
8 January 2007

ALLIANCE TRUST EXPANSION PLANS GET BACKING FROM SCOTTISH EXECUTIVE WITH £1.95m GRANT

International investment and financial services group renews commitment to Dundee and announces plan to build modern six-storey headquarters in the city

Alliance Trust has won backing from the Scottish Executive with a £1.95m Regional Selective Assistance (RSA) grant that will support its plans to create a further 160 new jobs in Dundee in its expanding pensions, asset management and investment dealing businesses over the next three years. Alliance Trust also announced plans to build a large, modern headquarters in the centre of Dundee.

Alliance Trust said the grant will enable it to strengthen its commitment to the city, where it has been based since 1888. Alliance Trust's roots go back to the late 19th century when it began investing on behalf of Scottish investors in the United States. The group has evolved into an international investment and financial services group and is continuing the development and growth of its financial services businesses.

Alliance Trust Chief Executive Alan Harden said, *"Alliance Trust is going through a really exciting period of growth. In the last year, our pensions business has become one of the country's top SIPP providers, we have launched an asset management business and we have started rolling out a great new online service for investors which includes share dealing.*

"We wanted to keep Dundee, our historic home, at the heart of this expansion because the city has always defined our independent spirit and provided so many of our talented and dedicated staff. This grant from the Scottish Executive will support our plans, enabling us to expand in Dundee as we build a first-class headquarters that reflects our standing as one of Scotland's leading companies."

Alliance Trust, which has offices in Dundee, Edinburgh, London and Hong Kong, has recently leased two office buildings in Dundee because its workforce has outgrown its headquarters in Reform Street. Around 200 of Alliance Trust's staff of 280 work in Dundee. The grant from the Scottish Executive's RSA scheme to support the creation of 160 new jobs in Dundee will be paid out in stages as the company achieves its projected growth.

Harden said, *"We are a closely-knit and innovative company so we are really excited about the prospect that these highly efficient and flexible offices will reunite all our Dundee staff in one excellent environment where we can work even more effectively together and go on developing and improving the services we offer. Investing in an office building of this size and quality which is not currently available for lease in Dundee, will allow us to go on attracting the highest-quality professionals and add value to the city's economy."*

Deputy First Minister Nicol Stephen said, *"I am delighted that this grant is supporting the expansion plans of a Scottish company that has been an integral part of Dundee's economy for more than a century. RSA grants can make a significant contribution in supporting Scottish companies as they enhance our economy by creating high-quality jobs across a range of skilled sectors.*

"Alliance Trust's decision to consolidate its three Dundee operations into new headquarters is great news for the city and an exciting development for Scotland's thriving financial services sector.

"Scotland is internationally recognised as the most important UK financial centre outside London. I am particularly pleased about this development because Alliance Trust is thriving in Dundee, outside our traditional financial districts, showing that you can build competitive international companies and world-class financial products throughout Scotland."

Alliance Trust plans to build a six-storey headquarters in Dundee city centre across 50,000 sq ft on the site of the former Burns and Harris printworks. It will buy the land from Dundee City Council, which has been instrumental in developing the plans for the site and in progressing the demolition works to prepare the site for development.

The building is being designed by Edinburgh-based architects RMJM, an award-winning international practice whose expertise ranges from bespoke corporate headquarter buildings to specialist education facilities. RMJM has worked on the Scottish Executive headquarters in Leith, the Scottish Parliament and the Glaxo Wellcome world headquarters in Greenford. The practice has also just been commissioned to design the new St. Petersburg headquarters of Gazprom, the world's largest gas company, is working on the Beijing Olympic Green Convention Centre, and completed a world class Chemistry Research Laboratory at Oxford University.

Planning permission has already been obtained for the outline design and the company is currently working with RMJM on the next stage of the design. It is anticipated that the headquarters will take a largely open-plan design and accommodate around 400 staff. Building is expected to begin in summer 2007 and construction should be complete by the end of 2008.

Dundee City Council economic development convener Councillor Joe Morrow said: *"I am delighted that Alliance Trust is continuing its historic links with the city of Dundee by making this major investment locally. The Trust has grown to become a global financial player and this announcement shows how the company values its base in Dundee as an excellent place to do worldwide business.*

"The city council is hugely optimistic for the future of Dundee and this decision by Alliance Trust is testament to the transformation of this city over the last few years. We are now widely seen as a knowledge hub that attracts talent from around the world to its pioneering biosciences and computer games industries. The history of Alliance Trust goes back into the industrial past of Dundee. What we are seeing now is a pledge to go forward into the future together with the city."

Scottish Enterprise business growth manager David Anderson said: *"This is fantastic news from a company we have worked closely with and shows yet again that Dundee has the infrastructure and facilities to retain and attract major employers. We have had a number of significant announcements over the last few months*

in life sciences and digital media and it is great to see such a high number of jobs created in another of our priority sectors for business growth in Scotland. ”

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Notes to editors

1. Founded in 1888, Alliance Trust PLC is the largest generalist investment company listed on the London Stock Exchange. It manages assets of more than £2.7bn around the world on behalf of its shareholders (as at 30/11/06). Through its subsidiaries, Alliance Trust offers investment dealing, pensions, asset management and investment plan administration. Its financial services subsidiary, Alliance Trust Savings (and its subsidiaries), administers around £3.3bn on behalf of some 39,000 customers (as at 31/1/06).

2. Regional Selective Assistance is the main national scheme of financial assistance to industry. It provides discretionary grants to investment projects that will create and safeguard employment in Assisted Areas, that is areas designated for regional aid under European Community law. It is operated by the Scottish Executive's RSA unit. Both locally-owned and foreign businesses can apply for RSA.

3. Payments of RSA are made in instalments, typically over several years, provided that job and project expenditure targets are met. The grant quoted above, therefore, represents the maximum grant potentially payable if the project is satisfactorily completed, and not the amount actually paid to date.

4. Digital images of the plans for the new office buildings and photographs of Alan Harden are available.