (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or (c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Zero Dividend Preference Shares to the public” in relation to any Zero Dividend Preference Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Placing and the Zero Dividend Preference Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Zero Dividend Preference Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state and the expression “Prospectus Directive” includes any relevant implementing measure in each relevant member state.

Isle of Man

The issue of the Zero Dividend Preference Shares will be a “private placement” in the Isle of Man (as defined in the Companies (Private Placements) (Prospectus Exemptions) Regulations 2000 of the Isle of Man) and, as such, will not require the publication of a prospectus under Isle of Man company law. Persons wishing to participate in the Placing will be required to represent and warrant to the Company and Teather & Greenwood that they fall within one or more of the relevant exemptions set out in these regulations.

PART 4

ADDITIONAL INFORMATION

1. The Company and the Group

- (a) The Company was incorporated with limited liability in the Isle of Man as a public company limited by shares under the Law with registered number 115527C on 10 February 2006. The Company's registered office is at St James's Chambers, Athol Street, Douglas, Isle of Man, IM99 1PP; the telephone number of its registered office is 01624 661 020. It has a fixed life to 31 July 2011, being the Repayment Date.
- (b) The Company is a wholly-owned subsidiary of EPIC, a closed-ended investment company also incorporated in the Isle of Man, whose registered office is the same as the Company's.
- (c) Under the Law, the Company has the capacity, rights, powers and privileges of an individual. It is not required to have an objects clause in its Memorandum of Association.
- (d) In addition to the Company, EPIC has two other wholly-owned subsidiaries, EPIC Finance Company Limited and Meg & Mog Rights Limited. EPIC Finance Company Limited is a limited company incorporated in the Isle of Man, the entire issued share capital of which was acquired by EPIC during the financial year ended 31 July 2005. Meg & Mog Rights Limited is a limited company incorporated in the Isle of Man which held the rights relating to EPIC's investment in the animation series "Meg and Mog"; after ITV decided not to commission a second series of Meg and Mog in November 2004 the investment of EPIC in this subsidiary was written down to zero. The Company itself has no subsidiaries.

2. Share capital

EPIC

- (a) EPIC was incorporated with an authorised share capital of £13,500,000 divided into 45,000,000 Income Shares and 90,000,000 Capital Shares. At incorporation, two Capital Shares were subscribed, not paid, by the subscribers to the Memorandum of Association.
- (b) The authorised share capital and the issued share capital of EPIC as at 31 July 2005 was as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>No of Shares</i>	<i>£ Nominal</i>	<i>No of Shares</i>	<i>£ Nominal</i>
Capital Shares	75,000,000	7,500,000	34,561,666	3,456,167
Income Shares	45,000,000	4,500,000	20,736,333	2,073,633
Warrants	15,000,000	1,500,000	6,912,333	691,233

20,736,333 Income Shares and 34,561,661 Capital Shares were allotted and issued on 17 August 2001 pursuant to the placing carried out in connection with the IPO. Each Capital Shareholder who subscribed under the placing carried out in connection with the IPO was issued Warrants (on the basis of 1 Warrant for every 5 Capital Shares subscribed) entitling the holder to subscribe for Capital Shares on any date at a subscription price of 100p per Capital Share. All Warrants can be exercised up to 30 November 2006. No Warrants have been exercised to date.

No Capital Shares or Income Shares have been issued since the IPO and no Warrants have been exercised.

The Company

- (a) The Company was incorporated with an authorised share capital of £100 divided into 100 Ordinary Shares. At incorporation, two Ordinary Shares were subscribed by the subscribers to the Memorandum of Association. One of these Ordinary Shares was transferred to EPIC on 9 March 2006. Barfield Nominees (IOM) Limited continues to hold the other issued Ordinary Share as a bare nominee for EPIC. On 3 April 2006 the share capital of the Company was increased to £3,000,100 by the creation of 30,000,000 Zero Dividend Preference Shares.
- (b) Following the Placing, assuming that 20,000,000 Zero Dividend Preference Shares are issued under it, the authorised and issued share capital of the Company will be as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>No of Shares</i>	<i>£ Nominal</i>	<i>No of Shares</i>	<i>£ Nominal</i>
Ordinary Shares	100	100	2	2
Zero Dividend Preference Shares	30,000,000	3,000,000	20,000,000	2,000,000

- (c) The Zero Dividend Preference Shares are to be created under the Law and denominated in Sterling.

The Zero Dividend Preference Shares will be in registered form. They will be capable of being held in certificated form or in uncertificated form and traded through CREST. The records in respect of shares held in uncertificated form will be maintained by CRESTCo and the Registrar.

The Zero Dividend Preference Shares will be authorised by the Company's Memorandum of Association.

Thereafter, the issue and allotment of the Zero Dividend Preference Shares will be made by resolution of the Directors of the Company pursuant to the powers conferred on them by the Articles. It is intended that the Zero Dividend Preference Shares will be issued on the date that Admission becomes effective.

The Zero Dividend Preference Shares will be transferable in accordance with the provisions of the Articles set out at paragraph 3.2(i) below.

- (d) There have been no public takeover bids by third parties for all or any part of the Company's equity share capital since its incorporation.

3. Memorandum and articles of association

3.1 *Memorandum of Association*

The following is the full text of the Memorandum of Association of the Company:

THE COMPANIES ACTS 1931 to 1993
ISLE OF MAN
A COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
EPIC Securities plc

1. The name of the Company is EPIC Securities plc.
2. The Company is a public company.
3. The liability of the members is limited.
4. Restrictions, if any, on the exercise of the rights, powers and privileges of the Company:
None, unless and until decided upon by Special Resolution of the Company in accordance with Section 6 of the Companies Act 1986.
5. The Share Capital of the Company is £100 divided into 100 Ordinary Shares of £1 each.

We, the subscribers to this memorandum of association:

- (a) wish to be formed into a Company pursuant to this memorandum;
- (b) agree to take the number of shares shown opposite our respective names;
- (c) declare that all the requirements of the Companies Acts 1931 to 1993 in respect of matters relating to registration and of matters precedent and incidental thereto have been complied with.

<i>Names and addresses of subscribers</i>	<i>Signatures</i>	<i>Number of Shares Taken</i>
Barfield Nominees (IOM) Limited St James's Chambers Athol Street Douglas Isle of Man IM1 1JE		One
Pollett Limited St James's Chambers Athol Street Douglas Isle of Man IM1 1JE		One

3.2 Articles of Association

Set out below is a summary of the key provisions of the Articles.

(a) Votes of Members

The Ordinary Shareholders have the right to receive notice of, and to attend, general meetings of the Company.

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 holder of Ordinary Shares who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of each Ordinary Share held.

(b) Restrictions 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 shareholder interests and given under Article 85 of the Articles (see (f) below) within such reasonable time as may be specified in 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.

(c) Variation of Rights

The special rights attached to any class of shares may (unless otherwise provided by the terms of the issue) be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons at least holding or representing by proxy one third in nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those shareholders who are present shall be a quorum). 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 shall not be deemed to be varied by the creation of or issue of further shares ranking *pari passu* therewith (save as to the date from which such new shares shall rank for dividend) 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 or by the reduction of capital paid up on such shares or by the purchase or redemption by the Company of its own shares in accordance with the Law and the Articles.

(d) Dividend and capital entitlement

On a winding up or other return of capital, the holders of the Ordinary Shares shall be entitled, *pro rata* to their holdings, to all the assets of the Company available for distribution to shareholders after satisfaction of the entitlement of the holders of the Zero Dividend Preference Shares (detailed at paragraph 3.3(b) below).

(e) Redemption

The Articles provide for the Company to redeem all of the Zero Dividend Preference Shares on the Repayment Date. There shall be paid on each Zero Dividend Preference Share redeemed on the Repayment Date an amount equal to 139.3p.

(f) 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, issue warrants in respect of or otherwise dispose of them to such persons, at such times and generally on such terms and conditions as they determine. However, save as described in paragraph (g) below, the Company may not, without the previous sanction of an extraordinary resolution passed at a separate class meeting of the Zero Dividend Preference Shareholders convened and held in accordance with the requirements set out in paragraph (c) above, issue, and shall, so far as it is able, procure that no other member of the Group shall issue, any further shares or rights to subscribe for or convert any securities into shares in any member of the Group or reclassify issued share capital into shares of a particular class where such shares would on issue, conversion or reclassification rank as to capital in priority to or *pari passu* with the Zero Dividend Preference Shares (taking account, for this purpose, of any liabilities corresponding to and supporting such shares or securities).
 - (iii) The Company may on any issue of shares pay such brokerages and/or commissions as may be fixed by the Board and disclosed in accordance with the Law.
 - (iv) No person shall be recognised by the Company as holding any shares upon any interest other than an absolute right of the registered holder to the entirety of a share.
- (g) Issues of further shares or securities ranking ahead of or equal to the Zero Dividend Preference Shares

Notwithstanding paragraph (f)(ii) above, any member of the Group may, without the sanction of the Zero Dividend Preference Shareholders, subject as provided in the relevant company's articles of association, issue any Relevant Securities or Relevant Rights or reclassify any Relevant Existing Shares provided that the Company's auditors shall have reported to the Directors of the Company prior to the Issue Date that, in their opinion, were the Relevant Securities to be issued, the Relevant Rights to be issued and immediately exercised or the Relevant Existing Shares to be reclassified on the Issue Date, the Zero Dividend Preference Shares in issue immediately after the Issue Date would have a Cover which is not less than the Cover of the Zero Dividend Preference Shares in issue at the Calculation Date and, for this purpose, the Cover of the Zero Dividend Preference Shares shall be the number resulting from the following formula:

$$(T - L) \div Z$$

Where:

- “T” is the value of the total assets of the Group (valued in accordance with the Company's accounting policies), less the consolidated current liabilities of the Group (other than bank or other borrowings to the extent that they are classified as current liabilities);
- “L” is the liabilities of the Group (but excluding the current liabilities of the Group (other than bank or other borrowings to the extent that they are classified as current liabilities) and any intra-Group liabilities corresponding to and supporting the Zero Dividend Preference Shares or any other issued share capital ranking as to capital in priority to or *pari passu* with the Zero Dividend Preference Shares); and
- “Z” is the aggregate of the total amount payable on the repayment of the Zero Dividend Preference Shares on the Repayment Date, the total amount payable on the repayment or redemption of any other issued share capital of any member of the Group which ranks as to capital in priority to or *pari passu* with the Zero Dividend Preference Shares and fails to be repaid or redeemed on or prior to the Repayment Date and the total capital entitlement as at the Repayment Date in respect of any other issued share capital of any member of the Group which ranks as to capital in priority to or *pari passu* with the Zero Dividend Preference Shares and falls to be repaid or redeemed after the Repayment Date.

