

This document comprises a prospectus (the “**Prospectus**”) relating to The Biotech Growth Trust PLC (the “**Company**”) prepared in accordance with the Prospectus Rules made under section 84 of the Financial Services and Markets Act 2000 (“**FSMA**”) and made available to the public for the purposes of section 85 of FSMA. This Prospectus does not contain or constitute an offer to sell or issue New Ordinary Shares or the solicitation of an offer to buy or subscribe for New Ordinary Shares. This Prospectus has been approved by and filed with the Financial Conduct Authority in accordance with the Prospectus Rules.

Potential investors are recommended to seek advice from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the FSMA before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out at pages 12 to 15 of this Prospectus.

The Company, whose registered office appears on page 67 of this Prospectus, and the Directors, whose names appear on page 67 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of 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 Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

Application will be made in due course to the Financial Conduct Authority for any New Ordinary Shares issued pursuant to this Prospectus to be admitted to the Official List. Application will also be made to the London Stock Exchange for all such New Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. The International Security Identification Number (ISIN) for the existing shares and any New Ordinary Shares admitted to listing and trading is: GB0000385517.

THE BIOTECH GROWTH TRUST PLC

*(incorporated and registered in England and Wales with registered number 3376377; an investment company under section 833 of the Companies Act 2006 (the “**Act**”))*

Prospectus relating to the Placing Programme of up to 50,000,000 Ordinary Shares of 25p each

Winterflood Securities Limited, acting through its division Winterflood Investment Trusts, which is authorised and regulated by the Financial Conduct Authority, is acting for the Company in connection with the issue of New Ordinary Shares as described in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Winterflood Securities Limited or for advising any such person in connection with the issue of New Ordinary Shares as described in this Prospectus.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. No action has been taken by the Company or Winterflood Securities Limited that would permit an offer of the New Ordinary Shares or possession or distribution of this Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Ordinary Shares described in this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or the securities laws of any states of the United States or under any of the relevant securities laws of Canada, Australia or Japan or their respective territories or possessions. Accordingly, the New Ordinary Shares may not (unless an exemption from such legislation or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan or their respective territories or possessions. The Company will not be registered under the United States Investment Company Act 1940 (as amended) and investors will not be entitled to the benefits of such legislation. Persons resident in territories other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of New Ordinary Shares.

In particular, the attention of persons resident in the United States, Canada, Australia or Japan is drawn to paragraph 22 of Part 8 of this Prospectus. This Prospectus does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

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SUMMARY

Summaries are made up of disclosure requirements known as “**Elements**”. These elements are numbered in sections A–E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for New Ordinary Shares and the Company. As some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding a required Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings

Element	Disclosure requirement	Disclosure
A.1	Introduction and warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the New Ordinary Shares should be based on consideration of the Prospectus as a whole. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the 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 or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in New Ordinary Shares.
A.2	Consent to use Prospectus in respect of Placing Programme	N/A – New Ordinary Shares will, subject to the Company’s decision to proceed with an allotment at any given time be issued to Winterflood at the Placing Price. Winterflood will trade the New Ordinary Shares in the secondary market.

Section B – Issuer

Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	The Biotech Growth Trust PLC
B.2	Domicile, legal form, legislation and country of incorporation	The Company is a public company limited by shares, incorporated in England and Wales under the Companies Act 2006 (as amended) (the “ Act ”) and domiciled in the United Kingdom
B.5	Group structure	Not applicable; the Company is not part of a group.

B.6	Notifiable interests, different voting rights and controlling interests	<p>The interests (all of which are or will be beneficial unless otherwise stated) of the Directors in the share capital of the Company are currently as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Ordinary Shares</i></th> <th style="text-align: right;"><i>per cent. of issued Share Capital</i></th> </tr> </thead> <tbody> <tr> <td>Lord Waldegrave of North Hill</td> <td style="text-align: right;">58,716</td> <td style="text-align: right;">0.09</td> </tr> <tr> <td>Sven Borho</td> <td style="text-align: right;">236,218</td> <td style="text-align: right;">0.34</td> </tr> <tr> <td>Professor Dame Kay Davies, CBE</td> <td style="text-align: right;">–</td> <td style="text-align: right;">–</td> </tr> <tr> <td>Paul Gaunt</td> <td style="text-align: right;">–</td> <td style="text-align: right;">–</td> </tr> <tr> <td>Dr John Gordon</td> <td style="text-align: right;">70,000</td> <td style="text-align: right;">0.10</td> </tr> <tr> <td>Andrew Joy</td> <td style="text-align: right;">25,000</td> <td style="text-align: right;">0.04</td> </tr> <tr> <td>Peter Keen</td> <td style="text-align: right;">45,000</td> <td style="text-align: right;">0.07</td> </tr> </tbody> </table> <p>As at 25 July 2013, being the latest practicable date prior to the publication of the Prospectus, the Company is aware of the following persons who are interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company:</p> <table border="1"> <thead> <tr> <th style="text-align: left;"><i>Beneficial Shareholder</i></th> <th style="text-align: left;"><i>Registered Holder(s)</i></th> <th style="text-align: right;"><i>Number of shares</i></th> <th style="text-align: right;"><i>per cent. of issued share capital</i></th> </tr> </thead> <tbody> <tr> <td>Newton Investment Management</td> <td>Various Nominees</td> <td style="text-align: right;">9,916,079</td> <td style="text-align: right;">14.58</td> </tr> <tr> <td>East Riding of Yorkshire Council</td> <td>Nortrust Nominees</td> <td style="text-align: right;">6,143,000</td> <td style="text-align: right;">9.03</td> </tr> <tr> <td>Baillie Gifford & Co.</td> <td>BNY (OCS) Nominees/Sec Services Nominees</td> <td style="text-align: right;">4,730,861</td> <td style="text-align: right;">6.95</td> </tr> <tr> <td>Hargreaves Lansdown</td> <td>Hargreaves Lansdown Nominees Ltd</td> <td style="text-align: right;">3,975,513</td> <td style="text-align: right;">5.84</td> </tr> <tr> <td>Reliance Mutual Insurance Society</td> <td>HSBC Global Custody Nominee (UK)/State Street Nominees</td> <td style="text-align: right;">2,764,450</td> <td style="text-align: right;">4.06</td> </tr> <tr> <td>Hansa Capital</td> <td>Mellon Nominees (UK)/State Street Nominees/Lynchwood Nominees</td> <td style="text-align: right;">2,364,629</td> <td style="text-align: right;">3.48</td> </tr> <tr> <td>Alliance Trust Savings</td> <td>Alliance Trust Savings Nominees Ltd</td> <td style="text-align: right;">2,330,388</td> <td style="text-align: right;">3.43</td> </tr> <tr> <td>M&G Investment Management</td> <td>Various Nominees</td> <td style="text-align: right;">2,133,878</td> <td style="text-align: right;">3.14</td> </tr> <tr> <td>Legal & General Investment Management</td> <td>Various Nominees</td> <td style="text-align: right;">2,067,003</td> <td style="text-align: right;">3.04</td> </tr> <tr> <td>Brewin Dolphin</td> <td>Various Nominees</td> <td style="text-align: right;">2,065,052</td> <td style="text-align: right;">3.04</td> </tr> </tbody> </table> <p>None of the Company's shareholders have different voting rights, nor is the Company directly or indirectly owned or controlled by any person.</p>		<i>Ordinary Shares</i>	<i>per cent. of issued Share Capital</i>	Lord Waldegrave of North Hill	58,716	0.09	Sven Borho	236,218	0.34	Professor Dame Kay Davies, CBE	–	–	Paul Gaunt	–	–	Dr John Gordon	70,000	0.10	Andrew Joy	25,000	0.04	Peter Keen	45,000	0.07	<i>Beneficial Shareholder</i>	<i>Registered Holder(s)</i>	<i>Number of shares</i>	<i>per cent. of issued share capital</i>	Newton Investment Management	Various Nominees	9,916,079	14.58	East Riding of Yorkshire Council	Nortrust Nominees	6,143,000	9.03	Baillie Gifford & Co.	BNY (OCS) Nominees/Sec Services Nominees	4,730,861	6.95	Hargreaves Lansdown	Hargreaves Lansdown Nominees Ltd	3,975,513	5.84	Reliance Mutual Insurance Society	HSBC Global Custody Nominee (UK)/State Street Nominees	2,764,450	4.06	Hansa Capital	Mellon Nominees (UK)/State Street Nominees/Lynchwood Nominees	2,364,629	3.48	Alliance Trust Savings	Alliance Trust Savings Nominees Ltd	2,330,388	3.43	M&G Investment Management	Various Nominees	2,133,878	3.14	Legal & General Investment Management	Various Nominees	2,067,003	3.04	Brewin Dolphin	Various Nominees	2,065,052	3.04
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B.7	Historical Financial Information	<p>The table below sets out the summary financial information of the Company for the three years ended 31 March 2013. The information has been prepared in accordance with IFRS and SORP.</p>																																																																				

		<p>The key audited figures that summarise the Company's financial conditions in respect of the three financial years ended 31 March 2013, which have been extracted without material adjustment from the published annual reports and accounts for the three financial years ended 31 March 2013 are set out in the following table:</p> <table border="1"> <thead> <tr> <th></th> <th colspan="3"><i>As at or for year ended 31 March</i></th> </tr> <tr> <th></th> <th><i>2011</i></th> <th><i>2012</i></th> <th><i>2013</i></th> </tr> </thead> <tbody> <tr> <td>Total net assets (£'000)</td> <td>120,818</td> <td>156,131</td> <td>239,616</td> </tr> <tr> <td>NAV per Share (pence)</td> <td>186.0</td> <td>250.9</td> <td>371.7</td> </tr> <tr> <td colspan="4"><i>Revenue</i></td> </tr> <tr> <td>(Loss)/return (£'000)</td> <td>(341)</td> <td>(309)</td> <td>(54)</td> </tr> <tr> <td>(Loss)/return per share (pence)</td> <td>(0.5)</td> <td>(0.5)</td> <td>(0.1)</td> </tr> <tr> <td colspan="4"><i>Total</i></td> </tr> <tr> <td>Return attributable to Shareholders (£'000)</td> <td>2,000</td> <td>40,519</td> <td>76,148</td> </tr> <tr> <td>Return per Share (pence)</td> <td>3.0</td> <td>63.6</td> <td>121.1</td> </tr> </tbody> </table> <p>There has been no significant change to the financial condition and operating results of the Company during the three years ended 31 March 2013 (being the end of the last financial period of the Company for which financial information has been published), or subsequent to that date.</p>		<i>As at or for year ended 31 March</i>				<i>2011</i>	<i>2012</i>	<i>2013</i>	Total net assets (£'000)	120,818	156,131	239,616	NAV per Share (pence)	186.0	250.9	371.7	<i>Revenue</i>				(Loss)/return (£'000)	(341)	(309)	(54)	(Loss)/return per share (pence)	(0.5)	(0.5)	(0.1)	<i>Total</i>				Return attributable to Shareholders (£'000)	2,000	40,519	76,148	Return per Share (pence)	3.0	63.6	121.1
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B.8	Pro forma financial information	Not applicable; the Prospectus does not contain pro forma financial information.																																								
B.9	Profit forecasts	Not applicable; the Prospectus does not contain profit forecasts or estimates.																																								
B.10	Qualifications in the audit report	Not applicable; the audit reports on the historical financial information contained in this Prospectus do not contain any qualifications.																																								
B.11	Qualified working capital explanation	Not applicable; the Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next twelve months from the date of the Prospectus).																																								
B.34	Investment objective and policy	<p>The Company's objective is to seek capital appreciation through investment in the worldwide biotechnology industry, principally by investing in emerging biotechnology companies. Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted).</p> <p>In order to achieve its investment objective, the Company invests in a diversified portfolio of biotechnology (principally emerging biotechnology) companies and related securities on a worldwide basis.</p> <p>The Company may invest or commit for investment a maximum of U.S.\$15 million, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by the Company's Investment Manager, OrbiMed Capital LLC (the "Investment Manager"), or an affiliate thereof.</p> <p>The Company will not invest more than 10 per cent. of the portfolio in direct unquoted investments at the time of acquisition. This limit does not include any investment in private equity funds managed by the Investment Manager or any affiliates of such entity.</p> <p>The largest 30 quoted stocks will normally represent at least 50 per cent. of the quoted portfolio.</p>																																								

