

The Company

Company Data as at 31 October 2007

| TOTAL ASSETS | STOCKHOLDERS' FUNDS (with borrowings at par) | MARKET CAPITALISATION |
|--------------|---|-----------------------|
| £910,574,000 | £802,353,000 | £710,275,000 |

Objectives of The Scottish Investment Trust PLC (SIT)

To provide investors, over the longer term, with above average returns through a diversified portfolio of international equities and to achieve dividend growth ahead of UK inflation. The company's investment policy is shown in the Directors' Report on page 18.

Investment Risk

The SIT investment portfolio is diversified over a range of industries and regions in order to spread risk. SIT has a long-term policy of borrowing money to invest in equities in the expectation that this will improve returns. However, should stockmarkets fall, such borrowings would magnify any losses. Investment risk is considered in more detail on pages 18 and 19 of the Directors' Report.

Performance Comparators

The company does not have a formal benchmark. Performance is reviewed in the context of returns achieved by a broad basket of UK equities through the FTSE All-Share IndexTM and of international equities through the FTSE All-World IndexTM. The portfolio is not modelled on any index.

Management

The company is managed by its own employees led by the manager who is responsible to the directors for all aspects of the day to day management of the company.

Capital Structure

At 31 October 2007 the company had in issue 134,267,515 ordinary stock units and long-term borrowings at par amounted to £107,372,000 with an average annual interest cost of 5.9%.

Management Expenses

The total expenses of managing the company's business during the year were £4,709,000, equivalent to 0.61% of average stockholders' funds. The company aims to keep this percentage low in comparison with competing investment products.

PEP, ISA and SIPP

The ordinary units are eligible for PEPs, ISAs and SIPPs. Details of all of the savings schemes offered by SIT Savings Ltd are shown on page 42.

The Association of Investment Companies (AIC)

The company is a member of the AIC, the trade organisation for the closed-ended investment company industry.