The Cover of the Zero Dividend Preference Shares in issue as at the Calculation Date shall be calculated by:

- (1) reference to the assets and liabilities of each member of the Group as at the Calculation Date (and, for this purpose, any rights to subscribe for or convert any securities into shares in any member of the Group outstanding at the Calculation Date shall be deemed to have been exercised immediately prior to, and such shares shall be deemed to be in issue at, the Calculation Date); and

- (2) making such adjustments (including any such as they consider appropriate in respect of liabilities effectively ranking behind the Zero Dividend Preference Shares) as the auditors of the Company may consider appropriate;

and the Cover of the Zero Dividend Preference Shares immediately after the Issue Date (were the Relevant Securities to be issued, the Relevant Rights to be issued and immediately exercised or the Relevant Existing Shares to be reclassified on the Issue Date) shall be calculated by:

- (1) reference to the assets, liabilities and issued share capital of each member of the Group as at the Calculation Date (and, for this purpose, any rights to subscribe for or convert any securities into shares in any member of the Group outstanding at the Calculation Date shall be deemed to have been exercised immediately prior to, and such shares shall be deemed to be in issue at, the Calculation Date);
- (2) adjusting “T” in the above formula by adding the minimum or estimate minimum aggregate net consideration (if any) which would be received by any member of the Group were the Relevant Securities (and any other shares proposed to be issued in connection with or consequent upon the issue of the Relevant Securities) issued or the Relevant Rights to be issued and immediately exercised;
- (3) adjusting “L” in the above formula by adding the maximum or estimated maximum aggregate amount of any monies proposed to be borrowed by any member of the Group in connection with or consequent upon the issue of the Relevant Securities or the Relevant Rights or the reclassification of the Relevant Existing Shares (notwithstanding that such monies may not be drawn down until a date later than the date on which the Relevant Shares or the Relevant Rights are issued or the Relevant Existing Shares are reclassified), provided that there shall be excluded from “L”, as adjusted in accordance with this sub-paragraph (3), any intra-Group liabilities which will correspond to and support the Relevant Securities or the shares, which will arise on the exercise of the Relevant Rights, or the reclassification of the Relevant Existing Shares;
- (4) adjusting “Z” in the above formula by adding the maximum or estimated maximum total amount payable on the redemption or repayment of the Relevant Securities, the shares which will arise on the exercise of the Relevant Rights or the shares which will arise on the reclassification of the Relevant Existing Shares if such shares fail to be repaid or redeemed on or prior to the Repayment Date or by adding the maximum or estimated maximum total capital entitlement as at the Repayment Date in respect of the Relevant Securities, the shares which arise on the exercise of the Relevant Rights or the shares which will arise on the reclassification of the Relevant Existing Shares if such shares fail to be repaid or redeemed after the Repayment Date; and
- (5) making such other adjustments (including any such as they consider appropriate in respect of liabilities effectively ranking behind the Zero Dividend Preference Shares) as the auditors of the Company consider appropriate.

For the purposes of this sub-paragraph (g):

“Calculation Date” means the close of business on a date which is not earlier than 60 days prior to (and excluding) the Issue Date or, at the discretion of the Directors in the case of any Relevant Securities or Relevant Rights proposed to be issued or Relevant Existing Shares proposed to be reclassified in any manner which would require to be approved by a resolution of the shareholders (or any class of shareholders) of any member of the Group, the close of business on a date which is not earlier than 60 days prior to (and excluding) the date of the announcement of such proposed issue or reclassification or, if applicable and earlier, the date of any announcement of the intention to make such proposed issue or reclassification;

“Issue Date” means the date on which it is proposed to allot the Relevant Securities, issue the Relevant Rights or reclassify the Relevant Existing Shares or, if such allotment, issue or reclassification may take place on more than one date, the first of such dates;

“Relevant Existing Shares” means any issued shares in any member of the Group proposed to be reclassified into shares of a particular class where such shares would on reclassification rank as to capital in priority to or *pari passu* with the Zero Dividend Preference Shares (taking account, for this purpose, of any intra-Group liabilities corresponding to and supporting such shares on issue);

“Relevant Rights” means any rights to subscribe for or convert any securities into shares in any member of the Group proposed to be issued where such shares would on issue or conversion rank as to capital in priority to or *pari passu* with the Zero Dividend Preference Shares (taking account, for this purpose, of any intra-Group liabilities corresponding to and supporting such shares on issue); and

“Relevant Securities” means any shares in any member of the Group proposed to be issued where such shares would on issue or conversion rank as to capital in priority to or *pari passu* with the Zero

Dividend Preference Shares (taking account, for this purpose, of any liabilities corresponding to and supporting such shares on issue).

(h) 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. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine. If any member is in default in supplying to the Company the information required by the Company within the prescribed period, unless the Board determines otherwise, 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 any dividends payable on such shares will be retained by the Company (without interest) and no transfer of the shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

(i) Uncertificated shares

The Articles are consistent with CREST membership and, *inter alia*, allow for the holding and transfer of shares in uncertificated form.

(j) Transfer of shares

If the Directors determine that the shares may be held in certificated form, the following shall apply to the transfer of shares held in such form: subject as provided below, any member may transfer all or any of his shares by instrument of transfer in any form which the Directors may approve. The instrument of transfer of a share shall be signed by or on behalf of the transferor. The Directors may refuse to register any transfer of shares unless the instrument of transfer is lodged at the registered office accompanied by the relevant share certificate(s) and such other evidence and documents as the Directors may reasonably require to show the right of the transferor to make the transfer and to comply with money laundering compliance and similar matters. 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.

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.

(k) Compulsory transfer of shares

In respect of Shares held in certificated form (and in respect of Shares held in uncertificated form to the extent compatible with the CREST regulations), the Board may refuse to register any transfer of shares, or may require the transfer of shares owned or which appear to be owned directly by any person who, by virtue of his holding, may in the opinion of the Directors cause or be likely to cause the Company or shareholders of the Company some legal, pecuniary or material disadvantage.

(l) Alteration of capital and purchase of shares

The Company may from time to time by ordinary resolution increase its authorised 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 Law, purchase its own shares (including any redeemable shares) in any manner authorised by the Law.

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

The Company may by special resolution reduce its share capital, any redemption reserve or any share premium account in any manner permitted by and with and subject to any consent required by the Law.

(m) 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, directly or indirectly, 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 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) contract, arrangement, transaction or proposal concerning or the offer of shares, debentures or other 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 or may participate;
 - (4) any proposal concerning any other company (except the Investment Manager or any of its subsidiaries) which he is interested, directly or indirectly, as an officer, creditor 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 any third company through which his interest is derived) 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 the Directors or persons including the Directors.
 - (iii) Any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor, 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.
- (n) Remuneration and Appointment of 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 £100,000 per annum (or such sum 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 to tenure of office and otherwise as the Directors may determine.
 - (iii) 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 be eligible for re-election at the next annual general meeting following his appointment. 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. The Directors may from time to time appoint one or more of their body to the office of managing director or to any other office for such term and at such remuneration and upon such terms as they determine.
 - (iv) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where 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.

- (o) Retirement, Disqualification and Removal of Directors
- (i) There is no obligation on the Directors to retire by rotation.
 - (ii) A Director shall not be required to hold any qualification shares.
 - (iii) There is no age limit at which a Director is required to retire.
 - (iv) 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 three consecutive Board meetings 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 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.
- (p) Dividends
- (i) Subject to the rights of persons entitled to shares with special rights as to dividends, the Company in general meeting may declare a dividend but no dividend shall exceed the amount recommended by the Directors.
 - (ii) The Directors may if they think fit from time to time pay the members such interim dividends as appear to be justified by the profits of the Company.
 - (iii) 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 12 years from the date of declaration of such dividend shall (if the Board so resolves) be forfeited and shall revert to the Company.
 - (iv) The Directors are also 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.
- (q) Duration of the Company
- The Company will have a fixed life to the Repayment Date.
- The Directors shall convene an extraordinary general meeting of the Company to be held on the Repayment Date at which a resolution shall be proposed requiring that the Company be wound up voluntarily pursuant to the Law. At any such extraordinary general meeting, the Ordinary Shareholder and the Zero Dividend Preference Shareholders who (being individuals) are present in person or by proxy or (being corporations) are present by proxy or by duly authorised representative and entitled to vote and who vote in favour of the resolution shall, on a poll, have such number of votes in respect of each share held by them (including fractions of a vote) so that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of votes cast against the resolution and each member present in person or by proxy and entitled to vote and who votes against such resolution shall on a poll have one vote for each share held.
- (r) Offer to Zero Dividend Preference Shareholders
- If an offer is made to all Zero Dividend Preference Shareholders (other than the offeror and/or persons controlled by or acting on concert with the offeror) which becomes or is declared unconditional in all respects prior to the Repayment Date, which offer entitles the Zero Dividend Preference Shareholders to receive not later than the Repayment Date an amount in cash equal to not less than that to which the Directors estimate (so far as practicable at the time) that such Zero Dividend Preference Shareholders would otherwise have been entitled on a winding-up of the Company as a result of the passing of the resolution referred to in sub-paragraph (q) above (ignoring any option for alternative consideration pursuant to such offer) and such offer is recommended by the Directors and is stated to be, in the opinion of a financial adviser appointed by the Company, fair and reasonable, then the provision referred to in sub-paragraph (q) above shall not apply and at any general meeting of the Company or separate general meeting of the Zero Dividend Preference Shareholders held between the date of making such recommendation and the Repayment Date (both dates inclusive) the provisions relating to voting in sub-paragraph (t) below shall apply to any resolution or resolutions recommended by the Directors (a “**Recommended Resolution**”) and stated to be, in the opinion of the financial adviser appointed by the Directors, fair and reasonable.

(s) Reconstruction Resolution

If at any general meeting held on a day on which the resolution to wind up the Company pursuant to the provisions referred to in sub-paragraph (q) above would otherwise be or be required to be proposed (or within 14 days prior thereto) there is proposed any resolution (a “**Reconstruction Resolution**”) to sanction any form of arrangement (whether involving the winding up of the Company, the redemption, purchase or repurchase of the Zero Dividend Preference Shares or otherwise) which would enable the Zero Dividend Preference Shareholders to receive no later than the Repayment Date an amount in cash equal to not less than that to which the Directors estimate (so far as practicable at the time) such holders would otherwise have been entitled on a winding up of the Company as a result of the passing of the resolution referred to in sub-paragraph (q) above (ignoring any options they may be given to elect to receive the entitlement otherwise than in cash pursuant to the arrangement) then the provisions referred to in sub-paragraph (q) above shall not apply and the provisions relating to voting in sub-paragraph (t) below shall apply in respect of any Reconstruction Resolution.

(t) Voting on a Recommended Resolution or a Reconstruction Resolution

Where any resolution or resolutions are proposed pursuant to the provision of the Articles referred to in sub-paragraph (r) or (s) above:

- (i) the Ordinary Shareholders present in person or by proxy and entitled to vote and who vote (whether for or against) on such resolution at any extraordinary general meeting of the Company shall, on a poll, have for each Ordinary Share such number of votes as is equal to four times the number of votes cast in aggregate by the Zero Dividend Preference Shareholders; and
- (ii) those Zero Dividend Preference Shareholders in person or by proxy and entitled to vote and who vote in favour of such resolution at a separate general meeting of the Zero Dividend Preference Shares shall, on a poll, have such number of votes in respect of shares held by them (including fractions of a vote) so that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of such shares in respect of which votes are cast against the resolution and each Zero Dividend Preference Shareholder present in person or by proxy and entitled to vote who votes against such resolution shall, on a poll, have one vote for each share held by him, provided that, if any term of any offer or arrangement referred to in sub-paragraphs (r) and (s) above (as regards any one or more Zero Dividend Preference Shareholders) shall have been breached (other than by such Zero Dividend Preference Shareholder(s)) in any material respect of which the chairman of the meeting has received written notice prior to the commencement of such meeting, each holder shall, at any such meeting at which such holder is present in person or by proxy and entitled to vote, on a poll, have one vote for each such share held by him.

(u) Borrowing Restrictions

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 debenture and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party provided that the Board shall restrict the borrowings of the Company so as to secure that the aggregate amount for the time being of all borrowings by the Company shall not without the previous sanction of an ordinary resolution of the Company exceed 5 per cent. of the adjusted capital and reserves as calculated in accordance with the Articles.

(v) Register of Shareholders

The register of Shareholders is kept in the Isle of Man pursuant to the Law.

3.3 *Rights attaching to the Zero Dividend Preference Shares*

The Articles include provisions setting out the rights attaching to the Zero Dividend Preference Shares as follows:

(a) As to Income

The Zero Dividend Preference Shares shall carry no right to dividend out of the profits of the Company.