B.35	Borrowing limits	The Company has the power to borrow money, subject to its borrowing policy, which is that borrowings will not exceed 10 per cent. of the Company's net assets.
B.36	Regulatory status	The Company is not regulated by the FCA or by any financial services or other regulator but, in common with other issuers listed on The Official List, is subject to the Listing Rules and the Disclosure Rules made by the FCA and is bound to comply with applicable laws including the Act and FSMA.
B.37	Investor profile	The Company expects a typical investor in the Company will be professionally advised private investors, or institutional investors, seeking capital appreciation through investment in the worldwide biotechnology industry. The New Ordinary Shares may also be suitable for financially sophisticated non-advised private investors, but, such investors should consider consulting an independent financial adviser authorised under FSMA before investing.
B.38	Significant exposure	Not applicable; no more than 15 per cent. of the Company's portfolio will be invested in the securities of any one company at the time the investment is made.
B.39	Significant exposure to other collective investment undertakings	Not applicable; the Company does not and will not invest more than 10 per cent., in aggregate, of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange. The Company does not and will not invest more than 15 per cent., in aggregate of the value of the gross assets of the Company in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
B.40	Service providers	<p>Frostrow is the Manager under the Management, Administrative and Secretarial Services Agreement dated 5 April 2007 and, among other things, provides specialist management, administrative, marketing and company secretarial services. A periodic fee is payable by the Company to Frostrow of 0.30 per cent. of the Company's market capitalisation. The Manager is also entitled to an annual fixed fee of £60,000 payable quarterly in arrear.</p> <p>OrbiMed Capital LLC acts as the Investment Manager under the Investment Management Agreement dated 5 April 2007. Under the terms of the Investment Management Agreement, the Investment Manager provides discretionary investment management services to the Company for a periodic fee equal to 0.65 per cent. per annum of the Company's net asset value. The proportion of the Company's assets committed for investment in OrbiMed Asia Partners L.P., a limited partnership managed by OrbiMed Asia G.P., L.P., an affiliate of the Company's Investment Manager, is excluded from the Investment Management Fee calculation.</p> <p>Dependent on the level of long term outperformance of the Company, the Investment Manager and the Manager are entitled to the payment of the Performance Fee. The Performance Fee is calculated by reference to the amount by which the Company's net asset value ("NAV") performance has outperformed the NASDAQ Biotechnology Index (sterling adjusted), the Company's benchmark index.</p>

		<p>The Performance Fee is calculated quarterly by comparing the cumulative performance of the Company's NAV with the cumulative performance of the benchmark since the commencement of the Performance Fee arrangement on 30 June 2005. The Performance Fee amounts to 16.5 per cent. of any outperformance over the benchmark, the Investment Manager receiving 15 per cent. and the Manager receiving 1.5 per cent. respectively. Provision is also made within the daily NAV per share calculation as required and in accordance with generally accepted accounting standards. The proportion of the Company's assets invested in OrbiMed Asia Partners L.P. is excluded from the Investment Manager's Performance Fee calculation.</p> <p>In order to ensure that only sustained outperformance is rewarded, at each quarterly calculation date any performance fee is based on the lower of:</p> <ul style="list-style-type: none"> (i) The cumulative out-performance of the portfolio over the benchmark as at the quarter end date; and (ii) The cumulative out-performance of the portfolio over the benchmark as at the corresponding quarter end date in the previous year. <p>In addition, a payment in respect of the Performance Fee only becomes payable to the extent that the cumulative outperformance gives rise to a total fee greater than the total of all Performance Fees paid to date.</p> <p>Goldman, Sachs & Co. acts as custodian for the Company under the Custody Agreement. Goldman, Sachs & Co. is a company incorporated under the laws of the United States. Its headquarters are in New York, USA. The fees of Goldman, Sachs & Co. are paid by the Company and in the year ended 31 March 2013 these fees amounted to £1,000.</p>
B.41	Service providers' regulatory status	<p>Frostrow is the Manager and is regulated by the FCA under FSMA with firm reference number: 460360.</p> <p>OrbiMed Capital LLC is the Investment Manager and is authorised and regulated by the United States Securities and Exchange Commission ("SEC") with SEC number: 801-61952.</p> <p>Goldman, Sachs & Co. acts as custodian for the Company and is authorised and regulated by the SEC with SEC number: 801-16048.</p>
B.42	Net asset value calculations	<p>The NAV of the Company is calculated on each Dealing Day.</p> <p>NAV calculations will be communicated via RIS announcements.</p>
B.43	Cross liabilities	<p>Not applicable, the Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>
B.44	No financial statements have been made up	<p>Not applicable. The Company does have historical financial information, which is included within this Prospectus.</p>

B.45	Investments	As at 25 July 2013, the latest practicable date prior to the publication of this Prospectus, the Company's investments comprised:				
		<i>Investment</i>	<i>Business Sector</i>	<i>Investment £'000</i>	<i>Shares Held</i>	<i>Earnings/ per cent. (loss) of Issued Per Share*</i>
		Acadia Pharmaceuticals	Emerging Biotechnology	6,798	0.63	(0.22)
		Actelion	Major Biotechnology	3,419	0.07	1.83
		Affymetrix	Emerging Biotechnology	3,973	2.21	(0.01)
		Agios Pharmaceuticals	Emerging Biotechnology	3,124	0.57	NA
		Alexion Pharmaceuticals	Major Biotechnology	7,016	0.05	0.97
		Amgen	Major Biotechnology	27,311	0.05	3.98
		Arqule	Emerging Biotechnology	789	0.78	(0.13)
		Array Biopharma	Emerging Biotechnology	3,216	0.65	(0.33)
		Astex Pharmaceuticals	Emerging Biotechnology	3,270	0.97	0.07
		Auxilium Pharmaceuticals	Emerging Biotechnology	702	0.12	1.05
		Bavarian Nordic	Emerging Biotechnology	898	0.49	(1.07)
		Biogen Idec	Major Biotechnology	22,576	0.06	4.07
		Biomarin Pharmaceutical	Emerging Biotechnology	11,295	0.19	(0.63)
		Bluebird Bio	Emerging Biotechnology	3,773	0.84	NA
		Celgene	Major Biotechnology	24,273	0.06	2.70
		Cubist Pharmaceuticals	Major Biotechnology	3,199	0.14	1.32
		Dynavax Technologies	Emerging Biotechnology	1,973	1.32	(0.27)
		Endocyte	Emerging Biotechnology	1,294	0.33	(0.20)
		Esperion Therapeutics	Emerging Biotechnology	663	0.42	NA
		Exact Sciences	Emerging Biotechnology	4,301	0.72	(0.56)
		Exelixis	Emerging Biotechnology	4,127	0.67	(0.61)
		Fluidigm	Emerging Biotechnology	4,107	1.36	(0.48)
		Gilead Sciences	Major Biotechnology	28,878	0.05	1.19
		Illumina	Major Biotechnology	10,297	0.16	1.24
		Impax Laboratories	Emerging Biotechnology	6,548	0.70	0.82
		Incyte Genomics	Emerging Biotechnology	13,213	0.64	(0.08)
		Infinity Pharmaceuticals	Emerging Biotechnology	9,671	1.49	(2.06)
		Intermune	Emerging Biotechnology	7,585	0.96	(1.96)
		Jazz Pharmaceuticals	Major Biotechnology	3,480	0.12	3.19
		Medivation	Emerging Biotechnology	6,168	0.23	(0.61)
		Mylan	Major Biotechnology	11,982	0.15	1.29
		Neurocrine Biosciences	Emerging Biotechnology	980	0.16	(0.07)
		Oncomed Pharmaceuticals	Emerging Biotechnology	222	0.06	NA
		Ono Pharmaceutical	Major Biotechnology	5,394	0.10	1.49
		Onyx Pharmaceuticals	Emerging Biotechnology	7,511	0.12	(0.91)
		Optimer Pharmaceuticals	Emerging Biotechnology	4,809	1.10	(0.78)
		OrbiMed Asia Partners L.P.	Emerging Biotechnology	2,564	NA	NA
		Portola Pharmaceuticals	Emerging Biotechnology	5,067	0.97	NA
		Prosensa	Emerging Biotechnology	247	0.04	NA
		Questcor Pharmaceutical	Emerging Biotechnology	2,513	0.13	2.14
		Regeneron Pharmaceuticals	Emerging Biotechnology	23,962	0.14	2.96
		Techne	Emerging Biotechnology	4,230	0.23	2.10
		Vertex Pharmaceuticals	Emerging Biotechnology	6,981	0.06	(0.22)
		Warner Chilcott	Emerging Biotechnology	5,531	0.17	1.17
				309,930		
		* Source: Bloomberg				
		Note: An Emerging Biotechnology company is defined as being one with a market capitalisation of less than U.S.\$3 billion or a company that is not yet profitable. A Major Biotechnology company is one with a market capitalisation of more than U.S.\$3 billion and is profitable.				
B.46	Net asset value	The NAV per Ordinary Share as at 25 July 2013, which is the latest practicable date prior to the publication of this Prospectus, was 426.41p.				

Section C – Securities

C.1	Description of securities	The securities which the Company intends to issue are Ordinary Shares of the Company of 25p each, whose ISIN is GB0000385517.
C.2	Currency of securities	The Ordinary Shares are denominated in Sterling and the issue price will be payable in Sterling.
C.3	Amount paid up and par value	As at 25 July 2013, the latest practicable date prior to publication of this Prospectus, the Company has 68,536,347 fully paid Ordinary Shares of 25p par value in issue. The Company has no partly paid Ordinary Shares in issue.
C.4	Rights attaching to the Ordinary Shares	The Shares issued pursuant to the Placing Programme will rank <i>pari passu</i> with the Shares then in issue (save for any dividends or other distributions declared, made or paid on the Shares by reference to a record date prior to the allotment of the relevant new Shares).
C.5	Restrictions on free transferability of the Ordinary Shares	There are no restrictions on the free transferability of the Shares.
C.6	Admission	Applications will be made from time to time to the UK Listing Authority and the London Stock Exchange for the New Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the Official List (by way of a premium listing) under Chapter 15 of the Listing Rules and to trading on the London Stock Exchange's main market for listed securities.
C.7	Dividend policy	As the Company's principal investment objective is to achieve capital appreciation, the Board does not anticipate the Company paying any dividends. However, dividends will be paid to the extent necessary to maintain the Company's investment trust status.

Section D – Risks

D.2	Key risks specific to the Company	<p>The attention of investors is drawn to the risks associated with an investment in the Company which, in particular, include the following:</p> <p>(a) Investment in biotechnology companies may include a higher element of risk than more broadly-based investment funds due to the extensive trials carried out on new drugs and compounds before they can be approved for sale. Failure can occur on any one of a number of trial stages.</p> <p>(b) A significant proportion of the Company's assets are invested in securities denominated in foreign currencies. As the Company does not hedge against currency exposure, the return to Shareholders will be affected by changes in the value of sterling relative to those currencies.</p> <p>(c) Any changes to the tax status and treatment of the Company and/or investors could affect the value of the Company's investments and its ability to provide returns to Shareholders.</p>
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		<p>(d) It is likely that compliance with the AIFM Directive will result in additional burdens being placed on the Investment Manager, the Manager and the Company, which may create significant additional compliance costs for the Company. The AIFM Directive may also restrict the Company's ability to market its Ordinary Shares to retail investors, which may reduce the take up of the Company's Ordinary Shares.</p> <p>(e) Compliance with any UK rules introduced to implement FATCA requiring the Company to provide HMRC with information in relation to certain Shareholders may result in additional burdens being placed on the Manager and the Company which may create additional compliance costs for the Company.</p>
D.3	Key risks specific to the Ordinary Shares	<p>The attention of investors is drawn to the risks associated with an investment in the Ordinary Shares which, in particular, include the following:</p> <p>(a) As the price of shares in an investment trust is determined by the interaction of supply and demand for those shares in the market, the share price can fluctuate and may represent a discount to the Net Asset Value per Ordinary Share.</p> <p>(b) Conversely, the price of shares in an investment trust may represent a premium to the Net Asset Value per Ordinary Share, so that investors purchasing such shares in such circumstances may not realise the full extent of their purchase price in the event of winding up of the Company.</p>

Section E – Offer

E.1	Net proceeds and expenses	<p>Assuming that the Placing Programme is fully subscribed and a Placing Price of 414.00p per New Ordinary Share (being the mid market price as at the latest practicable date prior to the publication of the Prospectus), the gross proceeds would be £207,000,000, the costs of the Placing Programme would be £105,000 and the net proceeds of the Placing Programme would be £206,895,000. Under the Placing Programme, each New Ordinary Share is being made available to investors at a price calculated by reference to the estimated Net Asset Value of each existing Ordinary Share together with a premium intended to cover the costs and expenses of the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised. Assuming a NAV of 426.41p (being the NAV at the latest practicable date prior to the publication of the Prospectus), the Placing Price would be 429.39p, and the expenses borne by the investor would be 2.98p.</p>
E.2a	Use of proceeds	<p>The Company intends to issue up to 50,000,000 New Ordinary Shares pursuant to the Placing Programme. The Placing Programme is intended to partially satisfy market demand for the Ordinary shares and to raise further money for investment in accordance with the Company's investment policy.</p>

