

THE COMPANIES ACT 1985 (AS AMENDED)

A COMPANY LIMITED BY SHARES

DUNEDIN SMALLER COMPANIES INVESTMENT TRUST PLC

SPECIAL RESOLUTION

(Passed 4 August 1999)

At an extraordinary general meeting of Dunedin Smaller Companies Investment Trust PLC duly convened and held at Donaldson House, 97 Haymarket Terrace, Edinburgh EH12 5HD, on Wednesday, 4 August 1999 at 10.00 am the following resolution was passed as a special resolution:-

SPECIAL RESOLUTION

"THAT:-

- (i) the Company be authorised, in accordance with section 166 of the Companies Act 1985 (the "Act"), to make market purchases (within the meaning of section 163(3) of the Act) of Ordinary Shares of 25p each in the capital of the Company ("Ordinary Shares"), provided that:-
- (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 2,518,320;
 - (b) the minimum price which may be paid for an Ordinary Share shall be 25p;
 - (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be 105 per cent. of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the Ordinary Shares for the five business days immediately preceding the date of purchase; and
 - (d) unless previously varied, revoked or renewed, the Authority hereby conferred shall expire on 3 February 2001, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such Authority which will or might be executed wholly or partly after the expiration of such Authority and may make a purchase of Ordinary Shares pursuant to any such contract; and
- (ii) (a) *(for the purpose of amending the provisions in the Articles of Association of the Company relating to the use of its capital reserve)* the Articles of Association of the Company be amended by deleting Article 144 thereof and substituting therefor the following Articles:-

"144. 144.1 Capital reserve

Amc

The Directors shall establish a reserve to be called the "capital reserve" and shall either carry to the credit of such reserve from time to time all capital profits or appreciations arising on the sale, transposition, payment of or revaluation of any investment or other capital asset of the Company in excess of the book value thereof or apply the same in providing for depreciation or contingencies. For the avoidance of doubt, accrued but unpaid interest or any sum received in respect of accrued but unpaid interest shall not be treated as capital profits or appreciations arising on the sale, transposition, payment of



or revaluation of any investment or other capital asset. Any losses realised on the sale, transposition, payment of or revaluation of any investment or other capital asset and any other expenses, loss or liability (or provision therefor) considered by the Directors to be of a capital nature may be carried to the debit of the capital reserve. Any increase or diminution in the amount of any index-linked stock or other index-linked obligation of the Company may be carried to the debit or credit of the capital reserve, except so far as the Directors decide to make good the same out of or credit the same to other funds or reserves of the Company. Subject to the Statutes and without prejudice to the foregoing generality, the Directors may also debit the capital reserve with the whole or such part of (i) any management fees incurred by the Company and (ii) any finance costs (including, without limitation, any interest payable by the Company in respect of any borrowings of the Company) as may be deemed appropriate by the Directors. All sums carried and standing to the credit of the capital reserve may be applied for any of the purposes to which sums standing to any reserve under the provisions of Article 143 are applicable, provided that, subject to Article 144.2, no part of the capital reserve or any other moneys in the nature of accretion to capital shall in any event be available for distribution as dividend or, to the extent prohibited by section 266 of the Act, any other distribution (within the meaning ascribed thereto by section 263 of the Act).

144.2 Investment company status

If the Directors shall determine, at any time when the Company is an investment company within the meaning of section 266 of the Act, that the Company shall cease to carry on business as an investment company within the meaning of section 266 of the Act and a notice has been given to the Registrar of Companies in accordance with section 266 of the Act, then, for such period as the Company is not an investment company and until the Directors determine that the Company shall carry on business as an investment company as provided below and the Company has given notice to that effect to the Registrar of Companies in the prescribed form, Article 144.1 shall have effect as if the words "or, to the extent prohibited by section 266 of the Act, any other distribution (within the meaning ascribed thereto by section 263 of the Act)" at the end thereof were omitted therefrom. The Directors may, at any time when the Company is not an investment company within the meaning of section 266 of the Act, determine that the Company should carry on business as an investment company and, from the date of the notice given by the Company to the Registrar of Companies in the prescribed form in accordance with section 266(1) of the Act, Article 144.1 shall apply as if the words "or, to the extent prohibited by section 266 of the Act, any other distribution (within the meaning ascribed thereto by section 263 of the Act)" at the end thereof were not omitted therefrom.";

(b) *(for the purpose of giving effect to the principle of good corporate governance relating to the re-election of directors)* the Articles of Association of the Company be amended:-

- (i) by renumbering the existing Article 99 thereof as Article 99.1;
- (ii) by inserting immediately after the renumbered Article 99.1 thereof the following new Articles:-

"99.2 Directors not subject to retirement by rotation may also be required to retire

A Director who is not required to retire by rotation at any annual general meeting which is the third annual general meeting after the later of:-

- (i) his appointment by the Company in general meeting; and
- (ii) the last occasion on which he was re-elected as a Director of the Company in general meeting;

shall nevertheless be required to retire at such annual general meeting.

99.3 Retiring Directors generally eligible for re-election

Any Director who retires in accordance with this Article 99 may, subject to the other provisions of these Articles, offer himself for re-election."; and

- (c) *(for the purpose of amending the Articles of Association of the Company so that they comply with the Listing Rules of the London Stock Exchange as now in force) the Articles of Association of the Company be amended:-*

- (1) by deleting sub-paragraph (a) in Article 50.2 thereof and substituting therefor the following sub-paragraph:-

"(a) any dividends payable (including shares issued in lieu of dividends in accordance with Article 141) in respect of the default shares, or any of them, shall be withheld by the Company until such time as the section 212 notice ceases to have effect and the Company shall not have any obligation to pay interest on any payment so withheld when it is finally paid to the member; and"

- (2) by deleting the word "daily" where it appears between the words "national" and "newspaper" in sub-paragraph (ii) in Article 51.1 thereof;

- (3) by deleting the words "not less than fourteen nor more than thirty five days" where they appear in Article 103 thereof and substituting therefor the words "not less than seven nor more than forty two days";

- (4) by inserting the words "to his knowledge" immediately prior to the words "a material interest" where they appear in Article 111.1 thereof;

- (5) by deleting sub-paragraphs (iii), (iv) and (v) of Article 111.2 thereof and substituting therefor the following:-

"(iii) any contract, arrangement or other proposal concerning an offer by the Company or any of its subsidiary undertakings of securities in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(iv) any contract, arrangement or other proposal relating to another company in which he and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the Act) representing one per cent. or more of either any class of the equity share capital, or the voting rights, in

such company;

- (v) any contract, arrangement or other proposal for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or";
and
- (6) by deleting the word "daily" where it appears between the words "national" and "newspaper" in Article 156 thereof."

Valerie MacKenzie
for Edinburgh Fund Managers plc, Secretary