(b) As to Capital

On a return of assets on liquidation, after payment of all creditors of the Company, in priority to any other payments to Shareholders, there shall be paid to the holders of the Zero Dividend Preference Shares from the surplus assets of the Company an amount equal to 100p per Zero Dividend Preference

Share as increased daily at such compound rate as would give a final capital entitlement of 139.3p on the Repayment Date. The first such increase will occur on the first day after dealings commenced in the Zero Dividend Preference Shares on the London Stock Exchange and the last will occur on the date of actual payment.

(c) *As to Voting*

Zero Dividend Preference Shareholders will not have the right to receive notice of any general meeting of the Company or to attend or vote at any such meeting except in respect of any resolution altering, modifying or abrogating any of the special rights and privileges attached to the Zero Dividend Preference Shares or to wind-up the Company.

3.4 *Pre-emption rights*

Neither the Articles nor Isle of Man companies legislation confer on Shareholders any rights of pre-emption in respect of the allotment of equity securities.

4. Principal Bases and Assumptions

Set out below are the principal bases and assumptions used in deriving the illustrative statistics representing the Cover and Hurdle Rates for the Zero Dividend Preference Shares following the repayment of the Bank Loan and the Placing.

4.1 *Proceeds*

20 million Zero Dividend Preference Shares are issued pursuant to the Placing at 100p per share on 24 April 2006 and redeemed at 139.3p per share on the Repayment Date.

4.2 *Bank borrowings*

On 24 April 2006 the Bank Loan will be repaid in full from the proceeds of the Placing together with accrued interest, amounting to a total of £17.6 million. There will be no further borrowings prior to the Repayment Date.

4.3 *Gross assets and investment portfolio yield*

The Total Assets prior to completion of the Placing amount to £80.2 million, and the overall investment portfolio yield is 4.0 per cent.

4.4 *Dividends on Income Shares*

The dividend payable on the Income Shares will continue at the rate of 2.77265p per quarter in the current year and will be increased at the rate of 2.5 per cent. per annum through to the Repayment Date.

4.5 *Costs of the Placing and the Proposals*

The costs of the Placing and the Proposals are £750,000.

4.6 *Taxation*

All income will be effectively unfranked and the Group pays no corporation tax. There are no changes to taxation legislation and practice, nor to accounting practice, material to the Group in the period to the Repayment Date.

4.7 *Management fees and operating costs*

Investment management fees will be 1 per cent. per annum of Total Assets plus 0.5 per cent. per annum of the Private Equity Portfolio which comprises 30 per cent. of Total Assets (excluding VAT) and operating costs will be £575,000 per annum, increasing by 2 per cent. per annum in the period to the Repayment Date.

No provision has been made for investment management performance fees.

4.8 *Rights attaching to securities and further issues of securities*

The rights attaching to the Group's securities are not altered except as set out in this document and no further issues of such securities are made in the period to the Repayment Date. It is assumed that none of the Warrants is exercised.

5. Interests of the directors, major shareholders and related party transactions

5.1 Directors' interests

As at the date of this document, none of the Directors had any interests in the share capital of the Company or intends to subscribe for Zero Dividend Preference Shares in the Placing, although Mr. Donald Adamson holds 50,000 Income Shares, 50,000 Capital Shares and 10,000 Warrants.

5.2 Directors' remuneration

5.2.1 There are no existing or proposed service contracts between any of the Directors and the Company. Each Director acts as a non-executive director of the Company. It is proposed that each Director will enter into a letter of appointment with the Company, pursuant to which their appointments will be terminable by either party on 3 months' written notice. The periods of appointment for the Directors are as follows:

- Cameron McPhail – appointed on 17 February 2006
- Donald Lindsay Adamson – appointed on 17 February 2006
- Donald Cecil McCrickard – appointed on 17 February 2006
- Martin Williaume Richardson – appointed on 17 February 2006
- Philip Peter Scales – appointed on 17 February 2006
- Cormac O'Keeffe – appointed on 20 March 2006

The letters of appointment will not provide for the payment of fees.

5.2.2 Since incorporation, the Company has not paid any amount of remuneration (including benefits in kind, pension contributions and any contingent or deferred consideration) to its Directors. However, in the financial year to 31 July 2005, EPIC paid directors' fees of £58,909, as follows:

- Cameron McPhail – £12,034
- Donald Lindsay Adamson – £15,000
- Donald Cecil McCrickard – £16,875
- Martin Williaume Richardson – £15,000

5.2.3 There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors.

5.2.4 The Company has not made any loans to the Directors nor has it provided any guarantees for the benefit of any Director or the Directors collectively.

5.3 Major shareholders

5.3.1 Save as set out below, the Company and the Directors are not aware of any person, who directly or indirectly, jointly or severally, exercises or could exercise control over the Company. The Company's major shareholders do not have different voting rights.

	<i>Before Admission</i>		<i>Following Admission</i>	
	<i>No of Ordinary Shares</i>	<i>% of existing issued Share Capital</i>	<i>No of Ordinary Shares</i>	<i>% of existing issued Share Capital</i>
The Equity Partnership Investment Company PLC*	2	100	2	100

* One Ordinary Share is held by Barfield Nominees (IOM) Limited as a bare nominee for EPIC.

5.3.2 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

5.4 *Other interests*

5.4.1 Over the five years preceding the date of this document, the Directors of the Company have been members of the following administrative, management or supervisory bodies or directors or partners of the following companies and partnerships:

Cameron McPhail

Current directorships and partnerships: The Equity Partnership Investment Company PLC; Field of Dreams Limited; Flower and Plant Nurseries Limited

Previous directorships and partnerships: Adam & Co PLC; AT Mays Travel Group Limited; Coutts & Co; Durrell Wildlife Conservation Trust; Isle of Man Bank; Jersey Post Office; Jersey States Public Accounts Committee; Natwest Offshore Limited; Newton Fund Management International (Jersey) Limited; Royal Bank of Scotland Limited

Donald Lindsay Adamson

Current directorships and partnerships: The Equity Partnership Investment Company PLC; EPIC Reconstruction PLC; Research & Consulting Associates Limited; Forbes Limited; Daglingworth Limited; Pantheon USA Fund Limited; Pantheon Asia Fund Limited; Pantheon USA Fund II Limited; Meridian Asset Management (CI) Limited; Pantheon Europe Limited; Pantheon Asia Fund II Limited; Pantheon USA Fund III Limited; Hanseatic Asset Management LBG; Park Heights Limited; Pantheon Global Secondary Fund Limited; Invesco Leveraged High Yield Fund Limited; Pantheon Europe II Fund Limited; Saanen Limited; Pantheon USA IV Limited; Launen Limited; Pantheon Asia Fund III Limited; Lindsell Train Investment Trust PLC; Network CPD Limited; Lindsell Train Japan (Accumulator) Inc; Lindsell Train Japan (Distributor) Inc; Lindsell Train Japan (General Partner) Inc; Pantheon Europe Fund III Limited; Lindsell Train Global Media (Distributor) Inc; Lindsell Train Global Media (Accumulator) Inc; Lindsell Train Global Media (General Partner) Inc; Pantheon USA Fund V Limited; Pantheon Global Secondary Fund II Limited; Pantheon USA Fund IV Limited; Pantheon Europe Fund IV Limited; Hotel Corporation PLC; F&C Commercial Property Trust Limited; Pantheon Asia Fund IV Limited

Previous directorships and partnerships: Counterpoint Corporate Consultants Limited; Fitzrovia International Limited; 450 Wire Free Systems Fund Limited; Juno International Participations Limited; Juno Participations (Canada) Limited; Alternative Investment Strategies Limited; The Bayard Fund Limited; European Fund Dynamics Limited; Pantheon Secondary Interests Limited

Donald Cecil McCrickard

Current directorships and partnerships: The Equity Partnership Investment Company PLC; Verandi Limited; Brit Insurance Holdings PLC; The European Convergence Property Company PLC; National Counties Building Society

Previous directorships and partnerships: Industry in Education Limited; Demica Limited; London Town PLC; London Town Assured Properties Limited; DigitalBrain PLC; Hemisphere Properties PLC; Allied London Properties PLC

Martin Williaume Richardson

Current directorships and partnerships: 1 Beacon Court 43F LLC; A.G.S. Investments Limited; A.N.T.I.M. Limited; ABR Investment Limited; Alps Global Holdings Ltd; Altiar Limited; Amidala Investments Ltd; Anser Limited; Arazan Limited; Arbomo Financial Limited; Arklow Property Limited; Arkona Investment Holdings Limited; Arunda Limited; aSmallWorld Ltd; Auldearn Holdings Inc; Automotive Design Limited; Azur International Trading Agency Limited; BB International Design Limited; Beacon Court (BVI) Ltd; Beacon Court 43F Corporation; Billiton ESOP Trustee Limited; Birdie Investments Limited; Blackfriars Properties Ltd; BOI Restaurants Limited; Brentstone Ltd; British Airways Employee Benefits Trustees (Jersey) Ltd; Broadfoot Investments Limited; Burty Property Limited; Bushland Investments Limited; Cadogan Property Holdings Limited; Cadogan Property Management Limited; Capotat Limited; Caumillaun Limited; Chemical Alloys Limited; Chesterfield Global Ventures Limited; Chesterton Global Ltd; Chestnut International AG; Chima Limited; Chittoe Property Limited; Chris Craft Limited; Clip Limited; Cloud McSky Investments Limited; Compass Overseas Limited; Coortown Holdings Limited; Cortec Holdings Limited; Credence Limited; Crown Securities Holding Limited; Daimler Investments Limited; Dali Holdings Inc; Dawfree Limited; DHK Investments Limited; Discovery Chalice Ltd; Diversified Portfolios Fund Limited; Domingo Associates Inc; Drayton Properties Limited; Eaglemount Limited; Elm Park Limited; Emergence Limited; Equity Partnership Investment Co PLC; Euro American Fine Arts Trading Limited; Falutdsan Limited; Findhorn Property Limited; Finlay Investment Holdings Ltd; Finzels Reach Limited; Firstgel Limited – In liquidation; Food and Agricultural Development Services Ltd; G.T & L.J. Properties Limited; Gibbs Overseas Ltd.; Giffex International Trading Company Limited; Gilroy Limited; Glade Limited; Glencoe Management Holdings Limited; Grantown Management Company Ltd; Hamble Investments Limited; Hampton Investments Management Ltd; Harvest Property Ltd; Herbert Estates Limited; Hidare Limited; Highgrove Limited; Hill Crescent Holdings Limited; HR Global Holdings Limited; Huntly Assets Holdings Ltd.; IFS (Panama) Inc.; Indian Motorcycle Limited; Innervation Limited; Intelligent Engineering (Bahamas) Limited; Intelligent Engineering Holdings Limited; Javerna Holdings Limited; Jordan Investments Limited; Kay Co. Ltd; Kilcoy Property Limited; Killala Fine Art Limited; Kin-Too Holding Inc; Kordis Holdings Limited; Lairg Investments Limited; Lanoitan Limited; Laporta Assets Limited; Lerwick International Holding Corp; Leverty Overseas Limited; Libgroup Jersey Holdings Limited; Liffe Investment Holdings Ltd; Lilienberg Investments Limited; Lockley Holdings Limited; Madrigal Holdings Limited; Mallaig Limited; Malmsley Properties Limited; Marine Finance Limited; Marmot Holdings Limited; Matignon Ltd.; Melior Street Ltd; Merchants Hansa Limited; Mercuitio Investments Limited; Messery Holdings Ltd; Minifa Holdings Limited; Miracross Limited; Mylestone Holdings Limited; Mylestone Promotions Limited; N.P. Finance Limited; New Ainsdale Holdings B.V.; Nexus Holdings Limited; North Atlantic Capital Limited; Northern Hemisphere Investments Limited; Oakwood Education Limited; Ocarina Properties Limited; OH Securities Limited; Ordnance Nominees Limited; Oxton Property