E.3	Terms and conditions of the Placing Programme	<p>The Placing Programme is for up to 50,000,000 New Ordinary Shares, to be issued pursuant to the Placing Programme. Under the Placing Programme New Ordinary Shares may be allotted at any time prior to the closing date of the Placing Programme. The Placing Price will be calculated by reference to the estimated Net Asset Value of each existing Ordinary Share together with a premium intended to cover the costs and expenses of the Placing (including, without limitation, any placing commissions) and the initial investment of the amounts raised. The maximum Placing Price in respect of any allotment of New Ordinary Shares will be equal to the best offer price per Ordinary Share as quoted on the London Stock Exchange at the time that the proposed allotment is agreed.</p> <p>The allotment of New Ordinary Shares under the Placing Programme is at the discretion of the Directors. The minimum subscription pursuant to the Placing Programme will be £50,000.</p> <p>Each investor is required to undertake to make payment for New Ordinary Shares issued to such investor in such manner as shall be directed by Winterflood.</p> <p>An investor applying for New Ordinary Shares in the Placing Programme may elect to receive New Ordinary Shares in uncertificated form, if such investor is a system-member in relation to CREST, or certificated form. Where applicable, definitive certificates in respect of the New Ordinary Shares are expected to be dispatched by post to the relevant holders no later than ten Business Days after the relevant allotment date.</p>
E.4	Interests material to the Placing Programme	Not applicable; there are no interests that are material to the Placing Programme.
E.5	The offeror	The Ordinary Shares are being offered by the Company.
E.6	Dilution	In the event that the Placing Programme is fully subscribed, an existing Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital, who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold shares representing approximately 2.9 per cent. of the Company's issued Ordinary Share capital.
E.7	Expenses	The Placing Price will include a premium intended to cover the costs and expenses of the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised. Assuming a NAV of 426.41p (being the NAV at the latest practicable date prior to the publication of the Prospectus), the Placing Price would be 429.39p, and the expenses borne by the investor would be 2.98p.

PART 1:

RISK FACTORS

Existing and prospective investors should consider carefully the following risk factors in addition to all the other information presented in this Prospectus. If any combination of the risks described below materialise, it could have a material adverse effect on the Company's business, financial condition, operational performance and share price. In that case, the trading price of Ordinary Shares could decline and potential investors could lose all of their investments.

Prospective investors should note that the risks relating to the Company and the Ordinary Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

Additional risks and uncertainties not currently known to the Company, or that the Board currently believes are not material, may also adversely affect the Company's business, its financial condition and the results of its operations. The value of the New Ordinary Shares could go down due to any of these risk factors, and investors could lose part or all of their investment.

Prospective investors should consult their independent financial adviser authorised under the Financial Services and Markets Act 2000 before investing in New Ordinary Shares.

1. Investor Profile

The typical investors for whom the New Ordinary Shares are intended are professionally-advised private investors, institutional investors or financially-sophisticated non-advised private investors seeking capital growth from investment in worldwide biotechnology companies. An investment in the Company is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as long term in nature and complementary to existing investments in a range of other financial assets and should not normally form a major part of an investment portfolio. **Past performance of the Company, and of investments managed by Investment Manager, are not necessarily indicative of future performance.**

2. Risk of Investing in the New Ordinary Shares General

The market price of the New Ordinary Shares can fluctuate and can go down as well as up. There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment.

3. Discount or Premium

The price of shares in an investment trust is determined by the interaction of supply and demand for such shares in the market as well as the net asset value per share. The share price can therefore fluctuate and may represent a discount or premium to the net asset value per share. This discount or premium is itself variable as conditions for supply and demand for the shares change. This can mean that the share price can fall when the net asset value per share rises or *vice versa*.

4. Investment Policy and Objective

There is no guarantee that the Company's investment objective as described under the heading "Investment Policy and Objective" in Part 6 will be achieved or provide the returns sought by the Company. The net proceeds of the issue of New Ordinary Shares will be invested as soon as reasonably practicable after their receipt by the Company, but the number, quality and size of investment opportunities may lead to delays in fully investing the net proceeds of the Issue. If equity prices rise or

fall significantly before the net proceeds are fully invested, the potential returns available to Shareholders may differ from the returns which would have been available on the Company's existing portfolio of investments.

5. Investments

The Company's portfolio comprises, and will continue to comprise, stocks in biotechnology companies and related securities. Investing in companies in the biotechnology sector carries some particular high risks:

- Such companies may have limited product ranges and, consequently, any problems encountered on one product may have a particularly damaging effect on a company's prospects.
- Products in this sector have to undergo several trial stages before they can be approved for sale. A product can fail at any stage.
- Obtaining necessary regulatory approval for new products may be a lengthy process and carries uncertainty as to outcome.
- Notwithstanding that a product is approved by the relevant regulatory body, the commercial success of a product will depend on the extent to which the payors for healthcare, be they governments, health insurers, managed care programmes and other third party payors, are, if at all, prepared to pay. Significant uncertainty exists as to the reimbursement status of newly approved products as, globally, payors seek to limit healthcare costs by restricting the availability and level of reimbursement.
- Technological advances may render less valuable, or obsolete, existing products of companies in these sectors.
- Certain companies operating in the biotechnology sector may be exposed to potential product liability risks, particularly in relation to the testing, manufacture and sale of healthcare products.
- Companies operating within the sector tend to spend a considerable proportion of their resources on research and development which may be commercially unproductive or require the injection of further capital fully to exploit the results of their work. If access to capital is restricted or further capital becomes unavailable, shareholders in such companies, including the Company, may lose some or all of their investment.
- The rapid development of and changes in the biotechnology sector represent a particular risk as well as an opportunity.

6. Portfolio Performance

Investment performance may not meet shareholder requirements. The Board reviews regularly investment performance against the Benchmark and against the Company's peer group and receives regular reports that show an analysis of performance compared to other relevant indices. The Investment Manager regularly provides an explanation of significant stock selection decisions and an overall rationale for the make-up of the portfolio and discusses current and potential investment holdings with the Board.

7. Market Price Risks

There is uncertainty about future prices of financial instruments held by the Company. The Board meets on a quarterly basis during the year and on an ad hoc basis if necessary to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries, sectors or instruments. The Investment Manager has responsibility for selecting investments in accordance with the Company's investment objective and seeks to ensure that investment in individual stocks falls within acceptable risk levels.

8. Borrowings

The Company may borrow, *inter alia*, to finance any short term borrowing requirements and, on a longer term basis, to enhance returns and potential investors should be aware of the implications of such "gearing". The Articles limit the amount of borrowing the Company may take on to an amount

not exceeding a sum equal to 33 per cent. of the adjusted total capital and reserves. The Company's borrowing policy is that borrowings will not exceed 10 per cent. of the Company's net assets. Whilst the use of borrowings within the limits prescribed by the Board should enhance the Net Asset Value per Share where the value of the Company's underlying assets is rising at a rate sufficiently fast to offset the interest rate on the borrowings, to leave a surplus, it will have the opposite effect when those circumstances are reversed. This may increase the volatility of the Net Asset Value per Share. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by Goldman, Sachs & Co. There is a risk that Goldman, Sachs & Co. may no longer be prepared to lend to the Company. Both the Board and the Investment Manager are kept fully informed of any likelihood of the withdrawal of the loan facility so that repayment can be effected in an orderly fashion.

9. Taxation

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this Prospectus are those currently available and their value depends on the individual circumstances of investors.

Any change in the Company's tax status, including failure to satisfy the conditions to qualify as an investment trust under Chapter 4 of Part 24 Corporation Tax Act 2010, or any change in taxation legislation could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to such shareholders.

10. Economic Conditions

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely or favourably affect the Company's prospects and the value of the Company's portfolio. In particular, in the biotechnology sector, a lack of access to cash by companies in which the Company invests in circumstances where such investee companies require funding to continue operations may lead to operational difficulties for such companies and even collapse.

11. Accounts

The Company prepares its accounts in accordance with IFRS and intends to continue to do so. IFRS is subject to change and this may have an affect on the Company's calculation of NAV. Changes in the accounting policies of the Company could adversely affect Shareholders. The Company has a policy of charging the periodic management fees, any loan interest and any performance fee earned under the terms of the Investment Management Agreement and the Management Agreement to the realised capital reserve. Other expenses of the Company, such as Directors' fees, the Manager's fixed fee, the auditor's remuneration and custody charges are entirely charged to revenue.

12. Credit Risk

The Company's assets can be held by Goldman, Sachs & Co. as collateral for the loan provided by them to the Company. Such assets taken as collateral may be used, loaned, sold, rehypothecated or transferred by Goldman, Sachs & Co., although the Company maintains the economic benefits from ownership of those assets. Goldman, Sachs & Co. may take up to 140 per cent. of the value of the outstanding loan as collateral. Goldman Sachs & Co. is required under SEC rules and U.S. law to comply with minimum capital levels to protect the Company's assets in the event of a Goldman, Sachs & Co. failure. Assets held by Goldman, Sachs & Co., as custodian, that are not used as collateral, are held in client accounts segregated from the proprietary assets of Goldman, Sachs & Co.

13. Currency Risk

A significant proportion of the Company's assets are, and will continue to be, invested in securities denominated in foreign currencies, in particular U.S. dollars. As the Shares are denominated and traded in sterling, the return to Shareholders will be affected by changes in the value of sterling relative to those foreign currencies. The Company does not currently hedge against any currency exposure.

14. Alternative Investment Fund Managers Directive

The AIFM Directive entered into force on 21 July 2011. European Member States are required to implement the AIFM Directive into local Member State law by 22 July 2013, which has been implemented in the UK by The Alternative Investment Fund Managers Regulations 2013 and rules made by the FCA. The AIFM Directive seeks to regulate managers (in this paragraph (“AIFMs”) of alternative investment funds (in this paragraph “AIFs”) which are marketed or managed in the EU. AIFs, such as the Company, may, subject to satisfying certain requirements, obtain authorisation as an internally managed AIF, appoint a third party manager, such as the Investment Manager or the Manager, to act as its AIFM or may, in certain circumstances, seek registration as a “small registered UK AIFM”.

In order to obtain authorisation, and to be able to manage the AIF, the AIFM will need to comply with various obligations prescribed under the AIFM Directive. This would result in additional burdens being placed on the Investment Manager, the Manager and the Company which may create significant additional compliance costs for the Company.

Furthermore, authorisation would require that an independent depositary be appointed for the AIF, whose responsibility would go beyond that of the Custodian. The depositary’s primary responsibility would be to safe-keep the AIF’s assets, including verification of the AIF’s ownership of such assets. A depositary would also be required to perform or oversee various functions that might otherwise have been performed by the Custodian, the Manager or the Investment Manager which may increase the costs of the Company.

If instead the Company seeks registration as a “small registered UK AIFM”, it will need to comply with certain conditions, including that its assets do not exceed 500 million Euros and that it is unleveraged. This would require a change to the Company’s investment policy to remove the ability to use leverage, by July 2014.

The AIFM Directive may also restrict the Company’s ability to market its Ordinary Shares to retail investors which may reduce the take-up of the Company’s shares.

The Board and the Company’s advisers will continue to monitor the progress and likely implications of the AIFM Directive.

15. Foreign Account Tax Compliance Act

It is expected that UK rules will be introduced to implement FATCA which may require the Company to provide HMRC with information in relation to certain Shareholders which will be shared with the U.S. Internal Revenue Service. It is intended that the Company will comply with any such requirements and the Company may therefore request that you provide it with relevant information to facilitate such compliance.

Although it is too early to be definitive as to the impact of FATCA, compliance with any UK rules introduced to implement FATCA may result in additional burdens being placed on the Manager and the Company which may create additional compliance costs for the Company.

PART 2:

IMPORTANT INFORMATION

Forward looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward looking statements include matters that are not historical facts and include statements regarding the Company’s intentions, beliefs or current expectations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the facts described in the risk factors section of the document.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect the Company’s view with respect to future events as the date of this document and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s operations and strategy. Save as required by applicable law, or any UK or EU regulatory requirements (including FSMA, the Prospectus Rules, the Listing Rules and the Disclosure Rules) the Company is under no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its exceptions or to reflect events or circumstances after the date of this document.

Given these uncertainties, investors and prospective investors are cautioned not to place any undue reliance on such forward looking statements and should carefully consider the “Risk Factors” section of this document for a discussion of additional factors that could cause the Company’s actual results to differ materially before making any investment decision.

Notwithstanding the foregoing, nothing contained in this document shall in any way be taken to qualify the working capital statement contained in paragraph 20 of Part 8 of this document.

PART 3:

EXPECTED TIMETABLE AND STATISTICS

1. Expected Timetable of Principal Events

Placing Programme opens	2 August 2013
Placing Programme closes	28 July 2014

*All times and dates in the expected timetable and in this document may be adjusted by the Company. Any changes to the timetable will be notified by publication of a notice through a RIS.

2. Issue Statistics

Maximum size of the Placing Programme	50,000,000 Ordinary Shares
Placing Price	Not less than the Net Asset Value per Ordinary Share at the time of allotment*

*The maximum Placing Price will be equal to the best offer price per share at the time the proposed allotment is agreed.

PART 4:
DEFINITIONS

In this Prospectus, unless the context otherwise requires, the expressions as set out below shall bear the following meanings:

2010 Corporate Governance Code	the UK Corporate Governance Code published on 28 May 2010;
2012 AGM	the annual general meeting of the Company held at 12.30 p.m. on 12 July 2012;
2013 AGM	the annual general meeting of the Company held at 12.30 p.m. on 9 July 2013;
Act	the Companies Act 2006, as amended from time to time;
Admission	admission of New Ordinary Shares to listing on the Official List of the UKLA and to trading on the London Stock Exchange's market for listed securities;
AGM	an annual general meeting of the Company;
AIC Code	the AIC Code of Corporate Governance;
AIC Guide	the AIC Corporate Governance Guide for Investment Companies;
AIFM Directive	the Alternative Investment Fund Managers Directive, 2011/61/EU;
Articles or Articles of Association	the articles of association of the Company, a summary of which is set out in paragraph 4.2 of Part 8 of this Prospectus;
Audit and Management Engagement Committee	the Company's audit and management engagement committee as described in paragraph 19.4 of Part 6 of this Prospectus;
Auditor	Grant Thornton UK LLP (a limited liability partnership incorporated in England and Wales with registered number OC307742);
Board or Directors	the directors of the Company whose names are set out in the paragraph headed "Directors" in Part 6 of this Prospectus;
Business Days	any day on which banks are open for business in Edinburgh and London (excluding Saturdays and Sundays);
Chairman	the chairman of the Board as elected from time to time;
Company	The Biotech Growth Trust PLC;
Corporate Governance Code	the UK Corporate Governance Code published on 28 September 2012;
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations;
Custodian	Goldman, Sachs & Co.;

Custody Agreement	the custody agreement between the Company and the Custodian, a summary of which is set out in paragraph 13.4 of Part 8 of this Prospectus;
Dealing Day	a day on which the London Stock Exchange is open for business;
Disclosure Rules	the disclosure and transparency rules made by the FCA under section 72 of FSMA;
Euroclear	Euroclear UK & Ireland Limited (a company incorporated in England and Wales with registered number 02878738, being the operator of CREST);
FATCA	the U.S. Foreign Account Tax Compliance Act;
FCA	the Financial Conduct Authority;
FSMA	Financial Services and Markets Act 2000 as amended;
HMRC	Her Majesty's Revenue and Customs;
IFRS	International Financial Reporting Standards;
Investment Management Agreement	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 13.2 of Part 8 of this Prospectus;
Investment Manager or OrbiMed	OrbiMed Capital LLC;
ISA and Junior ISA	investment plan and child plan respectively for the purposes of Chapter 3 of Part 6 of the Income Tax (Trading and Other Income) Act 2005 and the Individual Savings Account Regulations 1998 (SI 1998/1870) (as amended);
Listing Rules	the listing rules made by the FCA under section 73A of FSMA;
London Stock Exchange	London Stock Exchange plc (a company registered in England and Wales with registered number 2075721);
Management, Administrative and Secretarial Services Agreement	the management, administrative and secretarial services agreement between the Company and the Manager, a summary of which is set out in paragraph 13.1 of Part 8 of this Prospectus;
Manager or Frostrow	Frostrow Capital LLP (a limited liability partnership incorporated in England and Wales under the Act with registered number OC323835);
Memorandum of Association	the memorandum of association of the Company;
Net Asset Value or NAV	in relation to an Ordinary Share, its net asset value and in relation to the Company, the aggregate net asset value of the Ordinary Shares, calculated in accordance with the Company's normal reporting policies from time to time;
New Ordinary Shares	the new ordinary shares of 25p each in the capital of the Company to be issued following the issue of this Prospectus;

Official List	the Official List maintained by the UK Listing Authority pursuant to Part VI of FSMA;
Ordinary Shares	ordinary shares of 25p each in the capital of the Company including, without limitation, where the context so admits, the New Ordinary Shares;
Panel	the Panel on Takeovers and Mergers;
Performance Fee	the performance fee payable to OrbiMed and Frostrow, as further described in paragraph 12 of Part 6 of this Prospectus;
Placing	a placing of New Ordinary Share made pursuant to the Placing Programme;
Placing Price	the price at which the New Ordinary Shares will be issued to placees, being such price, not less than the prevailing Net Asset Value per Ordinary Share nor more than the best offer price per Ordinary Share as quoted on the London Stock Exchange at the time that the proposed allotment is agreed, as shall be determined by the Directors in accordance with paragraph 6 of Part 5 of this Prospectus;
Placing Programme	the proposed programme of placings of up to 50,000,000 Ordinary Shares in aggregate, as described in this Prospectus;
Prospectus	this Prospectus;
Prospectus Rules	the prospectus rules made by the United Kingdom Listing Authority under section 73A of FSMA;
Recognised Investment Exchange	an investment exchange in relation to which a recognition order of the FCA is in force;
Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
RIS or Regulatory Information Service	a regulatory information service that is on the list of regulatory information services maintained by the FCA;
Securities Act	the United States Securities Act of 1933, as amended;
Senior Independent Director	the senior independent director of the Company as elected from time to time;
Shareholders	the holders of the Ordinary Shares;
SORP	Statement of Recommended Practice for Financial Statements of Investment Trust Companies issued by the Association of Investment Trust Companies;
Takeover Code	the City Code on takeovers and Mergers, as amended from time to time;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
UKLA or United Kingdom Listing Authority	the FCA as the competent authority for listing in the United Kingdom;
VAT	Value Added Tax; and

Winterflood

Winterflood Securities Limited acting through its division
Winterflood Investment Trusts.

In this prospectus, unless otherwise specified, all references to “**sterling**”, “**pounds**” or “**£**” are to United Kingdom pounds sterling and all references to “**p**” are to United Kingdom pence sterling.

PART 5:

THE PLACING PROGRAMME

1. Introduction

The Company intends to issue up to 50,000,000 Ordinary Shares pursuant to the Placing Programme. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares over a period of time. The Placing Programme is intended to partially satisfy market demand for the Ordinary Shares and to raise further money for investment in accordance with the Company's investment policy.

At the Company's Annual General Meeting held on 9 July 2013, the Directors were granted authority to allot up to 6,813,134 Ordinary Shares on a non-pre-emptive basis. As at 25 July 2013 (being the latest practicable date before the publication of this Prospectus), 405,000 Ordinary Shares have been allotted under this authority.

2. Background to and reasons for the Placing Programme

During the year to 31 March 2013, the Ordinary Shares consistently traded close to the Net Asset Value per Ordinary Share, which indicates that there is reasonable demand for them in the market. In order to partially satisfy this demand, the Company issued 2,245,000 Ordinary Shares in the year ended 31 March 2013 and 4,070,000 Ordinary Shares between 1 April 2013 and 25 July 2013 (being the latest practicable date before the publication of this Prospectus). These Ordinary Shares were all issued at a premium to the Net Asset Value per Share prevailing at the time of their issue.

Despite regular issuance of Ordinary Shares, the Ordinary Shares have continued to trade at a premium to their Net Asset Value per Ordinary Share. On 25 July 2013 (being the latest practicable date before the publication of this Prospectus) the average premium to the Net Asset Value per Ordinary Share over the previous 12 months was 0.2 per cent. In the face of this continuing demand and having regard to the benefits of enlarging the Company, the Directors consider it desirable to retain the flexibility to issue additional Ordinary Shares on a non-pre-emptive basis with a view to providing the benefits referred to under the heading "Benefits of the Placing Programme" below and enable investors to acquire Ordinary Shares without paying an excessive premium.

Under FSMA and the Prospectus Rules, the Company may not over a period of 12 months, issue Ordinary Shares representing 10 per cent. or more of the number already issued and admitted to trading without the issue of a Prospectus. As a result of issues of Ordinary Shares during the last 12 months, the scope for further issues has now become limited and in order to preserve the flexibility to issue additional Ordinary Shares the Directors have decided to establish the Placing Programme and issue this Prospectus.

3. Benefits of the Placing Programme

The Directors believe that the issue of Ordinary Shares pursuant to the Placing Programme should yield the following principal benefits:

- (a) improve liquidity in the market for the Company's Ordinary Shares;
- (b) maintain the Company's ability to issue New Ordinary Shares, so as to better manage the premium at which the Ordinary Shares trade to NAV per Ordinary Share; and
- (c) grow the Company, thereby spreading operating costs over a larger capital base which should reduce the ongoing charges ratio.

In the event that the Placing Programme is fully subscribed, an existing Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital, who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold shares representing approximately 2.9 per cent. of the Company's issued Ordinary Share capital.

4. The Placing Programme

The Placing Programme will open on 2 August 2013 and will close on the date on which this Prospectus ceases to remain valid, which is expected to be a date twelve months from the date of this Prospectus. The maximum number of Ordinary Shares to be issued pursuant to the Placing Programme is 50,000,000. Such New Ordinary Shares will, subject to the Company's decision to proceed with an allotment at any given time be issued to Winterflood at the Placing Price. Winterflood will trade the New Ordinary Shares in the secondary market. No Ordinary Shares will be issued at a discount to the Net Asset Value per Ordinary Share at the time of the relevant allotment. The Company will not issue any New Ordinary Shares at a discount of 10 per cent. or more to the middle market price of the Ordinary Shares at the relevant time without further Shareholder approval.

The allotment of New Ordinary Shares under the Placing Programme is at the discretion of the Directors. Allotments may take place at any time prior to the closing date of the Placing Programme. An announcement of each allotment will be released through a RIS. It is anticipated that dealings in the New Ordinary Shares will commence three Business Days after their allotment. Whilst it is expected that all New Ordinary Shares allotted pursuant to the Placing Programme will be issued in uncertificated form, if any New Ordinary Shares are issued in certificated form it is expected that share certificates will be despatched ten Business Days after the relevant allotment date.

The minimum subscription pursuant to the Placing Programme will be £50,000. There is no maximum subscription.

The Placing Programme is not being underwritten and, as at the date of this Prospectus, the actual number of Ordinary Shares to be issued under the Placing Programme is not known. The number of Ordinary Shares available under the Placing Programme should not be taken as an indication of the number of Ordinary Shares finally to be issued.

So far as the Directors are aware as at the date of this document, no major Shareholders or Directors intend to make a commitment for Ordinary Shares under the Placing Programme.

Applications will be made to the UKLA for the New Ordinary Shares issued pursuant to the Placing Programme to be admitted to the Official List and to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. All Ordinary Shares issued pursuant to the Placing Programme will be allotted conditionally on such Admission occurring. The Prospectus has been published in order to obtain Admission to the Official List of any Ordinary Shares issued pursuant to the Placing Programme. This will include any Ordinary Shares issued under the Directors' existing authority to issue Ordinary Shares on a non-pre-emptive basis after the date of this Prospectus. Should the Board wish to issue New Ordinary Shares in excess of the amount which it will then be authorised to allot, further authorities will be sought at an appropriate time by convening a general meeting of Shareholders for this purpose.

The Ordinary Shares issued pursuant to the Placing Programme will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Ordinary Shares).

The Placing Programme will be suspended at any time when the Company is unable to issue New Ordinary Shares pursuant to the Placing Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion.

5. Conditions

Each allotment of Ordinary Shares pursuant to the Placing Programme is conditional on:

- (a) Shareholder authority for the disapplication of pre-emption rights in respect of the relevant allotment being in place;
- (b) the Placing Price being determined by the Directors as described below; and
- (c) Admission of the Ordinary Shares issued pursuant to such allotment.

In circumstances in which these conditions are not fully met, the relevant issue of Ordinary Shares pursuant to the Placing Programme will not take place.

6. Calculation of the Placing Price

The Placing Price will be calculated by reference to the estimated Net Asset Value of each existing Ordinary Share together with a premium intended to cover the costs and expenses of the Placing (including, without limitation, any placing commissions) and the initial investment of the amounts raised. The maximum Placing Price in respect of any allotment of New Ordinary Shares will be equal to the best offer price per Ordinary Share as quoted on the London Stock Exchange at the time that the proposed allotment is agreed. The Directors will determine the Placing Price on the basis described above so as to cover the costs and expenses of the Placing and thereby avoid any dilution of the Net Asset Value of the existing Ordinary Shares held by Shareholders. Assuming a NAV of 426.41p (being the NAV at the latest practicable date prior to the publication of the Prospectus), the Placing Price would be 429.39p, and the expenses borne by the investor would be 2.98p.