Limited; Paragon Holdings; Parket Limited; Parnassus Investment Limited; Peaktrade Holdings Limited; Penseys Limited; Peregrine Properties Limited; Peterhorn Property Limited; Picachon Investments Limited; Polo Events Management Limited; Portogon Investments SA; Portogon Properties Inc; Quarrington Holdings Limited; R&H Fund Services (Jersey) Limited; R&H Investments Limited; R&H Registrars (Jersey) Limited; R&H Trust Co (Jersey) Limited; Radar Trust Co. Limited; Rampart Holdings Limited; Real Estate Opportunities Limited; Reckitt Benckiser Employees' Trustees (Jersey) Ltd; RHM Trust Co Limited; RHR Trust Co Limited; Riga Treasury Limited; Rockmount Investments Limited; Rosebay Limited; Ross Securities Limited; Rubrique Holdings Limited; Sablonniere Ltd; Sambad Systems Limited; Sandpiper Property Ltd; Sandringham Limited; Sandy Financing Limited; Scawton Limited; Scott Gordon Limited; Seaharvest Property Ltd; Shambhala Holdings Limited; Southacre Investments Limited; Southern Hemisphere Investments Limited; Squirrel Financial Services Ltd; St Barnabas (Jersey) Limited; Strand Management Ltd; Strathpeffer Capital Limited; Success Diversified Global Ltd; Tabious Property Limited; Talico Overseas Ltd.; Talya Limited; Tarant Investments Ltd; Tasso Investments Holding Limited; The Equity Partnership Investment Company PLC; Thistle Properties Limited; Thompson Clive (Jersey No. 3) Limited; Thompson Clive (Jersey No. 4) Limited; Tolworth Investments Limited; Tops Investments Limited; Tops Trustees Limited; Torpy Limited; Tortoise Investment Holdings Ltd; Triennial Investments Limited; UBE-consulting Limited; Vallonia Enterprises Limited; Varine Holdings Ltd; Velan Software Limited; Ventouse Limited; Voltige Limited; Watermint Investments Limited; Woodbourne Nominees Limited; Woodbourne Secretaries (Jersey) Limited; Workvale Ltd – BVI; Worrell Holdings Ltd.; Yorkton Properties Inc.

Previous directorships and partnerships: 3 A Investments Limited; Abbey Holdings Limited; A-Can Technology (Bahamas) Limited; Acona Holdings Limited; Acreford Investments Limited; Adventor Limited; African Canadian Finance Company Limited; Afro American Finance Corporation; Alima Investments Limited; Alkanet Limited; Allerton Limited; Alpha Care Services Limited; Alpha Care Services Limited; Alpina Investments & Development Ltd – In Liquidation; Altra Technologies Limited; Alyan Capital Ltd; Amberley Overseas Developments Limited; Anamorphic Limited; Annulus Holdings Limited; Antalya Holdings Limited; Apricot Holdings Limited; Ararimu Holdings Limited; Ardconnel Holdings Limited; Argos Ventures Limited; Asdaico Limited; Aubrey Investments Limited – in Liquidation; Auroro Investments Limited; Avory Limited – In Liquidation; Avro Leasing Limited; Axiom Technology Resources Ltd; Badier Holdings Limited; Bagley Investments Limited; BAMT Limited; Beckett Limited; Berneray Services Limited; Best Investments Limited; Billiter Limited; Birgland Holdings Company Limited; Bishop Investments Limited; Black Pearl Entertainment Limited; Blackfeet Investments Ltd; Blue Bay Limited; Blue River Management Limited; Blue Stream Management Limited; Bonny & Blythe Limited; Boston Intervest Limited; Bramley Properties Limited; Bramsby Investments Ltd; Branta Limited; Buchanan Harvey & Co. Limited; Cadogan Property Design Limited; Cadogan Property Group Limited; Cadogan Residential Limited;

Cahill & Stuart Properties Limited; CAL International Limited; CAL Trading Systems Limited; Caledonian European Enterprises Limited; Ca'Limbo Holdings Limited; Calix Technology Limited; Cama Assets Limited; Camrose Investments Limited; Capstone Consulting Limited; Caramelita Limited; Caramelita Limited; Castledown Holdings Limited; Castleworth Limited; Catkin Limited; Caviat Risk Studies Limited; CBS Computer Purchasing And Sales Limited – In Liq; Chakra Holdings Limited; Chalet No. 3 Limited – BVI; Chalet No. 3 Limited – BVI; Chambord Fund Limited The.; Champion Investments Limited; Chartogon Investments N.V.- in Liquidation; Cheetah Management Ltd; Chellar Limited – In Liquidation; Chenonceaux Fund Limited – in Liquidation; Chimera Holdings Limited; China Tobacco Alliance Limited; Chrysalis Global Limited; Cindalin Holdings Ltd.-in liquidation; Coastlands Limited; Cofina Limited; Commodity Investments Limited; ComputaServe Ltd; Computer Personnel Limited; Control Investments Limited; Corpharm Limited; Cover Investments Limited; Coverinvest Limited; Crown Jewellery Consulting Limited; D.W. Holdings Limited; Daffodil Limited; Damon Hill Grand Prix Limited; Daviot Investments Limited; Delaford Limited; Delta Services Limited; Derynd Limited; Devonshire Assets Holdings Ltd; Difco Limited; Disegni Limited; Donalan Investments Limited; Dorcas Investments Limited – In Liquidation; Doreal Holding Corp.; Droy Limited; Dunlin Holdings Limited; Elk Capital Limited; Ellen House Investments Limited; Emerald Investments; Emperor Holdings Limited; Enzacor Properties Limited; Escalet Properties Limited; Estatecord Limited; Eterna Limited; F. M. Holdings Inc; F.S.S. (Channel Islands) Limited; Fair Light Property Ltd; Fair Oaks S.A.; Farthingwood Investments (BVI) Limited; Fern Investments Limited; Firwood Investments Limited; Flight Charter Services Limited; FMG Limited; FMS Trustees (Jersey) Limited; Fort Securities Limited; Fountain Limited; Fredic Limited; Fresco Holdings Limited; Galet Investments Limited; GHJ Holdings Limited; Gioia Limited; Global Rice (Brokers) Limited; Goal Investments Limited; Graphic Computers Limited; Greenhart Inc; Greystone Investment Holdings Limited; Grosvenor Commercial Limited; Grosvenor Property Management Limited; Group of Angels Holdings Limited; Hampvest Ltd (CAD); Handbrake Limited – in Liquidation; Hansal Holdings Limited; Hansard Finance Corporation Ltd; Harmony Holdings Limited; Haroky Holdings Limited; HDB Limited; Hedgeland Property Holdings Limited – in Liquidation; Helenia Limited; Highbrow Limited; Hogarth Holdings Limited – Bahamas; Hogarth Holdings Ltd – BVI; Homer Trading Limited; Honeycombe Holdings Limited; Horizon Investment & Asset Management Holdings Ltd; Horizon Investment Management International Ltd; Hunter Hayes (BVI); I.O.L. Services Limited; Ilona M.Y. Limited; Information Technology Worldwide Investments Ltd; Inker Properties Limited; Intent Management Ltd; International Tannin Trading Limited; Investar Financial Assets Limited; Jackie Stewart Events Limited – in Liquidation; Jermuda Limited; Joule Limited; Julberry Investments Limited – In liquidation; Kamon Limited; Kamora Limited; Kamora Limited; Karola Agencies Limited; Kazaz Limited – in Liquidation; Kelvin Resources Limited – In Liquidation; Keppel Holdings Limited; Kettleby Limited – In Liquidation; Knowlex a.r.l; Kyzyl Tan Consultants Limited; Lapwing

Limited; Lateen Investments Limited; Lawtop Trustees Limited; LB Racing Limited; Leo Holdings Limited; Life Benefit Investment Company Limited; Life Benefit Investors Limited; Liftec Limited; Lighthouse Investments Limited- In Liquidation; Lime Shipping Company Limited – In Liquidation; Locarno Holdings Limited; Lovette Property Holdings Ltd; Lucienne Holdings Limited – In Liquidation; Lyndale Real Estate SA; Lyon-Burwell Limited- In liquidation; Macaque Limited; MAM B.V.I. Company Ltd.; Mamluk Holdings Limited – In Liquidation; Manfid Limited; Mansfield Assets Limited; Marabou Panama Inc. – Non Charge; Master Art Limited; Maunsell Jersey Holdings Limited – in Liquidation; Mellow International Corp; Menlo Company Limited; Mervel Limited; Micromarvel Limited; Middelburg Investments Limited – in Liquidation; Middleway Corporation; Miglia Holdings Limited; Miramont Limited; Mirasol Limited; Mona Vale Corp.; Morlake Investments Limited; Mountain SA; Mountrock Holdings Limited – in Liquidation; Multiplex Investments Limited; Murray Johnstone (Jersey) Limited – In Liquidation; Murray SCOTS Portfolios Limited; MV Racing Ltd; N & H Holdings Limited; N. M. Trustee Company Limited; Nai Thon 1 Limited; Nai Thon 2 Limited; Nai Thon 3 Limited; Nai Thon 4 Limited; Nai Thon 5 Limited; Nai Thon 6 Limited; Napton Holdings Limited; Nikat Investments Limited; Nordic Energy Limited; Norris Embry Artworks Collection Limited; North Pole Limited; Norton Marketing and Advertising Limited; Nutcracker Holdings Limited; Nutmeg Limited; Oakshore Limited; Oakum Limited; Object Trading Limited; Ocean Finance Limited; Oceanboard Developments Pte Ltd; Okapi Trading Limited; Old Hanover Holdings Limited; Olvestment Limited; Olympic Pictures Limited; Omega Holdings Limited; Omodeo Limited; Onsgar Limited; Onslow Limited; Ormolu Holdings Limited; Oryx Limited; Oxus Holdings Limited; Palmyra Properties Limited; Pandora Gallery Limited; Panther Management Ltd; Parameter Limited; Parota Holdings S.A.; Partridge Properties Ltd; Pasquale Investments Limited; Patina Limited; Patralan Limited; Pavan Holding Limited; Peak Offshore Ltd – in Liquidation; Peasblossom Limited; Pedestal Investments Limited; Peerless Investments Limited; Pegasus International Investment Holdings Limited; Peshurst Investments Ltd.; Peregrine Limited; Perigee Investments Limited; Personal Choice Portfolios Limited; Petroci Trading International Limited; Phoenix Park Investments Limited; Pilgrims Ltd – in Liquidation; Pillar Holdings Limited; Pimley Holdings Limited; Plannex Inc; Podium Investments Limited – in Liquidation; Poivre Holdings Limited; Polytec Holdings Limited; Practice Services Limited; Premiership Marine Management Limited; Property Tech Limited; Purpose Management Ltd; Quincap Investments Limited; Quinprop Limited; R&H US Canadian Property Limited; Rare Aero Limited; Ratoon Limited; Refostar Limited; Rhodes Finance Corporation; Robertson Properties Ltd.; Robin Nest Limited; Romany Holdings Limited; RSG Consulting Limited; Samotraca Limited; Sandybrook Holdings Limited; Santana Investments (Cayman) Limited; Santana Shipping Group Limited; Sasa Holdings Limited; Schoodic Point Limited; Scottish Asian Investment Company Limited – In Liquidation; Second Titan Limited; Selandia Limited; Selbourne Limited; Shepton Inc.; Skiplam Investments Limited; Skua Investments Limited; SMJ