Fractions of Ordinary Shares will not be issued and placing consideration will be allocated accordingly.

Where New Ordinary Shares are issued, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Placing Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds resulting from any issue are expected to be invested in investments consistent with the investment objective and policy of the Company and the Placing Price will always represent a modest premium to the then prevailing Net Asset Value.

In the event that the Placing Programme is fully subscribed, an existing Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital, who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold shares representing approximately 2.9 per cent. of the Company's issued Ordinary Share capital.

7. Settlement

Payment for New Ordinary Shares issued under the Placing Programme will be made through CREST or through Winterflood, in any such case in accordance with settlement instructions to be notified to places by Winterflood. In the case of those subscribers not using CREST, monies received by Winterflood will be held in a segregated client account pending settlement.

To the extent that any placing commitment is rejected in whole or in part, any monies received will be returned without interest at the risk of the placee.

8. Costs of the Placing Programme

The Company's fixed expenses in connection with the Placing Programme are estimated to amount to £105,000 (exclusive of VAT). Assuming that the Placing Programme is fully subscribed and a Placing Price of 414.00p per New Ordinary Share (being the mid market price as at the latest practicable date prior to the publication of the Prospectus), the gross proceeds would be £207,000,000, the costs of the Placing Programme would be £105,000 and the net proceeds of the Placing Programme would be £206,895,000.

9. Net Asset Value

As at 25 July 2013 (being the latest practicable date before the publication of this Prospectus), the unaudited Net Asset Value of the Company as a whole was £292.2 million and the unaudited Net Asset Value per Ordinary Share was 426.41p.

10. Use of proceeds

The net proceeds of the Placing Programme will be invested by the Investment Manager on behalf of the Company in accordance with the Company's published investment policy.

11. Profile of typical investor

The typical investors for whom the New Ordinary Shares are intended are professionally advised private investors, or institutional investors, seeking capital appreciation through investment in the worldwide biotechnology industry. The New Ordinary Shares may also be suitable for financially sophisticated non-advised private investors who are capable of evaluating the risks and merits of an investment in the Company and who have sufficient resources to bear any loss that may result from such an investment. However, such investors should consider consulting an independent financial adviser authorised under FSMA before investing.

PART 6:

THE COMPANY

1. Introduction

The Biotech Growth Trust PLC is a public company limited by shares incorporated in 1997 in England and Wales under the Act and domiciled in the United Kingdom. Ordinary Shares of the Company are admitted to the Official List and to trading on the London Stock Exchange.

At 25 July 2013, the Company had 68,536,347 Ordinary Shares in issue. In order to enable the Company to continue to seek Admission of further Ordinary Shares, in response to market demand, while remaining compliant with the Prospectus Rules, the Company is publishing this Prospectus. This Prospectus does not contain or constitute an offer to the public of New Ordinary Shares or the solicitation of an offer to buy or subscribe for New Ordinary Shares.

2. Investment Policy and Objective

The Company's investment objective is to seek capital appreciation through investment in the worldwide biotechnology industry, principally by investing in emerging biotechnology companies. Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted).

In order to achieve its investment objective, the Company invests in a diversified portfolio of biotechnology (principally emerging biotechnology) companies and related securities on a worldwide basis.

The Company does not and will not invest more than 15 per cent., in aggregate, of the value of the gross assets of the Company in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.

Further, the Company does not and will not invest more than 10 per cent., in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.

The Company may invest or commit for investment a maximum of US\$15 million, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by the Investment Manager or an affiliate thereof.

The Company will not invest more than 10 per cent. of the portfolio in direct unquoted investments at the time of acquisition. This limit does not include any investment in private equity funds managed by the Investment Manager or any affiliates of such entity.

The Company will not invest more than 15 per cent. of the portfolio in any one individual stock at the time of acquisition.

The largest 30 quoted stocks will normally represent at least 50 per cent. of the quoted portfolio.

The majority of the emerging biotechnology companies that the Company will invest in are likely to be companies with a market capitalisation of less than US\$3 billion that have undergone an IPO (Initial Public Offering) but as yet are unprofitable. They will typically be focused on drug research and development, with their valuations driven by profitable developments, clinical trial results and partnerships.

The Company's borrowing policy is that borrowings will not exceed 10 per cent. of the Company's net assets. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by Goldman, Sachs & Co. This facility can be drawn down at the discretion of the Investment Manager.

In accordance with the Listing Rules, the Company can only make a material change to its investment policies with the approval of its Shareholders.

3. Investment Process

Consistent with the Company investment objective, the Investment Manager has invested the majority of the Company's assets in emerging biotechnology companies with the remainder invested in major biotechnology companies. The portfolio comprised 38 holdings as at 31 March 2013.

The Investment Manager makes investments worldwide – in North America, Europe and the Far East. Geographic allocation is in line with the geographic distribution of investment opportunities, with a majority of the Company's investment in companies based in North America.

The Investment Manager takes a bottom-up approach to stock selection based on intensive proprietary research. Stock selection is based on rigorous financial analysis, exhaustive scientific review, frequent meetings with company management and consultations with physicians and other industry experts.

The Investment Manager seeks to invest in emerging biotechnology companies with strong management teams, innovative products in development and sufficient financial resources to develop those products. For major biotechnology companies, the Investment Manager looks for strong management teams, healthy organic growth from current products and deep pipelines to fuel future growth.

The attainment of profitability frequently acts as a significant catalyst for biotech share price appreciation. As a result, the Investment Manager believes superior returns can be achieved by investing in emerging biotechnology companies two to three years prior to sustainable profitability. Companies that become profitable benefit from greater analyst research coverage, a wider institutional investors base and reduced clinical development risk (since profitability typically coincides with a product approval and launch). The Investment Manager generally seeks to exit its investments when the wider investor community starts to value newly profitable biotechnology company in excess of its anticipated future growth.

Risk management is conducted via position size limits, geographic diversification and an appropriate weighting between major and emerging biotechnology. Relevant limits are set out under "Investment Policy and Objective" above.

4. Investment Portfolio

As at the close of business on 25 July 2013 (being the latest practicable date before the publication of this Prospectus), the investments of the Company and the sectoral portfolio allocation were:

<i>Investment</i>	<i>Business Sector</i>	<i>Investments £'000</i>	<i>per cent. of Company's Investments</i>
Acadia Pharmaceuticals	Emerging Biotechnology	6,798	2.2
Actelion	Major Biotechnology	3,419	1.1
Affymetrix	Emerging Biotechnology	3,973	1.3
Agios Pharmaceuticals	Emerging Biotechnology	3,124	1.0
Alexion Pharmaceuticals	Major Biotechnology	7,016	2.3
Amgen	Major Biotechnology	27,311	8.8
Arqule	Emerging Biotechnology	789	0.3
Array Biopharma	Emerging Biotechnology	3,216	1.0
Astex Pharmaceuticals	Emerging Biotechnology	3,270	1.1
Auxilium Pharmaceuticals	Emerging Biotechnology	702	0.2
Bavarian Nordic	Emerging Biotechnology	898	0.3
Biogen Idec	Major Biotechnology	22,576	7.3
Biomarin Pharmaceutical	Emerging Biotechnology	11,295	3.7
Bluebird Bio	Emerging Biotechnology	3,773	1.2
Celgene	Major Biotechnology	24,273	7.8
Cubist Pharmaceuticals	Major Biotechnology	3,199	1.0
Dynavax Technologies	Emerging Biotechnology	1,973	0.6
Endocyte	Emerging Biotechnology	1,294	0.4
Esperion Therapeutics	Emerging Biotechnology	663	0.2
Exact Sciences	Emerging Biotechnology	4,301	1.4
Exelixis	Emerging Biotechnology	4,127	1.3
Fluidigm	Emerging Biotechnology	4,107	1.3
Gilead Sciences	Major Biotechnology	28,878	9.3
Illumina	Major Biotechnology	10,297	3.3
Impax Laboratories	Emerging Biotechnology	6,548	2.1
Incyte Genomics	Emerging Biotechnology	13,213	4.3
Infinity Pharmaceuticals	Emerging Biotechnology	9,671	3.1
Intermune	Emerging Biotechnology	7,585	2.5
Jazz Pharmaceuticals	Major Biotechnology	3,480	1.1
Medivation	Emerging Biotechnology	6,168	2.0
Mylan	Major Biotechnology	11,982	3.9
Neurocrine Biosciences	Emerging Biotechnology	980	0.3
Oncomed Pharmaceuticals	Emerging Biotechnology	222	0.1
Ono Pharmaceutical	Major Biotechnology	5,394	1.7
Onyx Pharmaceuticals	Emerging Biotechnology	7,511	2.4
Optimer Pharmaceuticals	Emerging Biotechnology	4,809	1.6
OrbiMed Asia Partners L.P.	Emerging Biotechnology	2,564	0.8
Portola Pharmaceuticals	Emerging Biotechnology	5,067	1.6
Prosensa	Emerging Biotechnology	247	0.1
Questcor Pharmaceuticals	Emerging Biotechnology	2,513	0.8
Regeneron Pharmaceuticals	Emerging Biotechnology	23,962	7.7
Techne	Emerging Biotechnology	4,230	1.4
Vertex Pharmaceuticals	Emerging Biotechnology	6,981	2.3
Warner Chilcott	Emerging Biotechnology	5,531	1.8
		<u>309,930</u>	<u>100.0</u>

Note: An emerging capitalisation company is defined as being one with a market capitalisation of less than U.S.\$3 billion or a company that is not yet profitable. A major capitalisation company is one with a market capitalisation of more than U.S.\$3 billion or a company that is profitable.

The above information is sourced from the Company's management accounts and is unaudited. Further details of the Company's investments are set out in Part 8 of this Prospectus.

5. Investment Trends and Outlook

The Company's Investment Manager believes that the biotechnology sector's strong performance during the Company's financial year was justified based on the solid fundamentals of the sector. It further believes that earnings per share growth for the next few years will be strong due, in part, to new product launches from a number of major biotechnology companies. In addition to these new products, it also believes that there are several late stage products from smaller biotechnology companies with significant potential and that the sector is still attractive relative to large pharmaceutical companies and the general market given the biotechnology sector's substantial potential.

6. Performance

The Company's performance is measured against that of the NASDAQ Biotechnology Index (sterling adjusted). To 31 March 2013, the performance, in total return terms, was as follows:

	<i>6 months</i> <i>(per cent.)</i>	<i>1 year</i> <i>(per cent.)</i>	<i>3 years</i> <i>(per cent.)</i>	<i>5 years</i> <i>(per cent.)</i>
Company (NAV per Ordinary Share – total return)	25.1	48.1	103.6	259.5
NASDAQ Biotechnology Index (sterling adjusted)	19.5	37.2	77.8	179.6

Source: Unaudited information from Morningstar.

7. Directors

The Directors are all non-executive and, with the exception of Mr Sven Borho, are independent of the Investment Manager, and are responsible for the determination of the investment policy of the Company and the supervision of the implementation of such policy. The Board consists of:

The Rt Hon Lord Waldegrave of North Hill (Chairman)

Lord Waldegrave of North Hill, aged 66, joined the Board in June 1998. He is Provost of Eton College, a Director of Coutts and Co Limited and Chairman of the Royal Mint Advisory Committee. He was formerly Vice-Chairman of the Investment Banking Department at UBS, Chairman of the Global Financial Institutions Group at Dresdner Kleinwort Wasserstein and a Director of Fleming Family & Partners. From 1979 to 1997, he was MP for Bristol West holding a number of Cabinet posts including Secretary of State for Health.

Sven Borho

Sven Borho, aged 46, joined the Board in March 2006 and is a founding General Partner of OrbiMed Capital LLC, the Company's Investment Manager. He heads the public equity team and is the portfolio manager for OrbiMed's public equity and hedge funds. Sven has played an integral role in the growth of OrbiMed's assets management activities. He started his career in 1991 when he joined OrbiMed's predecessor firm as a Senior Analyst covering European pharmaceutical firms and biotechnology companies worldwide. In 1993, Sven was promoted to portfolio manager. Sven studied business administration at Bayreuth University in Germany and received an M.Sc (Econ.) Accounting and Finance from The London School of Economics; he is a citizen of both Germany and Sweden.

Professor Dame Kay Davies, CBE

Professor Dame Kay Davies, aged 62, joined the Board in March 2012. She is the Dr Lee's Professor of Anatomy and Associate Head of the Medical Sciences Division at the University of Oxford and a fellow of Hertford College. She is also a director of the MRC Functional Genomics Unit at Oxford, Deputy Chairman of the Wellcome Trust and a member of the Scientific Advisory Boards of biopharmaceutical companies UCB Pharma S.A. and ProSensa and a consultant to drug discovery company Summit plc.