Limited; Solarex (BVI) Limited; Spackman Consultancy Services Limited – in Liquidation; Spanner Holdings Limited; Spinico Limited; Stacourt Limited; Stagerwing Limited; Stanford Consultancy Ltd; Star Hunter Limited; Starboard Management Ltd.; Starland Investments Limited; Statprop (Jersey) Limited; Stawley Investments Limited; Steadfast Investments Limited; Sthenos Holdings Limited; Stone Town Assets Limited; Stoney (Nottingham) Limited; Stuart Cloete Print Holdings Limited; Sumatra Investments Limited; Sunbeat Limited; Sunridge Limited; Sword Holdings Limited; T.R.M. Investments Limited; T.T.J. Properties Ltd; Tain Limited; Tamarin Holdings Limited; Tamerton Limited; Tandar Developments Limited; Targetrate Limited; TCRG Holdings Limited; Technology Systems Limited; Telemetry Investments Limited; Terra Firma Construction Ltd; Terrace Properties Limited; Thatchridge Limited – In Liquidation; Thermuthes Limited; Thurleigh Investments Limited – In Liquidation; Timberly Ltd; Titan Trust Services Limited; Tomalin Holdings Limited; Toplaw First Nominees Limited; Toplaw Second Nominees Limited; Toplaw Secretarial Services Limited; Toplaw Trustees Limited; Topmost Investments Limited; Touch Line Limited; Tradotec Limited; Transworld Enterprises Limited; Tredegar Investments Limited; Treyford Holdings Limited; Trinity Panama Inc – Non Charge; Trophy Investments Limited; United Cash Back Holding Limited; V.R.A.C. Limited; Vanquish Investments Limited; Vianney company limited; Victoria Place Limited; Virginia Estate Company; Virtual Sea Limited; Vital Asset Management Limited; Volcafe International Limited – in Liquidation; Warwick Antiques Centre Limited; Watton Limited – Main fund; Werdenfels Investments Ltd; West Property Holdings Limited – In Liquidation; Wexford Oil Holdings Ltd; Whitburn Investments Limited; Wicker Holdings Limited; Willmetts Investments Limited; Woodbourne Management Services Limited; Woodland Investments Limited; Workvale Limited – Ireland; WRH- Corporate Finance (Jersey) Limited; Xylo Holdings Limited; Yachtcord Limited; Yellow House Holdings Limited; Yendor Pharmaceutical Ltd; Yewfield Properties Limited; ZANY HOLDINGS (Jersey) Ltd; Zeni Investments Limited; Zeta Holdings Limited; Zither Limited

Philip Peter Scales

Current directorships and partnerships: Al Badour Investment Group Limited; A&M Overseas Limited (BVI); Ambridge Nominees Limited; Armier Limited; ASA Consultants (Isle of Man) Limited; Atlal Limited; Bamboo Investments (Isle of Man) PLC; Bargain Hunter Fund PLC; Barnalswick Limited; Birmingham Brindleyplace Capital (General Partner) Limited (UK); Birmingham Brindleyplace (General Partner) Limited (UK); Borchester Limited; Casterton Limited; Chip (One) Limited; Chip (Two) Limited; Chip (Three) Limited; Chip (Four) Limited; Chip (Five) Limited; Chip (Six) Limited; Chip (Seven) Limited; Climate Exchange PLC; Close High Income Properties PLC; Coltag Limited; Concord Advisory Services Limited (BVI); Concord Consultant Services Limited (BVI); Concord International Partners Limited; Concord National Investments Limited; Continental Corporate Opportunities Limited; CRC Limited; Crumpsall Limited; Dayem Limited; Derivatives Capital Management Limited; Diamond Investments (Overseas) Limited (Cyprus); Drava Limited; EPIC

Finance Company Limited; EPIC Reconstruction Property Company (IOM) Limited; EPIC Student Accommodation PLC; EPS Finance Limited (BVI); EPS Finance (IOM) Limited; Faris Limited; Felpersham Limited; Fenstock Limited; Flosshilde PLC; Flyford Limited; Frontier Commercial Property Fund PLC; Frontier Fund PLC; Frontier Global Stars Fund PLC; G.J. Events Limited; Galleone Investments Limited; Glengarry Limited; Gulf Development & Finance Limited; Gyda Limited; Haiser Limited (BVI); Hampshire Holdings Limited; Hammy Limited; Healthcare & Leisure Property Fund PLC; Higson Limited; Hindle Limited; Hovey Limited; Indiahold Limited (BVI); Irudnay (IOM) Limited; I.T. Ventures – Concord Misr (BVI) Limited (BVI); Kittery Limited; Kreon PLC; Land Investments PLC; Land Investments (One) Limited; Lesimo Limited; Linehall Limited; Manchester Square (General Partner) Limited (UK); Mediterranean Marine (IOM) Limited; Meg & Mog Rights Limited; Moore Holdings Limited; Neville James Secure Capital Growth Fund PLC; Neville James Zero Preference Fund PLC; Omega Derivatives Capital Limited; Omega (IOM) Limited; Pan African Holdings Limited; Poundsgate Limited; Priyanka Limited (BVI); Property Investment Portfolio PLC; Qabila Limited; Quantinvest Limited; Quantinvest Management Limited; Quartet Nominees Limited (UK); Quartet (Two) Limited (UK); Retford Limited; Salthouse Limited; SEIF Limited(BVI); SEIF Limited; SEIF Global Limited; SEIF (IOM) Limited; SEIF Services Limited (BVI); Shintillo Investments Limited; Stovell Limited; Tapton Limited; Tashkent Limited; Tenanted Inn Estates PLC; TEP Trading 1 Limited; TEP Trading 2 Limited; The Equity Partnership Investment Company PLC; The Golden Jubilee Trust; TIE South West Limited; TIE South East Limited; TIE Midlands Limited; Tiff Investments Limited (BVI); Trading Emissions PLC; Trading Emissions (Isle of Man) Limited; Traffic Limited; Trinity Capital PLC; Vale Nominees Limited; VAM II Limited; VAM III Limited; Wintney Limited; Yetminster Limited

Previous directorships and partnerships: ACE Dunfermline Limited; ACE East Grinstead Limited ACE (Four) Limited ACE Hartlepool Retail Limited; ACE Milton Keynes Limited; ACE (One) Limited; ACE Peterborough Limited; ACE Reading Limited; ACE (Two) Limited; ACE (Three) Limited; ACE Winchester Limited; Achille Boroli Limited; Active Commercial Estates Limited; Active Commercial Estates PLC; Alfaman Holdings Limited; Amil (Isle of Man) Limited; Annisfield Limited; Apoca Limited; Applecross Limited; Armstrong Investments Limited; Attard Limited; Aurum Investments Limited; Awrad Co Limited; Badran Co Limited; Ballinamore Limited; Balzan Limited; Ballyward Limited; Barcia Fine Arts Limited; Barfield Nominees (IOM) Limited; Bathgate Retail Park Investments Limited; BCEC I Limited; BCEC II Limited; BCEC III Limited; BCEC IV Limited; BCP Birmingham Limited; BCP City Gate Limited; BCP One Limited; BCP Two Limited; BCP Three Limited; BCP Wolverhampton Limited; Beachpalm Limited; Beresford Overseas Limited; Berkshire UK Industrial Properties (Isle of Man) PLC; Biscoe Limited; Blue Arch Limited; Bluegrass Investments Limited; Bonsall Limited; Bressenden Limited; Bretnor Limited; Brettonwood Limited; Brindle Limited; Brindleyplace (Inc) Nominees Limited; Brindleyplace (Cap) Nominees Limited; British Cable & Optical Fibres Limited; Bruno

Limited; Bunbury Limited; Burnham Properties Limited; Business Angels Investments Limited; Business Centre Properties PLC; Buskett Limited; Callowhill Limited; Captiva Investments Limited; Cardale Limited; Casolam Limited; Castellucio (One) Limited; Cervantes Limited; Champion Limited; Cherwell Limited; Chesero Limited; Chesterton Limited; Chip (Ipswich) One Limited; Chip (Ipswich) Two Limited; Choice Investments Limited; Cledford Limited; Closepip ISA and PEP PLC; Close Property Management (Isle of Man) Limited; Clough Road Hull Investments Limited; Coleshill Limited; Columb Limited; Colunas Limited; Colwall Limited; Como Investments Limited; Consultores Management Company Limited; Crenshaw Limited; Curdalworth Limited; Cuzco Investments Limited; Darland Limited; Dawnay, Day Carpathian PLC; Delphburn Limited; DFA Limited; Diana Limited; DIL Dortmund Investors Limited; Dolphin Fund PLC; Drakes Way Investments Limited; Dukkara Limited; Dunster Investments Limited; Eastchurch Limited; Eccleshall Limited; EPIC Select Opportunities Investment Company PLC; EPIC Structured Finance Limited; Equest Balkan Properties Limited; ER Limited; ER Investments Limited; Erandel Holdings Limited (BVI); ESN-Leader Capital Carried Interest Partner Limited; ESN-Leader Capital General Partner Limited; EU Euroinvest Fund; Evidental Limited; Explorer Investments Limited; Fallowfield Limited; Ferfil Limited; Fieldsons Limited; First Assured Rental Growth PLC; Fisher Limited; Fixed Uplift Properties PLC; Fort Administration Limited; Foundations Programme PLC; Foxgrove Limited; FPA Limited; Fraser (Isle of Man) Limited; Freshford Limited; Fringebar Properties Limited; FUP Bristol Lincoln Limited; FUP Liverpool 2 Limited; Gallectica Enterprises Limited; Gardenia Limited; Garthewin Limited; Gemms Cap Limited; Geryon Limited; Glaisdyke Limited; Gondar Investments Limited; Greenwich Limited; Greenlaw Limited; Guasta Arts Limited; Gulf Holdings Limited; Hackman Limited; Hajira Limited; Haiser Limited; Harboro Limited; Hardcastle Investments Limited; Havenport Limited; Heatherstone Limited; Heathwaite Limited; Hebatco Investments Limited; Hollywest Limited; Hollywood Green Investments Limited; Holmer Limited; Horizons Court Brentford Limited; Human Development Trademarks Limited; Hurumzi Limited; I.H. Business Development Co. Limited; International Fund Managers (Isle of Man) Limited; Invenium Limited; Jenigma Holdings Limited; Kallina Limited; Kappara Limited; Kenelm Limited; Kentish Limited; Kilmartin Limited; Koby Limited; Lacash Limited; Laffan Limited; Lanlerne Limited; La Rocca Investments Limited; Lavan Limited; Laxmi Limited; Ledson Limited; Lendalfoot Limited; Leo Bianco Limited; Lighthouse Estate Limited; Livingstone Limited; LJMC Services Limited; Lochbroom Limited; Loeven Limited; London Scottish (2004) Limited; London Scottish Re Limited; Loresho Limited; Lydford Limited; Manor Wood Limited; Maroya Limited; Marsascala Limited; Matchline Limited; Mawgan Limited; Meekland Holdings Limited; Medcini Limited; Medlock Limited; Medranow Limited; Menaul Limited; Milbreck Limited; Millbank Properties Limited; Mistra Limited; Monastir Limited; Montalbano Gallery Limited; Moorclose Limited; Morgan Care Holdings Limited; Mosta Limited; Morai Trading Limited; Mullally Limited; Narlin Limited; Neville James Fund Managers Limited; Normandy Limited; Northern Trust International Fund Administration