Paul Gaunt

Paul Gaunt, aged 64, has served on the Board as a Director since the launch of the Company in June 1997. Paul is self-employed and has over 30 years' experience in the investment industry. He was formerly Senior Investment Manager and an Assistant General Manager of The Equitable Life Assurance Society and a Director of Worldwide Healthcare Trust PLC, Brit Insurance Holdings PLC and of Oasis Healthcare plc. Paul is also a Director of RCM Technology Trust PLC.

Dr John Gordon

Dr John Gordon, aged 68, joined the Board in June 1997 and has been designated as the Senior Independent Director; he is also Chairman of the Remuneration Committee. Dr Gordon is Chairman of, and employed by, Quercus Management Limited and has previously acted as Director of several biotechnology companies, as well as working at Beecham Research Laboratories, Cambridge University and the Medical Research Council.

Peter Keen

Peter Keen, aged 55, has served on the Board as a Director since the launch of the Company in June 1997 and is Chairman of the Audit & Management Engagement Committee. A chartered accountant, he has over 28 years' experience in the management and financing of biotechnology businesses and is a Venture Partner with the technology venture capital firm DFJ Esprit LLP. He is also a Director of a number of life science companies including Abcam plc, Oval Medical Technologies Limited, Horizon Discovery Limited and MRC Technology Limited. He was formerly Finance Director at the privately held biopharmaceutical companies Serentis Limited and Arakis Limited and a co-founder of Chiroscience Group plc.

Andrew Joy

Andrew Joy, aged 56, joined the Board in March 2012. He is a Senior Advisor to Fleming Family & Partners and was one of the founder Partners of Cinven Limited where he was a member of the Executive Committee and the Portfolio Review Committee and remains a Senior Advisor. He was also the main point of contact for Cinven's investors. Mr Joy was also formerly a Director of Hill Samuel Bank and Managing Director of Hill Samuel Development Capital and is a former Chairman of the British Venture Capital Association.

8. Manager

The Manager was established in 2007 and provides specialist management, administrative, company secretarial and marketing services to six investment companies. The assets of its clients total approximately £3.2 billion. The Manager is regulated by the FCA under FSMA with firm reference number: 460360.

The Manager won the Specialist Group of the Year award at the Investment Week, Investment Company of the Year Awards 2012.

9. Investment Manager

OrbiMed Capital LLC is an investment manager focused exclusively on the healthcare sector, with approximately US\$7 billion in assets under management as at 31 March 2013 across a range of funds, including investment trusts, hedge funds and private equity funds. The Investment Manager was founded in 1989 by Samuel D. Isaly and is based in New York. The Investment Manager is authorised and regulated by the U.S. Securities and Exchange Commission.

The Investment Manager won the techMARK Fund Manager of the Year award in both 2011 and 2012.

10. Management, Administrative and Secretarial Services Agreement

Management and administrative, secretarial and other services are provided by Frostrow. The Management, Administrative and Secretarial Services Agreement may be terminated by either party giving not less than 12 months' notice.

A periodic fee is payable by the Company to Frostrow of 0.30 per cent. of the adjusted market capitalisation of the Company (calculated in accordance with the Management, Administrative and Secretarial Services Agreement) (the “**Periodic Fee**”). The Manager is also entitled to an annual fixed fee (the “**Fixed Fee**”) of £60,000 payable quarterly in arrear.

Frostrow, under the terms of the Management, Administrative & Secretarial Services Agreement provides *inter alia* the following services:

- marketing and shareholder services;
- company secretarial and administrative services;
- advice and guidance in respect of corporate governance requirements;
- maintaining adequate accounting records in respect of Company dealing, investments, transactions, dividends and other income, the income account, statement of financial position and cash books and statements;
- preparation and dispatch of the audited annual, and the unaudited interim, report and financial statements and interim management statements; and
- attending to general tax affairs where necessary.

11. Investment Management Agreement

Discretionary investment management services are provided by OrbiMed. The Investment Management Agreement may be terminated by either party giving not less than 12 months’ notice.

A periodic fee is payable by the Company to OrbiMed equal to 0.65 per cent. of the net asset value of the Company (the “**Periodic Fee**”).

The Investment Manager, under the terms of the Investment Management Agreement, provides, *inter alia*, the following services:

- seeking out and evaluating investment opportunities;
- recommending the manner by which any monies should be invested, disinvested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment policy of the Company.

The proportion of the Company’s assets committed for investment in OrbiMed Asia Partners L.P., a limited partnership managed by OrbiMed Asia G.P., L.P., an affiliate of the Company’s Investment Manager, is excluded from the Investment Management fee calculation.

12. Performance Fee

Dependent on the level of long term outperformance of the Company, the Investment Manager and the Manager are entitled to the payment of a performance fee. The performance fee is calculated by reference to the amount by which the Company’s net asset value (“**NAV**”) performance has outperformed the NASDAQ Biotechnology Index (sterling adjusted), the Company’s benchmark index.

The fee is calculated quarterly by comparing the cumulative performance of the Company’s NAV with the cumulative performance of the benchmark since the commencement of the performance fee arrangement on 30 June 2005. The performance fee amounts to 16.5 per cent. of any outperformance over the benchmark, the Investment Manager receiving 15 per cent. and the Manager receiving 1.5 per cent. respectively. Provision is also made within the daily NAV per share calculation as required and in accordance with generally accepted accounting standards.

In order to ensure that only sustained outperformance is rewarded, at each quarterly calculation date any performance fee is based on the lower of:

- (i) the cumulative out-performance of the portfolio over the benchmark as at the quarter end date; and
- (ii) the cumulative out-performance of the portfolio over the benchmark as at the corresponding quarter end date in the previous year.

In addition, a performance fee only becomes payable to the extent that the cumulative outperformance gives rise to a total fee greater than the total of all performance fees paid to date.

During the year ended 31 March 2013 performance fee amounts totalling £1,640,000 crystallised. At 31 March 2013 £1,373,000 was accrued and was payable.

The proportion of the Company's assets invested in OrbiMed Asia Partners L.P. is excluded from the Investment Manager's performance fee calculation.

13. Capital Structure

13.1 *Share capital and duration*

The Company's share capital structure consists solely of Ordinary Shares. As at 25 July 2013 (being the latest practicable date at which such figure could be ascertained before the publication of this Prospectus), the Company had 68,536,347 Ordinary Shares in issue. The Ordinary Shares are in registered form and may be held in certificated or in uncertificated form.

The Company does not have a fixed winding-up date but the directors are required to propose a continuation resolution at every fifth annual general meeting after that in calendar year 2010 as described in paragraph 4.2.11 of Part 8. Therefore the next continuation vote of the Company shall be held at the Annual General Meeting to be held in 2015.

13.2 *Further issues of Ordinary Shares*

The Board's policy is to issue New Ordinary Shares at a premium to the NAV per Ordinary share into the market when demand arises. The Company issued 2,245,000 Ordinary Shares in response to market demand between 1 April 2012 and 31 March 2013. Following the year end and up to 25 July 2013 (being the last practicable date at which such figure could be ascertained before the publication of this Prospectus), a further 4,070,000 Ordinary Shares were issued. A resolution was passed at the 2013 Annual General Meeting authorising the Directors to allot up to 6,813,134 Ordinary Shares on a non-pre-emptive basis.

The proceeds from the issue of New Ordinary Shares will be used in accordance with the Company's current investment policy and objective, as described in paragraph 2 of Part 6 above, which can only be materially changed with the approval of Shareholders. Such proceeds will not necessarily be invested in securities of the portfolio companies set out in paragraph 4 above.

Should the Board wish to issue New Ordinary Shares in excess of the amount which it will then be authorised to allot, further authorities will be sought at an appropriate time by convening a general meeting of Shareholders for the purpose. It is expected that this Prospectus will remain valid for twelve months from the date hereof, subject to the requirement under the Prospectus Rules to the publication of supplementary prospectuses to disclose any significant changes in the financial or trading position of the Company.

13.3 *Discount management*

The Board undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and share buy-backs if considered appropriate. The Board has implemented an active discount management policy, buying back the Company's shares either for retention as treasury shares for future reissue or resale or for cancellation if the market price is at a discount greater than 6 per cent. to the net asset value per Share. Any Shares reissued from treasury will be issued only at a premium to the net

asset value per Share prevailing at the time. Shareholders should note that it remains possible for the share price discount to net asset value per share to be greater than 6 per cent. at times as the share price continues to be influenced by overall supply and demand for the Company's Shares in the secondary market. In addition, the volatility of the net asset value per share in an asset class such as biotechnology is also a factor. The making and timing of any Share buy-back is at the absolute discretion of the Board and there can be no guarantee that this strategy will be successful.

13.4 Borrowings

The Company's borrowing policy is that borrowings will not exceed 10 per cent. of the Company's net assets. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by Goldman, Sachs & Co. This facility can be drawn down at the discretion of the Investment Manager.

14. Share Buybacks

As part of the package of measures adopted in 2005 by the Board to improve the attraction of the Company's shares to new investors and also to provide the prospect of a sustained improvement in the rating of the Company's Ordinary Shares, an active discount management policy was implemented to buy back Ordinary Shares if the market price is at a discount greater than 6 per cent. to net asset value per share. As at 31 March 2013, the discount was 1 per cent., well within the stated target of 6 per cent. Due to the Company's strong performance, and the demand for the Company's Ordinary Shares that this has created, the Company's Ordinary Share price traded much closer to the net asset value per share during the year. Indeed, based on average month-end figures over the year, the share price traded at a small premium (0.4 per cent.). The making and timing of any Ordinary Share buy-back remains at the absolute discretion of the Board. Authority to buy back up to 14.99 per cent. of the Company's issued share capital is sought at each Annual General Meeting. At the Annual General Meeting held on 9 July 2013, Shareholder permission was obtained to either hold shares repurchased in treasury for future reissue or to have them cancelled. During the year ended 31 March 2013, 19,079 Ordinary Shares were bought back for cancellation representing 0.03 per cent. of the issued share capital at the beginning of the year. The purchase was made at £2.45 per Ordinary Share at a cost of £47,000 (including expenses) and at a discount of 3.4 per cent. to the net asset value per Ordinary Share. No Ordinary Shares were reissued out of treasury. At the date of this Prospectus, the Company did not hold any Ordinary Shares in treasury.

15. Dividend Policy

As the Company's principal investment objective is to achieve capital appreciation, the Board does not anticipate the Company paying any dividends. However, dividends will be paid to the extent necessary to maintain the Company's investment trust status.

16. Shareholder Information

The Company's annual report and accounts are prepared up to 31 March each year and copies are normally sent to Shareholders in June of the same year. Shareholders also receive an unaudited interim report covering the six months to 30 September each year which is expected to be despatched in November that year. The unaudited NAV per Share is published daily and information on performance, holdings and investment activity is published on a monthly basis by the Manager in the form of a factsheet.

17. Investment Trust and Regulatory Status

The Directors intend to continue to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. HMRC has confirmed that the Company will be accepted as an approved investment trust for accounting periods commencing on or after 1 April 2012, subject to the Company continuing to meet the eligibility conditions in section 1158 Corporation Taxes Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011. At the date of this Prospectus, the Board believes that the Company has satisfied all

the conditions for approval as an investment trust. The Company is not (and is not required to be) regulated or authorised by the FCA under FSMA but, in common with other issuers listed on the Official List, is subject to the Listing Rules and the Disclosure Rules made by the FCA and is bound to comply with applicable laws including the Act and FSMA.

18. Custody Arrangements

The Company has appointed Goldman, Sachs & Co. as its custodian under the Custody Agreement, further details of which are set out in paragraph 13.4 of Part 8.

19. Corporate Governance

19.1 Compliance

The Company is committed to high standards of corporate governance and the Board has considered the principles and recommendations of the AIC Code by reference to the AIC Guide, both of which can be found on the AIC website www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the Corporate Governance Code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Corporate Governance Code), provides more relevant information to shareholders. A copy of the Corporate Governance Code can be found at www.frc.org.uk.

The Board considers that it managed its affairs throughout the year ended 31 March 2013 in compliance with the recommendations of the AIC Code and the relevant provisions of section 1 of the Corporate Governance Code, save that, for the reasons referred to below, the Company does not comply with the Corporate Governance Code provisions relating to:

- (a) the role of the chief executive;
- (b) executive directors' remuneration; and
- (c) the need for an internal audit function.

For the reasons set out in the AIC Guide, and in the preamble to the AIC Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment trust. The Company has therefore not reported further in respect of these provisions.

In view of its non-executive nature, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by provision B.7.1 of the Corporate Governance Code and principle 3 of the AIC Code. The Directors have agreed to adopt the provision contained in both the Corporate Governance Code and the AIC Code that all Directors of the Company will stand for annual election.

19.2 Internal Audit

As the Company delegates to third parties its day-to-day operations and has no employees, the Board has determined that there are no requirements for an internal audit function. The Board reviews annually whether a function equivalent to an internal audit is needed and it will continue to monitor its systems of internal controls in order to provide assurance that they operate as intended.

19.3 Board Independence, Composition and Tenure

The Board, chaired by The Rt Hon Lord Waldegrave of North Hill who is responsible for leadership of the Board and for ensuring its effectiveness in all aspects of its role, currently consists of seven non-executive Directors. The Directors' biographical details, set out in paragraph 7 of this Part 6, demonstrate a breadth of investment, commercial and professional experience. Dr John Gordon has been designated as the Senior Independent Director, who can act as a sounding board for the Chairman and also acts as an intermediary for the other Directors when necessary. The Directors review their independence annually.

Sven Borho is a Founding General Partner of OrbiMed, the Company's Investment Manager, and is not considered to be an Independent Director. Lord Waldegrave of North Hill, Dr Gordon, Mr Gaunt, and Mr Keen have all served on the Board for over nine years. The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his ability to act independently and, following formal performance evaluations, believes that each of those Directors is independent in character and judgement and that there are no other relationships or circumstances which are likely to affect their judgement. Professor Dame Kay Davies, CBE and Andrew Joy were appointed as Directors with effect from 15 March 2012. They are both considered to be independent by the Board.

None of the Directors has a service contract with the Company. New Directors are appointed with the expectation that they will serve for a minimum period of three years. Any Director may resign in writing to the Board at any time. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the offices of the Company's Manager and will be available at the Annual General Meeting. When a new Director is appointed to the Board, they are provided with all relevant information regarding the Company and their duties and responsibilities as a Director. In addition, a new Director will also spend time with representatives of the Manager and Investment Manager in order to learn more about their processes and procedures. The Chairman also regularly reviews the training and development needs of each Director. The Board also receives regular briefings from, amongst others, the Auditors and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect the Company and/or the Directors.

19.4 Committees of the Board

The Board has delegated certain responsibilities and functions to committees. Membership of the Company's committees comprises those Directors considered independent by the Board. The Remuneration Committee is chaired by Dr John Gordon, the Nominations Committee is chaired by the Chairman of the Company, Lord Waldegrave of North Hill, and the Audit and Management Engagement Committee is chaired by Peter Keen.

19.5 Nominations Committee

The Nominations Committee is responsible for the Board appraisal process and for making recommendations to the Board on the appointment of new Directors. Where appropriate, each Director is invited to submit nominations and external advisers may be used to identify potential candidates.

19.6 Remuneration Committee

The level of Directors' fees is reviewed on a regular basis relative to other comparable investment companies and in the light of Directors' responsibilities.

19.7 Audit and Management Engagement Committee

The Audit and Management Engagement Committee meets at least twice a year and is responsible for the review of the interim and annual financial statements, the nature and scope of the external audit and the findings therefrom and the terms of appointment of the Auditors, including their remuneration and the provision of any non-audit services by them. In addition, the Committee is responsible for the review of the Company's financial controls and of the Management Agreement and Investment Management Agreement and of the services provided by the Manager and the Investment Manager. The Audit and Management Engagement Committee meets representatives of the Manager and Investment Manager and their Compliance Officers who report as to the proper conduct of business in accordance with the regulatory environment in which the Company, Manager and Investment Manager operate. The Company's Auditors also attend meetings of this Committee at its request and report on their work procedures and their findings in relation to the Company's statutory audit. They also have the opportunity to meet with the Committee without representatives of the Manager or the Investment Manager being present. The Audit and Management Engagement Committee reviews the need for non-audit services and authorises such fees on a case by case basis, having consideration to the cost effectiveness of the services and the independence and objectivity of the Auditors. Non-audit fees of

£5,000 were paid to Grant Thornton UK LLP for their review of the Company's half year accounts and their review of the performance fee calculation as at 30 June 2012. The Auditors' reappointment was approved at the 2013 AGM following the Board's conclusion, on the recommendation of the Audit and Management Engagement Committee, that the Auditors continue to be independent.

In accordance with the provision C2 and C3 of the Corporate Governance Code, risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality; and
- the Company's ability to reduce the incidence and impact of risk on its performance.

Against this background, the Board has split the review of risk and associated controls into five sections reflecting the nature of the risks being addressed. These sections are as follows:

- corporate strategy;
- investment activity;
- published information, compliance with laws and regulations;
- service providers; and
- financial activity.

The Company has appointed Frostrow Capital LLP to provide administrative services to the Company. The Company has obtained from its various service providers assurances and information relating to their internal systems and controls to enable the Board to make an appropriate risk and control assessment, including the following:

- details of the control environment in operation;
- identification and evaluation of risks and control objectives;
- review of communication methods and procedures; and
- assessment of the control procedures.

The key procedures which have been established to provide internal financial controls are as follows:

- investment management is provided by OrbiMed Capital LLC who provide regular updates and reports to the Board. The Board is responsible for setting the overall investment policy and monitors the actions of the Investment Manager at regular Board meetings;
- administration, company secretarial and marketing duties for the Company are performed by Frostrow Capital LLP;
- custody of assets is undertaken by Goldman, Sachs & Co.;
- the Board clearly defines the duties and responsibilities of their agents and advisers. The appointment of agents and advisers to the Company is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements;
- mandates for authorisation of investment transactions and expense payments are set by the Board; and
- the Board reviews financial information produced by the Investment Manager and the Manager in detail on a regular basis.

All of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board or on its behalf by Frostrow Capital LLP.

20. Taxation

Information concerning the tax issues of the Company and the taxation of Shareholders is contained in paragraph 14 of Part 8 of this Prospectus. If any potential investor is in any doubt about the tax consequences of his/her acquiring, holding or disposing of New Ordinary Shares, he/she should seek advice from his/her own independent professional adviser.

PART 7:

FINANCIAL INFORMATION RELATING TO THE COMPANY

1. Statutory accounts for three financial years ended 31 March 2013

Statutory accounts of the Company for the three financial years ended 31 March 2013, in respect of which the Company's auditor, Grant Thornton UK LLP, Chartered Accountants and Statutory Auditor, of 30 Finsbury Square, London EC2P 2YU, has given unqualified opinions that the accounts give a true and fair view of the state of affairs of the Company and of its total return and cash flows for the year ended 31 March 2013, have been properly prepared in accordance with the Act. Grant Thornton UK LLP merged with the Company's previous auditor, RSM Robson Rhodes LLP, in 2007 and is a member of the Institute of Chartered Accountants in England and Wales.

Save for the historical information of the Company for the three financial periods ended 31 March 2013 set out, or incorporated by reference, in paragraph 2.1 of this Part 7 of the Prospectus, none of the information in this Prospectus has been audited. Unless otherwise indicated, all unaudited financial information relating to the Company contained in this document has been sourced, without material adjustment, from the internal accounting records of the Company which are maintained by the Manager on the Company's behalf on a basis consistent with the Company's accounting policies.

2. Published annual reports and accounts for three financial years ended 31 March 2013

2.1 *Historical financial information*

The published annual reports and audited accounts for the Company for the three financial years ended 31 March 2013, which have been incorporated in this Prospectus by reference, included, on the pages specified in the table below, the following information:

<i>Nature of Information</i>	<i>Annual report and accounts for the year ended 31 March</i>		
	<i>2011 Page No(s)</i>	<i>2012 Page No(s)</i>	<i>2013 Page No(s)</i>
Income Statement	25	32	33
Statement of Financial Position	27	34	35
Statement of Cash Flows	28	35	36
Accounting policies	29	36	37
Notes to the financial statements (incorporating summary of principal accounting policies)	29	36	37
Audit report	24	31	32

2.2 Selected financial information

The key audited figures that summarise the Company's financial condition in respect of the three financial years ended 31 March 2013, which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part 7 (unless otherwise indicated in the notes below the following table), are set out in the following table:

	<i>As at or for year ended</i>		
	<i>31 March</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
Total net assets (£'000)	120,818	156,131	239,616
NAV per Share (pence)	186.0	250.9	371.7
<i>Revenue</i>			
(Loss)/return (£'000)	(341)	(309)	(54)
(Loss)/return per Share (pence)	(0.5)	(0.5)	(0.1)
Dividend per Share	Nil	Nil	Nil
<i>Total</i>			
Return attributable to Shareholders (£'000)	2,000	40,519	76,148
Return per Share (pence)	3.0	63.6	121.1

2.3 Operating and financial review

The Company's published annual reports and accounts for the three financial years ended 31 March 2013 included, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms); details of the Company's investment activity and portfolio exposure; and changes in its financial condition for each of those years.

	<i>Annual report and accounts</i>		
	<i>for the year ended 31 March</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
	<i>Page No(s)</i>	<i>Page No(s)</i>	<i>Page No(s)</i>
<i>Nature of Information</i>			
Chairman's statement	3	3	3
Review of investments	6	5-8	5-8
Portfolio distribution and analysis	7	9-12	9-11
Performance summary	2	2	2

The causes of material changes in the capital value of the Company's assets in these three financial years can be summarised as follows:

Year ended 31 March 2013

The strong performance reported at the half-year stage continued during the second half with the Company's net asset value per share rising by 48.1 per cent. for the full year. Strong demand for the Company's shares helped the share price outperform the net asset value, rising by 55.9 per cent., and also caused the discount of the share price to the net asset value per share to narrow to 1.0 per cent. at the year-end. Both the share price and the net asset value per share substantially outperformed the Company's benchmark, the NASDAQ Biotechnology Index measured in sterling terms, which rose by 37.2 per cent. over the year.

The Company's strong performance was due in part to good positive newsflow relating to new drugs being developed by Infinity Pharmaceuticals, Gilead Sciences and Onyx Pharmaceuticals. In addition there was solid financial performance from other holdings in the portfolio such as Amgen.

The biotechnology sector again outperformed the wider market where the prospects were mixed. The biotechnology sector continued to be driven, in large part, by new drug approvals, and the prospect of future such approvals, in areas such as cancer, diabetes, hepatitis C, multiple sclerosis and Alzheimer's. Merger and acquisition activity also continued to play a key role in the performance of the sector.

Year ended 31 March 2012

Overall, during the year ended 31 March 2012, the Company's net asset value per share rose by 34.9 per cent. and the share price rose by 42.2 per cent., both handsomely outperforming the Company's benchmark, the NASDAQ Biotechnology Index measured in sterling terms, which rose by 23.6 per cent. over the year. The discount of the share price to net asset value per share narrowed over the year from 10.8 per cent. at 31 March 2011 to 5.9 per cent. at the year-end. After the year-end, the discount continued to narrow and at times the shares traded at a premium to their net asset value.

The Company's strong performance was due in part to a number of companies in the portfolio being taken over during the year, for example Pharmasset by Gilead Sciences and Anadys Pharmaceuticals by Roche. In addition there was good positive newsflow for new drugs being developed by Pharmacyclics, VIVUS, Regeneron and Alexion.

Year ended 31 March 2011

During the year ended 31 March 2011, the Company's net asset value per share rose by 1.9 per cent. compared to a rise of 4.8 per cent. in the Company's benchmark during the same period. The Company's share price, however, fell by 5.6 per cent., as the discount of share price to net asset value per share widened from 3.7 per cent. at 31 March 2010 to 10.8 per cent. at the year-end.

This disappointing result was due in part to the strong performance of a small number of stocks which were in the Index against which the Company measures performance but which were not in its portfolio. The Company also suffered from being underweight in some mid capitalisation stocks which performed particularly well in the second half of the year and overweight in major biotechnology companies which underperformed the mid and small capitalisation companies. A weakening of the U.S. dollar during the year had a negative impact on the Company's absolute performance.

Active management of a portfolio inevitably leads to periods of relative out and underperformance. For example, in the two preceding financial years the net asset value per share rose by 32.4 per cent. and 33.4 per cent. respectively, substantially outperforming the Index throughout that period.

2.4 *Availability of annual reports and accounts for inspection*

Copies of the Company's audited accounts for the three financial years ended 31 March 2013 are available for inspection at the address of Frostrow set out in paragraph 24 of Part 8 of this Prospectus.

PART 8:

GENERAL INFORMATION

1. Responsibility

The Company, whose registered office appears in paragraph 2 of this Part 8, and the Directors, whose names appear on page 67 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of 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 Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

2. The Company

2.1 Incorporation

- 2.1.1 The Company was incorporated and registered with limited liability in England and Wales with an unlimited life on 20 May 1997 as a public limited company with the name “Reabourne Merlin Life Sciences Investment Trust PLC” and with registered number 3376377. The Company’s name was changed on 22 September 1999 to “Finsbury Life Sciences Investment Trust PLC”, on 19 May 2005 to “Finsbury Emerging Biotechnology Trust PLC” and on 26 July 2007 to “The Biotech Growth Trust PLC”. The Company is an investment company under section 833 of the Act.
- 2.1.2 The issued Ordinary Shares in the Company are listed on the Official List and are admitted to trading on the regulated market of the London Stock Exchange.
- 2.1.3 The principal legislation under which the Company operates is the Act. The Company is domiciled in the United Kingdom.
- 2.1.4 The address of the registered office of the Company is One Wood Street, London EC2V 7WS. However, any enquiries relating to the Company should be directed to Frostrow at 25 Southampton Buildings, London WC2A 1AL. Telephone number +44 (0)203 008 4910.
- 2.1.5 The Company has no employees and most of its day-to-day activities are delegated to third parties.