Services (Isle of Man) Limited; Northwich Investments Limited; Notre Dame Limited; Novia Limited; Oubliette Limited; Overlord Limited; Paisley Investments Limited; Palmayra Limited; Paradise Investments Limited; Peake Limited; Pelorus Property PLC; PIE R&D Limited; Policy Extra Holdings Limited; Pollett Limited; Portobello Limited; Praesepe Limited; Property Investments Eleven Limited; Property Investment Portfolio PLC; Quartet Commercial Properties PLC; Quartet (One) Limited; Quartz Limited; Radwell Limited; Raines Limited; Ramla Limited; Ransley Limited; Rassina Limited; Rath Dhu Limited; Red Lodge Limited; Relax Investments Limited; Relcon Limited; Rhos Investments Limited; Riameen Limited; Ricasoli Limited; Rinella Limited; Rolla Associates Limited; Rophi Corporation (BVI); Royalton Investments Limited; Rudy Limited; Rush Limited; Sachi Investment Company Limited; Saint Isidore Limited; Sarasota Limited; Sardinella Limited; Sardonyx Limited; Sassoon Limited; SCS Alliance Limited; S/D Flats Limited; Seaford Trading Company Limited; Seaton Investment Limited (Liberia); Selmun Limited; Senglea Limited; Sepoint Limited; Sheffield Trading Corp; Shefford Limited; Shiraz Investments Limited; Shire Park Welwyn Limited; Skynet Limited; SMC Consulting Limited; Snelgrove Limited; Snook Services Limited; Southfield Aircraft Limited; Southfields Limited; Speke Investments Limited; Spinelle Limited; St. Mary's Limited; Standhall Limited; Stonefold Limited; Stonykirk Limited; Stratford Limited; Subrun Investments Limited; Surveys Malawi Limited (Malawi); Symi Limited; TAMA (1993) Limited; Taria Investments Limited; Tarland Limited; Tatlow Limited; Telelink Swansea Investments Limited; Tenanted Inn Estates PLC; The Capital Appreciation Trust (Isle of Man) PLC; The Wych Cross Place Estate Company Limited; TIE Midlands Limited; TIE South East Limited; TIE South West Limited; TLT Investments Limited; Tinas Investments Limited; Tombstone Limited; Trimmingham Limited; Trustforte Management Limited; Tullmore Limited; UVI Limited; Valentia Enterprises Limited; Valleyview (IOM) Limited; VAM Limited; VAM American Special Opportunities Limited; VAM Funds PLC; VAM Growth Limited; VAM Managed Funds PLC; VAM Protected STAR Limited; Vela Co. Limited; Ventura Limited; Verdala Limited; Versailles Properties Limited; Verwood Limited; Vieville Limited; Villocq Investments Limited; Viscount Way Investments Limited; Voller Limited; Vorley Limited; Vumba Investments Limited; Wadson Limited; Walderslade Limited; Wardara Enterprises Limited; Waverley Limited; Waymark Limited; Weatherfield Limited; Wellesley House Investments Limited; Wellington House Investments Limited; White Gables Limited; Whitman Limited; Willake Limited; Wimbridge Limited; Wymouth Limited

Cormac O'Keeffe

Current directorships and partnerships: EPIC Reconstruction PLC; EPIC Finance Company Limited; The Equity Partnership Investment Company PLC; EPIC Structured Finance Limited; EPIC Reconstruction Property Company (Isle of Man) Limited

Previous directorships and partnerships: None

5.4.2 The Directors (in each case in the five years before the date of this prospectus):

- (a) do not have any convictions in relation to fraudulent offences;
- (b) have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- (c) do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

5.4.3 Save for the matters disclosed in paragraph 5.5 below and the fact that Cormac O’Keeffe is employed by the Administrator, there are no potential or actual conflicts of interest between the duties of the Directors to the Company and their private interests and/or other duties.

5.5 *Related party transactions*

5.5.1 The Company has not been party to, nor had any interest in, any related party transaction (as defined in IFRS) at any time since its incorporation.

5.5.2 EPIC’s audited financial statements for the years ended 31 July 2003, 2004 and 2005, which were prepared in accordance with IFRS, disclosed the following related party transactions:

Year ended 31 July 2005:

- (a) Mr Philip Scales, a director and the secretary of EPIC in the relevant period, was also a director of the Administrator and Registrar. Administration fees amounting to £106,070 were payable to the Administrator, calculated in accordance with the Previous Administration Agreement, of which £63,184 was outstanding as at 31 July 2005.
- (b) Investment management fees of £720,882 were payable to the Investment Manager, of which £222,793 was outstanding as at 31 July 2005. EPIC owned 29.9 per cent. of the equity of the Investment Manager in the relevant period.
- (c) Mr Don McCrickard, a director of EPIC, is also a non-executive director of Brit Insurance Holdings PLC. As at 31 July 2005, Brit Insurance Holdings PLC held 1,000,000 Income Shares, representing 4.82 per cent. of the issued Income Shares and 5,000,000 Capital Shares, representing 14.47 per cent. of the issued Capital Shares.

Year ended 31 July 2004:

- (a) Mr Philip Scales, the secretary of EPIC in the relevant period, was also a director of the Administrator and Registrar. Mr Vincent Campbell, a director of EPIC in the relevant period, was also a director of the Administrator and Registrar. Administration fees amounting to £110,303 were payable to the Administrator, calculated in accordance with the Previous Administration Agreement, of which £30,015 was outstanding as at 31 July 2004.
- (b) Investment management fees of £689,311 were payable to the Investment Manager, of which £200,953 was outstanding as at 31 July 2004. EPIC owned 29.9 per cent. of the equity of the Investment Manager in the relevant period.
- (c) Mr Jo Welman, a director of EPIC in the relevant period, is a 10 per cent. shareholder of the Investment Manager, with options to subscribe for a further 2 per cent. of these shares. Until May 2004, he was a director of Brit Insurance Holdings PLC, which as at 31 July 2004 held 5,000,000 Capital Shares and 1,000,000 Warrants. At this time, Brit Syndicates Limited held 3,550,000 Capital Shares, 3,450,000 Income Shares and 960,000 Warrants and Masthead Insurance Underwriting Limited held 7,000,000 Capital Shares and 1,150,000 Warrants.
- (d) Mr Don McCrickard, a director of EPIC, is also a non-executive director of Brit Insurance Holdings PLC.

Year ended 31 July 2003:

- (a) Mr Philip Scales, the secretary of EPIC in the relevant period, was also a director of the Administrator and Registrar. Mr Vincent Campbell, a director of EPIC in the relevant period, was also a director of the Administrator and Registrar. Administration fees amounting to £103,801 were payable the Administrator, calculated in accordance with the Previous Administration Agreement, of which £29,336 was outstanding as at 31 July 2003.

- (b) Investment management fees of £683,126 were payable to the Investment Manager, of which £216,846 was outstanding as at 31 July 2003. EPIC owned 29.9 per cent. of the equity of the Investment Manager in the relevant period.
- (c) Mr Jo Welman, a director of EPIC in the relevant period, is a 10 per cent. shareholder of the Investment Manager, with options to subscribe for a further 2 per cent. of these shares. He was also a director of Brit Insurance Holdings PLC in the relevant period, which as at 31 July 2003 held 5,000,000 Capital Shares and 1,000,000 Warrants. At this time Brit Syndicates Limited held 3,550,000 Capital Shares, 3,450,000 Income Shares and 960,000 Warrants and Masthead Insurance Underwriting Limited held 7,000,000 Capital Shares and 1,150,000 Warrants.
- (d) Mr Don McCrickard, a director of EPIC, is also a non-executive director of Brit Insurance Holdings PLC.
- (e) As at 31 July 2003, EPIC held 850,000 Brit Insurance Holdings PLC Ordinary Shares and 628,041 Brit 8.5 per cent. Convertible Unsecured Loan Stock 2000.

6. Additional information on the Directors

Cameron McPhail (Chairman) – Cameron is a banker specialising in investment management and private equity. Before becoming involved in a number of Channel Island based ventures, Cameron was the Chief Executive of The Royal Bank of Scotland's Wealth Management Division. Prior to this, he ran Royal Bank International. Cameron has an MA and a PhD in economics and an MBA.

Donald Adamson – Donald has over 20 years' experience of fund management, corporate finance and private equity in Edinburgh, London and Jersey. He is the principal of Research and Consulting Associates Limited, a specialist offshore consulting business. He serves as director or chairman of a number of listed and privately held investment companies, including EPIC Reconstruction PLC. He was awarded an MA in Economics and History from University College, Oxford, carried out post-graduate research at Nuffield Institute, Oxford and is a member of the Securities Institute.

Don McCrickard – Don was previously a director of American Express International Inc from 1978 to 1983, group chief executive of the TSB Group PLC from 1990 to 1992, TSB Bank PLC from 1989 to 1992 and chairman of Hill Samuel Bank from 1991 to 1992. He was also a member of the executive committee of the British Bankers Association and a member of the Bank of England's Deposit Protection Board. He is a fellow of the Chartered Institute of Bankers. He is currently chairman and non-executive director of a number of public and private companies, including Brit Insurance Holdings PLC.

Martin Richardson – Martin has been a partner of the Jersey practice of Rawlinson & Hunter, Chartered Accountants, since 1987, specialising in trust and mutual fund administration services to the financial services sector. He serves as a director of a number of listed and privately held investment companies. He has a BA in Science Engineering from the Royal Military College of Science, Shrivenham, and served in the Royal Engineers between 1968 and 1976. On leaving the Army he qualified as a chartered accountant with Coopers & Lybrand, Jersey, for whom he worked from 1976 to 1981.

Philip Scales – Philip is the Managing Director of IOMA Fund and Investment Management Limited and previously was the Managing Director of Northern Trust International Fund Administration Services (Isle of Man) Limited (formerly Barings (Isle of Man) Limited) from 1989 to December 2005. Prior to joining Northern Trust, he was employed by an English merchant bank. Northern Trust provides fund administration services and Philip has over 29 years' experience of working offshore in corporate and mutual fund administration. He is a fellow of the Institute of Chartered Secretaries and Administrators.

Cormac O'Keeffe – Cormac is a Guernsey resident and an employee of Northern Trust International Fund Administration Services (Isle of Man) Limited, who provide fund administration services to the Group. Cormac has worked in the financial services sector since graduating from Durham University with a law degree in 1996 and has a PGC in Securities Interests (Law) from King's College London. Prior to joining Northern Trust in September 2004, Mr O'Keeffe spent four years as the Compliance Officer and Company Secretary of Thames River Capital (UK) Limited, a London based hedge fund manager. Prior to joining Thames River, Cormac worked as an associate on an IMRO supervision team at the Financial Services Authority.

7. Net proceeds and expenses

The net proceeds of the Placing, after deducting the costs attributable to the implementation of the Proposals and the Placing, estimated at £750,000, and the payment of £231,000 crystallised by the cancellation of the interest rate swap on 23 February 2006, are estimated to amount to approximately £19 million.

8. Share option and share scheme arrangements

No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

9. Material contracts

The following are the only contracts which, not being contracts entered into in the ordinary course of business, are contracts which: (i) are or may be material and have been entered into by the Group within the two years immediately preceding the date of this document; or (ii) have been entered into by the Group at any time before the date of this document where those contracts contain provisions under which the Company has an obligation or entitlement which is or may be material to the Company as at the date of this document.

9.1 The Placing Agreement summarised at paragraph 10 of this Part 4.

9.2 The Investment Management Agreement dated 14 August 2001, as amended, between EPIC and the Investment Manager under which EPIC appointed the Investment Manager to be responsible for the management of EPIC's investment portfolio on a discretionary basis subject to the overall supervision of the EPIC Board.

The Investment Management Agreement was for an initial two year period and is terminable by either party by 12 months' prior written notice given at any time expiring on or after the first anniversary of the date of Admission, subject to earlier termination by either party in the event of, *inter alia*, a party having a receiver, administrator or liquidator appointed or committing a material breach of the Investment Management Agreement. The Investment Management Agreement will terminate automatically without compensation becoming payable to the Investment Manager upon the passing of a resolution for the reorganisation or winding up of EPIC. In addition, the Investment Management Agreement will be terminable forthwith at EPIC's option following any period of 180 days during which neither Jo Welman nor a replacement key director of the Investment Manager approved by the EPIC Board (previously or during such 180 day period) is available to perform his duties as an executive director of the Investment Manager.

The Investment Manager is entitled to a quarterly investment management advisory fee payable in arrears on 30 April, 31 July, 31 October and 31 January in each year equal to one quarter of one per cent. of Total Assets, valued at the close of business on the last business day of each quarter (together with any applicable VAT). The Investment Manager is also be entitled to a performance based fee in respect of any financial year where the growth in Net Asset Value of EPIC (after adding back the dividends paid by EPIC to the Income Shareholders during the relevant period and making adjustment for any Warrants exercised during the relevant period) exceeds a benchmark annual return of LIBOR (as at the first business day of the year in question) plus three (3) per cent. per annum. The performance fee, payable following publication of the audited accounts for the year in question, shall be an amount equal to 10 per cent. of any out-performance of the benchmark provided always that a performance fee will be payable only if and to the extent that the Net Asset Value of EPIC at the end of the year in question (adjusted as aforesaid) exceeds the highest Net Asset Value of EPIC recorded at the end of any previous year or the Net Asset Value of EPIC immediately following completion of the placing carried out in connection with the IPO (whichever is higher and subject in either case to adjustment as aforesaid). For the purposes of calculating any entitlement to a performance fee any investment of EPIC in the Investment Manager and any income derived from that investment will be ignored until such time as a market quotation or listing is obtained for the Investment Manager shares.

Under the terms of the Investment Management Agreement, where EPIC invests in any other investment vehicle(s) managed or advised by the Investment Manager or any associate, the aggregate fees receivable by the Investment Manager and any such associate from EPIC and such other investment vehicle(s) shall, unless the EPIC Board shall otherwise determine in any particular case, be adjusted so that no incremental benefit accrues to the Investment Manager as a result of such investment being made and the benefit of such adjustment shall be apportioned between EPIC and such other investment vehicle(s) in a manner to be approved by the EPIC Board.

The Investment Manager is entitled to be reimbursed all commissions, transfer fees, registration fees, stamp duty and similar liabilities, the fees of any advisers appointed pursuant to the Investment Management Agreement and any other costs incurred in the ordinary course of its duties as an investment manager (plus VAT (if applicable)) properly incurred in the performance of its duties.

It is intended that the Investment Management Agreement will be amended in accordance with the Proposals, as set out in paragraph 17.2 of Part 1.

9.3 The Administration Agreement dated 3 April 2006 between EPIC and the Administrator whereby the Administrator agreed to provide registrar, secretarial and administrative services to EPIC and its subsidiary undertakings (including the Company and EPIC LLP) as therein provided for an annual fee of 0.2 per cent. per annum on the first £50 million of the Company's Net Asset Value plus 0.15 per cent. on any excess with

a maximum of £150,000 per annum plus a one-off fee of £10,000 in respect of start-up costs of the Company (exclusive of VAT) plus all reasonable out of pocket expenses. The fee is subject to change by the Administrator on 30 days' notice (no such notice to be given prior to 14 August 2006). The Administration Agreement is terminable, *inter alia*, by either party on six months' notice. EPIC agreed to indemnify the Administrator against liability, subject to exclusion in the case of negligence, willful default or fraud on the part of the Administrator.

- 9.4 The shareholders' agreement dated 10 March 2004 between EPIC and the other shareholders of the Investment Manager (being The Equity Partnership Employee Benefit Trust Company Limited, Brit Insurance Holdings PLC, Jo Welman, Ravi Shankar and Strand Associates Limited).

The parties to the agreement agreed that for so long as a shareholder holds between 20 and 30 per cent. of the voting shares it shall be entitled to appoint one director, for so long as a shareholder holds at least 30 per cent. of the voting shares it shall be entitled to appoint two directors and each of Jo Welman and Ravi Shankar will be entitled to appoint one director each (subject to the prior approval of shareholders holding 75 per cent. of the voting shares).

EPIC, along with the other parties to the shareholders' agreement, agreed to exercise its powers in relation to the Investment Manager to procure that the Investment Manager will not enter into certain significant transactions without the prior consent of, *inter alia*, all directors or the written consent of shareholders holding not less than 75 per cent. of the voting shares.

Each of the shareholders also agreed to certain non-solicitation covenants regarding the employees and clients of the Investment Manager and its subsidiary companies. The individual shareholders (being Jo Welman and Ravi Shankar) also entered into non-compete covenants with the business of the Investment Manager.

If any of the shareholders commits a material breach of this agreement which it fails to remedy within 30 days, the holders of more than 50 per cent. of the voting shares can require the defaulting shareholder to transfer its shares in accordance with the articles of association of the Investment Manager.

- 9.5 The facility agreement for the Bank Loan dated 10 August 2001 between EPIC and the Bank whereby the Bank agreed to lend EPIC up to £30 million.

The facility, which is repayable after five and a half years from date of signing, will bear interest on sterling amounts at an annual rate which is the sum of (i) a margin of up to 105 basis points (ii) LIBOR and (iii) the cost of the Bank's complying with Government and regulatory requirements regarding the Bank Loan. The interest will be rolled-up and paid at maturity of the facility.

There was an arrangement fee of 25 basis points on the total amount of the facility (excluding interest roll-up) payable by the company to the Bank, as well as a non-utilisation fee payable at the end of each interest quarter from completion of the Placing in the event that utilisation does not exceed 40 per cent. of the facility. Such non-utilisation fee would be up to 40 basis points on any undrawn amounts.

The facility is secured over Group's investment portfolio by a floating charge over cash and tradeable assets and a fixed and floating charge over other assets.

The terms of the facility contained representations, warranties, undertakings, events of default and indemnities which are customary for facility agreements of this nature. The terms also contained financial covenants under which EPIC, *inter alia*, agreed to maintain a ratio of debt to agreed investment assets of 1:2.5.

- 9.6 The members' agreement for EPIC LLP.

EPIC LLP will have three members, EPIC, EPIC Carry LLP and EPE. The members will enter into a members' agreement setting out the basis on which EPIC LLP is to be organised and the rights and liabilities of the members.

Under the members' agreement, EPE will be entitled to a basic quarterly advisory fee equal to 0.125 per cent. of the Net Asset Value of EPIC LLP, subject to an annual minimum of £100,000 for the first two years. This is to be calculated on the basis of quarterly valuations of EPIC LLP's portfolio. EPE shall also be entitled to be reimbursed costs properly incurred and to retain any arrangement fees received (provided that in the case of disposals such fees shall be capped at 1 per cent. of the consideration received by EPIC LLP).

In addition, a carried interest will be payable to EPIC Carry LLP equivalent to 20 per cent. of the income and gains from the equity portion of the portfolio, subject to a hurdle rate of return of 7 per cent. per annum (compound) being achieved for EPIC. Following the hurdle rate of return being achieved, distributions will first be made to EPIC Carry LLP until it has been paid an amount equal to 25 per cent. of all distributions

in excess of the amount loaned by EPIC to EPIC LLP which were made to EPIC prior to the hurdle being achieved. Thereafter, distributions will be split 80:20 between EPIC and EPIC Carry LLP respectively. Returns on EPIC LLP's mezzanine investments will be solely for the account of EPIC (i.e. the 80:20 split will not apply), but will be brought into account when establishing whether the hurdle has been met.

On the realisation of investments by EPIC LLP, if, after taking account of other realisations and unrealised gains and losses, the return on the Private Equity Portfolio exceeds the hurdle set out above, an amount representing 50 per cent. of the carried interest entitlement on that investment shall be loaned by EPIC LLP to EPIC Carry LLP and paid at the expiry of six months from the realisation date, subject to adjustment to take account of any intervening realisations or revaluations. If and to the extent that amounts so paid ultimately exceed the entitlement of EPIC Carry LLP to carried interest based on monies ultimately distributed by EPIC LLP to EPIC when the portfolio has been fully realised, the excess of the loan shall be repayable to EPIC LLP.

Resolutions at meetings of the members of EPIC LLP require unanimous approval.

Provisions relating to EPE's appointment as investment adviser to EPIC LLP are contained in a schedule to this agreement. Either EPIC (on behalf of EPIC LLP) or EPE may terminate EPE's appointment by giving 12 months' prior written notice or one month's notice in the event of (a) a material breach by the other of their obligations which is not remedied within 30 days or (b) the other having a receiver, administrator or liquidator appointed. EPIC (on behalf of EPIC LLP) may also terminate if EPE ceases to be authorised by the FSA (either directly or through an authorised representative) or if Giles Brand is not available to perform his duties for a period of 180 days.

This agreement will be conditional on Resolution 1 to be proposed at the extraordinary general meeting of EPIC convened by the Circular being duly passed.

9.7 A portfolio agreement between EPIC and EPIC LLP.

EPIC and EPIC LLP will also enter into a portfolio agreement pursuant to which EPIC will transfer the Private Equity Portfolio to EPIC LLP at its market value (to be determined by a valuation undertaken by PricewaterhouseCoopers as at the Effective Date). This agreement contains a provision that if any investments are sold within 4 months of the date of transfer, the sale price will, if higher, be substituted for the valuation. This agreement will be conditional on Resolution 1 to be proposed at the extraordinary general meeting of EPIC convened by the Circular being duly passed.

9.8 Deed of amendment to the Investment Management Agreement.

This deed will amend the Investment Management Agreement so that the Private Equity Portfolio being transferred to EPIC LLP on the Effective Date and the value of EPIC's investment in EPIC LLP in the future will be ignored for the purposes of calculating any performance fee payable to the Investment Manager. This deed of amendment will be conditional on Resolution 1 to be proposed at the extraordinary general meeting of EPIC convened by the Circular being duly passed.

10. Placing arrangements

10.1 Pursuant to the Placing Agreement, Teather & Greenwood has conditionally agreed to use its reasonable endeavours to procure places for the Zero Dividend Preference Shares.

10.2 The Placing Agreement is conditional on, *inter alia*, the passing of Resolution 2 as set out in the notice of meeting in the Circular by Capital Shareholders and Admission.

10.3 The Placing Agreement contains customary indemnities and warranties from the Company and EPIC in favour of Teather & Greenwood, together with provisions which enable Teather & Greenwood to terminate the Placing Agreement in certain circumstances before Admission, including circumstances where any of the warranties are found not to be true or accurate in any material respect. Under the Placing Agreement, a corporate finance fee of £225,000 and a placing fee of 1 per cent. of gross proceeds of the Placing are payable to Teather & Greenwood.

11. Taxation

The following paragraphs, which are intended as a general guide only, summarise advice received by the Directors as to the position of Zero Dividend Preference Shareholders who are resident or ordinarily resident in the United Kingdom. Such advice is based on tax law and practice at the date of this document, which may be subject to change. **If you are in any doubt as to your tax position, or if you may be subject to tax in a jurisdiction other than the United Kingdom, you should consult your own professional adviser without delay.**

EPIC has received and the Company has applied for a certificate and confirmation from the Assessor of Income Tax in the Isle of Man that they will be eligible for exemption from Isle of Man Income Tax subject to the payment by each of an annual exemption fee (currently £475 per annum). The Isle of Man Government has announced that, with effect from 6 April 2006, the standard rate of income tax for companies in the Isle of Man will be 0 per cent. The standard rate will generally be applicable to all forms of income received by all companies with the exception of licensed banks and income received from land and property in the Isle of Man. The Company and EPIC will be permitted to retain their tax exempt status in the Isle of Man until 6 April 2007 (on which date it is proposed to repeal the Income Tax (Exempt Companies) Act 1984) and the Company and EPIC will thereafter be subject to the standard rate of tax of 0 per cent.

11.1 *Taxation of Capital Gains*

Any gains on disposal by UK resident Zero Dividend Preference Shareholders of the Zero Dividend Preference Shares may give rise to a liability to United Kingdom taxation on capital gains. The Group itself will not suffer any tax in the Isle of Man on capital gains. Non-Isle of Man resident Zero Dividend Preference Shareholders will not suffer any liability to capital gains tax in the Isle of Man.

11.2 *Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

No Isle of Man or UK stamp duty, and no UK SDRT, will be payable on the issue of the Zero Dividend Preference Shares. In the event of the death of a sole holder of the Zero Dividend Preference Shares, an Isle of Man grant of probate or administration may be required in respect of which certain fees will be payable.

Duty is payable on the nominal value of the authorised share capital up to a maximum duty of £5,000.

United Kingdom stamp duty (at a rate of 0.5 per cent. rounded up where necessary to the nearest £5 of the amount of consideration of the transfer) is payable on any instrument of transfer of the Zero Dividend Preference Shares executed within, or brought into, the United Kingdom. Provided that the Zero Dividend Preference Shares are not registered in any register of the Company kept in the United Kingdom the agreement to transfer the Zero Dividend Preference Shares will not be subject to UK SDRT.

11.3 *Other United Kingdom tax considerations*

It is the intention of the Investment Manager that the portfolio of the Group will be managed so as to be treated as investing, rather than dealing, in securities and accordingly the Group should not be subject to United Kingdom taxation on its profits.

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of Sections 739-745 of the Income and Corporation Taxes Act 1988 (the "**Taxes Act**"). These contain anti-avoidance provisions dealing with the transfer of assets to overseas persons in circumstances which may render such individuals liable to taxation in respect of undistributed profits of the Group.

The attention of investors who are subject to United Kingdom corporation tax is drawn to the rules for the taxation of corporate and government debt in the Finance Act 1996 under which, if certain offshore funds have more than 60 per cent. by market value of their investments in bonds, investors who are subject to United Kingdom corporation tax will be taxed as income on any increase (or relieved for any loss) on the open market value of the interest in such funds at the end of each accounting period and at the date of disposal of the interest.

The attention of United Kingdom resident and domiciled Shareholders 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 Group can be attributed to an investor who holds, alone or together with associated persons, more than 10 per cent. of the Zero Dividend Preference Shares.

11.4 *Individual Savings Accounts*

The Zero Dividend Preference Shares will qualify for inclusion in Individual Savings Accounts, although Zero Dividend Preference Shares allotted under the Placing will not be eligible for direct transfer into an ISA. The subscription limits for an ISA maxi-account are £7,000 (for the tax year 2005/2006) subject to restrictions in relation to cash and insurance components. In the case of an ISA mini-account made up of a stocks and shares component, the subscription limit for the tax year 2005/2006 is £4,000.

12. Corporate governance

- 12.1 EPIC, whilst not being under a formal obligation to report to Shareholders regarding the extent to which the Group complies with the Combined Code issued by the Financial Reporting Council, intends to monitor the Group's established procedures and seek to ensure that it complies with the provisions of the Combined Code to the extent which is appropriate to the Group's nature and scale of operations. The Isle of Man, the country in which both the Company and EPIC were incorporated, does not have a specific corporate governance regime that applies to them.
- 12.2 The Company does not intend to establish Audit, Nomination or Remuneration Committees. EPIC has established an Audit Committee.

13. Litigation

The Group has not at any time in the 12 months immediately preceding the date of this document been engaged in any governmental, legal or arbitration proceedings, and the Issuer is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document in each case which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability.

14. Third party information and consents

Certain information set out in Parts 1 and 2 has been sourced from the Investment Manager. The Company confirms that that information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

15. Auditors

The auditors to EPIC for the financial years ended 31 July 2003 and 2004 were Ernst and Young, a member of the Institute of Chartered Accountants in England and Wales, of Jubilee Rose House, 51-59 Circular Road, Douglas, Isle of Man IM1 IAZ. Ernst and Young were replaced as auditors to EPIC by Ernst & Young LLC, a member of the Institute of Chartered Accountants in England and Wales, for the financial year ended 31 July 2005. Other than such replacement, no auditors resigned, were removed, or were not re-appointed during the period 1 August 2002 to 31 July 2005.

16. Documents on display

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of Latham & Watkins, 99 Bishopsgate, Eleventh Floor, London EC2M 3XF until 24 April 2006:

- 16.1 the Memorandum and Articles of Association of the Company and EPIC;
- 16.2 the audited report and accounts of EPIC for the financial years ended 31 July 2003, 2004 and 2005; and
- 16.3 this prospectus.

Dated 4 April 2006

DEFINITIONS

“Administration Agreement”	the administration agreement between EPIC and the Administrator dated 3 April 2006, a summary of which is set out in paragraph 9.3 of Part 4;
“Administrator”	Northern Trust International Fund Administration Services (Isle of Man) Limited (formerly Barings (Isle of Man) Limited);
“Admission”	admission of the Zero Dividend Preference Shares to the Official List and to trading on the London Stock Exchange’s main market for listed securities;
“Articles”	the articles of association of the Company in force at the date of this document;
“Bank”	Barclays Bank PLC;
“Bank Loan”	the term loan facility provided to EPIC by the Bank, a summary of which is set out in paragraph 9.5 of Part 4;
“Board” or “Directors”	the directors of the Company and/or EPIC, as appropriate, whose names are set out on page 9;
“Business Day”	any day on which banks are open for business generally in the City of London;
“Capital Shares”	capital shares of 10p each in the capital of EPIC;
“Capital Shareholders”	holders of Capital Shares;
“Circular”	the Circular issued by EPIC on the same date as this prospectus;
“Company” or “EPIC Securities”	EPIC Securities PLC, a public company incorporated in the Isle of Man with registered number 115527C;
“Cover”	in relation to the Zero Dividend Preference Shares, the ratio of Total Net Assets to the final capital entitlement of the Zero Dividend Preference Shares and, in relation to the Income Shares, the ratio of Total Net Assets less the current capital entitlement of the Zero Dividend Preference Shares to the redemption value of the Income Shares;
“CREST”	the system for paperless settlement of trades in securities and the holding of uncertificated securities which is operated by CRESTCo;
“CRESTCo”	CRESTCo Limited;
“Custodian”	the Royal Bank of Scotland Trust Company (I.O.M.) Limited;
“Custody Agreement”	the custody agreement between EPIC and the Custodian dated 17 January 2003 under which the Custodian was appointed by EPIC;
“Effective Date”	the date on which the Private Equity Portfolio is transferred to EPIC LLP, expected to be on or around 24 April 2006;
“EPE”	EPIC Private Equity LLP, a limited liability partnership which will provide management services to EPIC LLP;

“EPIC”	The Equity Partnership Investment Company PLC, a public company incorporated in the Isle of Man with registered number 103447C (to include, where the context requires, its subsidiary undertakings other than the Company);
“EPIC Board”	the board of directors of EPIC;
“EPIC LLP”	EPIC Investments LLP, a limited liability partnership into which the Private Equity Portfolio is to be transferred under the Proposals;
“FSA”	the Financial Services Authority;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“Group”	EPIC and its subsidiary undertakings (including the Company) from time to time;
“FTSE 100 Index”	the capitalisation weighted index of 100 of the most highly capitalised companies traded on the London Stock Exchange’s main market for listed securities;
“Hurdle Rate”	the minimum annual compound percentage rate of underlying capital and income growth in Total Assets which on the Repayment Date would result in the Zero Dividend Preference Shareholders receiving 139.3p per share;
“IFRS”	International Financial Reporting Standards;
“Income Shares”	income shares of 10p each in the capital of EPIC;
“Income Shareholders”	holders of Income Shares;
“Investment Management Agreement”	the investment management agreement between EPIC and the Investment Manager dated 14 August 2001, a summary of which is set out in paragraph 9.2 of Part 4;
“Investment Manager”	EPIC Investment Partners Limited (formerly The Equity Partnership Limited);
“IPO”	the initial public offering of EPIC which took place in August 2001;
“ISA”	Individual Savings Account for the purposes of section 333 (1A) of the Income and Corporation Taxes Act 1988;
“Law”	the Isle of Man Companies Acts 1931 to 2004;
“LIBOR”	the 12 month London Inter Bank Offered rate for Sterling deposits at or about 11.00 a.m. on the relevant date, as published in the Financial Times or, where used in respect of the Bank Loan, the British Bankers Association Interest Settlement Rate for the relevant period displayed on the appropriate page of the Telerate screen or if the screen rate is not available the rate quoted by the Bank to leading banks in the London interbank market (in each case as of 11.00 a.m. on the relevant date);
“Listing Rules”	the listing rules made by the UK Listing Authority for the purposes of Part VI of the FSMA;

“Loan Note”	the interest-free, subordinated loan note or notes to be issued by EPIC to the Company as described in paragraph 16 of Part 1;
“London Stock Exchange”	London Stock Exchange PLC;
“Net Asset Value”	the total of the consolidated share capital and reserves from time to time of EPIC, EPIC LLP or the Group (as the context may require) calculated in accordance with the Group’s accounting policies;
“Official List”	the official list of the UK Listing Authority;
“Ordinary Shares”	ordinary shares of 10p each in the capital of the Company;
“Placing”	the placing by Teather & Greenwood, on behalf of the Company, of Zero Dividend Preference Shares pursuant to the Placing Agreement;
“Placing Agreement”	the placing agreement dated 3 April 2006 between the Company, EPIC and Teather & Greenwood relating to the Placing, details of which are set out in paragraph 10 of Part 4;
“Placing Price”	100p per Zero Dividend Preference Share;
“Previous Administration Agreement”	the agreement between EPIC and the Administrator dated 14 August 2001 which was replaced by the Administration Agreement with effect from 3 April 2006;
“Principal Bases and Assumptions”	the principal bases and assumptions used for the purposes of calculating illustrative returns as set out in paragraph 4 of Part 4;
“Private Equity Portfolio”	the investments of EPIC in private equity (including related mezzanine investments, but excluding strategic investments) on the Effective Date;
“Projected Net Asset Value”	the projected Net Asset Value per Zero Dividend Preference Share on the Repayment Date calculated using the Principal Bases and Assumptions;
“Proposals”	the proposals set out in the Circular;
“Prospectus Rules”	the Prospectus Rules made by the UK Listing Authority for the purposes of Part VI of the FSMA;
“Redemption Yield”	the annualised return that can be achieved in terms of capital from purchasing a Zero Dividend Preference Share at 100p on 24 April 2006 and holding it until the Redemption Date;
“Registrar”	Northern Trust International Fund Administration Services (Isle of Man) Limited;
“Regulations”	the Transfer of Securities Regulations 1996 (as amended from time to time) and the Uncertificated Securities Regulations 2005, of the Isle of Man;
“Repayment Date”	31 July 2011;
“RPI”	the Retail Prices Index published monthly by the Office for National Statistics;

“Shares”	the Capital Shares, Income Shares and/or Zero Dividend Preference Shares, as the context may require;
“Shareholders”	Capital Shareholders, Income Shareholders and/or Zero Dividend Preference Shareholders, as the context may require;
“Teather & Greenwood”	Teather & Greenwood Limited;
“Total Assets”	the aggregate value of the Group’s assets less current liabilities;
“Total Net Assets”	the aggregate value of the Group’s assets less all liabilities (excluding the Zero Dividend Preference Shares and Income Shares);
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “USA”	the United States of America, its states, territories and possession, including the District of Columbia;
“UK Listing Authority”	the FSA, acting in its capacity as the competent authority for the purposes of the FSMA;
“Warrants”	warrants to subscribe for Capital Shares issued pursuant to the warrant instrument executed by EPIC dated 14 August 2001;
“Zero Dividend Preference Shares”	zero dividend preference shares of 10p each in the capital of the Company; and
“Zero Dividend Preference Shareholders”	holders of Zero Dividend Preference Shares from time to time.