2.2 Principal Activities

- 2.2.1 A special resolution was passed by the Shareholders at the 2013 AGM in order to amend the Articles of Association. One of the amendments to the Articles was to delete all the provisions of the Memorandum of Association which, by virtue of section 28 of the Act, are to be treated as provisions of the Articles, other than those provisions, which the Company is required under the Act to retain. This amendment results in the Company having unlimited objects. Further details of the Articles are set out in paragraphs 4.1 and 4.2 of this Part 8 of the Prospectus.
- 2.2.2 At the date of this Prospectus the Memorandum of Association of the Company provides that the principal object of the Company is to carry on the business of an investment trust company in all its branches. The objects of the Company are set out in full in clause 4 of the Memorandum of Association, a copy of which is available for inspection at the address specified in paragraph 24 of this Part 8 of this Prospectus.

3. Share Capital

The following shows the issued share capital of the Company as at 31 March 2013 (being the last date in respect of which the Company has published financial information):

	<i>Number of Ordinary Shares</i>
Issued Share Capital (Ordinary Shares of 25p each, fully paid)	64,466,347

As at 25 July 2013 (being the latest practicable date before the publication of this Prospectus), the Company had 68,536,347 Ordinary Shares in issue.

The Company's issued share capital history during the last three financial years and since 31 March 2013 is as follows:

- At 31 March 2010, the Company had 65,959,861 Ordinary Shares of 25p each in issue. During the year ended 31 March 2011, 1,005,180 Ordinary Shares were repurchased to be cancelled.
- At 31 March 2011, the Company had 64,954,681 Ordinary Shares of 25p each in issue. During the year ended 31 March 2012, 2,714,255 Ordinary Shares were repurchased to be cancelled.
- At 31 March 2012, the Company had 62,240,426 Ordinary Shares of 25p each in issue. During the year ended 31 March 2013 2,245,000 new Ordinary Shares were issued, and 19,079 Ordinary Shares were repurchased to be cancelled.
- Since 31 March 2013 to 25 July 2013, 4,070,000 new Ordinary Shares were issued. No Ordinary Shares were repurchased.

This Prospectus relates to the issue of up to 50,000,000 New Ordinary Shares, being the authorised but unissued share capital. The Prospectus Rules require the Company to set a maximum price for the issue of New Ordinary Shares under this Prospectus; to permit maximum flexibility the Directors have set this maximum issue price at £10 per New Ordinary Share.

4. Articles of Association

4.1 *Amendments to the Articles of Association*

A special resolution was passed by the Shareholders at the 2013 AGM to amend the Articles of Association in order to:

- 4.1.1 incorporate an explicit statement of the Shareholders' limited liability;
- 4.1.2 take advantage of HM Government's reform of the tax and company law rules affecting investment trusts by removing the prohibition on distributing capital profits, which the Company is no longer required to include;
- 4.1.3 remove the upper limit of the Company's share capital, which is no longer required pursuant to the Act;
- 4.1.4 allow for attendance at general meetings by electronic means;
- 4.1.5 clarify the rights of a proxy appointed by more than one Shareholder;
- 4.1.6 include amendments to provisions dealing with the notice of general meetings and adjourned meetings;
- 4.1.7 provide that a Director will vacate office if he has become physically or mentally incapable of acting as a director for more than three months;
- 4.1.8 provide that the Company must determine the right to vote at a general meeting by reference to the register of members at a time that is not more than 48 hours before the time of the meeting;
- 4.1.9 enable the Directors to pass a resolution to change the Company's name as permitted by the Act; and
- 4.1.10 make other technical amendments so that the Articles conform to the Act and other legislation applicable to companies and current best practice in its current form.

4.2 *Articles of Association*

The Articles contain, *inter alia*, material provisions to the following effect:

4.2.1 *Share Capital*

(a) *Power to attach rights:*

Subject to the Companies Acts and to the rights attached to existing shares, new shares may be allotted or issued with or have attached to them such special rights or restrictions as the Company may by ordinary resolution decide, or, if no resolution is passed, as the Directors may decide.

(b) *Redeemable shares*

Subject to the Companies Acts and to the rights attached to existing shares, shares may be issued on terms that they are to be redeemed or, at the option of the Company or the holder, are liable to be redeemed. The terms and conditions an manner of redemption may be determined by the directors provided that this is done before the shares are allotted.

(c) *Variation of rights*

Subject to the Companies Acts, the rights attached to a class of shares may be varied whether or not the Company is being wound up in such manner as may be provided by those rights or, if no provision is made, either with the consent in writing of the holders of at least three fourths of the nominal amount of the issued shares of that class (excluding any share of that class held as a treasury share) or with the sanction of a resolution passed at a separate meeting of the holders of the issued shares of that class validly held in accordance with the Articles, but not otherwise.

(d) *Alteration of capital*

(i) The Company may, subject to the passing of a resolution authorising it to do so in accordance with the Act, consolidate or divide its share capital into shares of a larger amount than its existing shares or may sub-divide all or any of its share capital into shares of a smaller amount, which may have a preference or other advantage or be subject to a restriction. By special resolution the Company may reduce its capital.

(ii) Where members become entitled to fractions of a share the Directors may deal with such fractions as they think fit.

4.2.2 *Transfer of shares*

(a) Certificated shares may be transferred by instrument of transfer in writing in any usual form or in another form approved by the Directors. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid) by or on behalf of the transferee.

(b) Uncertificated shares may be transferred in accordance with the Regulations.

(c) Subject to the requirements of the London Stock Exchange, the Directors may, in their absolute discretion, refuse to register the transfer of a certificated share which is not fully paid or on which the Company has a lien. In addition, the Directors may, in their absolute discretion, refuse to register a transfer of a certificated share unless:

(i) it is in respect of only one class of shares; and

(ii) it is in favour of a single transferee or not more than four joint transferees; and

(iii) it is duly stamped (if required); and

(iv) it is delivered for registration to the Company's registered office or such other place as the Directors may decide, accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognised person where a certificate has not been issued) and such other evidence as the Directors may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

- (d) If the Directors refuse to register the transfer of a certificated share they must, as soon as is practicable and, in any event, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee, together with reasons for the refusal. The Directors shall also provide the transferee with such further information about the reason for the refusal as the transferee may reasonably request.

4.2.3 *Compulsory transfer of shares*

- (a) If it shall come to the notice of the Directors that any share or shares:
 - (i) are or may be owned or held directly or beneficially by any person whose ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the Board to be relevant) might in the sole and conclusive determination of the Board cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company; or
 - (ii) are or may be owned or held directly or beneficially by any person that is (1) an employee benefit plan subject to Part 4 of Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”); or (2) a plan to which Section 4975 of the United States Internal Revenue Code of 1986, as amended, applies; or (3) an entity whose underlying assets include plan assets by reason of a plan’s investment in such entity, (collectively, “**Benefit Plan Investors**”), and either: (A) in the opinion of the Board the assets of the Company may be considered “plan assets” within the meaning of ERISA and regulations adopted thereunder; or (B) based on information provided to the Board, the Board determines that 15 per cent. or more of the relevant class of shares is or may be held by Benefit Plan Investors; or
 - (iii) are or may be owned or held directly or beneficially such that the aggregate number of United States Persons (as defined in the Articles) who are holders or beneficial owners (which for these purposes shall include beneficial ownership by attribution pursuant to Section 3(c)(1)(A) of the United States Investment Company Act of 1940) of shares or other securities of the Company and who are Private Offering Holders (as defined in the Articles to mean a United States Person who acquired securities of the Company from the Company or its agent or affiliates (a “**Direct Purchaser**”) or a United States resident transferee of any Direct Purchaser) is or may be more than 75; or
 - (iv) are or may be owned or held directly or beneficially by any person to whom a transfer of shares or whose ownership or holding of any shares might in the opinion of the Directors require registration of the Company as an investment company under the United States Investment Company Act of 1940,

the Directors may serve written notice (hereinafter called a “**Transfer Notice**”) upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the “**Vendor**”) of the share, shares or any of the shares concerned (the “**Relevant Shares**”) requiring the Vendor within 21 days (or such extended time as in all the circumstances the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the Directors, would not fall within paragraph (i), (ii) or (iv) above and whose ownership or holding of such share or shares would not result in the aggregate number of Private Offering Holders who are beneficial owners or holders of shares or other securities of the Company being 75 or more (such a person being hereinafter called an “**Eligible Transferee**”). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions referred to in this paragraph or paragraph 4.2.3(b) below, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

- (b) If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Directors consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Directors, the Company may sell the Relevant

Shares on behalf of the holder or holders thereof, subject to the Regulations, by instructing a member of the London Stock Exchange to sell them at the best price reasonably obtainable at the time of sale, to any Eligible Transferee or Eligible Transferees. For this purpose the Directors may authorise in writing any officer or employee of the Company to transfer the Relevant Shares on behalf of the holder or holders thereof to the purchaser or purchasers and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser will not be bound to see to the application of the purchase moneys nor will his title to the Relevant Shares be affected by any irregularity in or invalidity of the proceedings relating to the sale. The net proceeds of the sale of the Relevant Shares shall be received by the Company, whose receipt will be a good discharge for the purchase moneys, and will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person who is entitled to the shares by transmission or by law to, the Relevant Shares for an amount equal to the net proceeds of transfer upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. No trust will be created in respect of the debt and no interest will be payable in respect of it and the Company will not be required to account for any moneys earned from the net process of transfer which may be employed in the business of the Company or as it thinks fit. The Company may register the transferee or transferees as holder or holders of the Relevant Shares and thereupon the transferee or the transferees will become absolutely entitled thereto.

- (c) A person who becomes aware that he falls within any of paragraphs 4.2.3(a)(i), 4.2.3(a)(ii) or 4.2.3(a)(iv) above or, being a Private Offering Holder and a beneficial owner or holder of shares, becomes aware that the aggregate number of Private Offering Holders who are beneficial owners or holders of shares or other securities of the Company is more than 75, shall forthwith, unless he has already received a Transfer Notice pursuant to the provisions referred to in paragraph 4.2.3(a) above either transfer the shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with the provisions referred to in paragraph 4.2.3(a) above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.
- (d) Subject to the provisions of the Articles, the Directors will, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Directors to serve a Transfer Notice in respect thereof. The Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 21 days after service of the notice requiring the same) as may be specified by the Directors in the said notice, the Directors may, in their absolute discretion, treat any share held by such a holder or joint holder as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.
- (e) The Directors will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by the provisions referred to in paragraph(s) 4.2.3(a) and/or (b) and/or (c) above may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Directors at the relevant date provided that the said powers have been exercised in good faith.

4.2.4 *Failure to disclose interests in shares*

If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act and has failed in relation

to any shares (the “**default shares**”) to give the Company the information thereby required within 14 days from the date of the notice, the following sanctions will apply unless the Directors otherwise determine:

- (a) the member is not entitled in respect of the default shares to be present or to vote (in person or by proxy) at any general meeting or at any separate meetings of the holders of any class of shares or on a poll; and
- (b) where the default shares represent at least 0.25 per cent. of the nominal value of the issued shares of their class, a dividend or any other amount payable in respect of the default shares will be withheld by the Company, which will have no obligation to pay interest on it, and the member is not entitled to elect to receive shares instead of a dividend. No transfer, other than an excepted transfer, as specified in the Articles, of any of the default shares held by the member will be registered unless the member is not himself in default in supplying the information required and he proves to the satisfaction of the Directors that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.

4.2.5 *General meetings*

The Company shall hold annual general meetings which shall be convened by the Directors, in accordance with the Companies Acts. The Directors may convene a general meeting whenever they think fit.

An annual general meeting of the Company shall be called by not less than 21 clear days’ notice and all other general meetings of the Company will be called by not less than 14 clear days’ notice. (For so long as the Company is a traded company (as defined in section 360C of the Act), the provisions of section 307A must be complied with if the meeting is to be called by less than 21 clear days’ notice, unless the meeting is of holders of a class of shares).

The notice of meeting will include such information as may be required by the Act and will specify, *inter alia*, whether the meeting is an annual general meeting or a general meeting and the place, the date and the time of the meeting.

Every member can attend a general meeting in person or by proxy.

Without prejudice to any other power which he may have under the provisions of the Articles or at common law, the chairman may, without the consent of the meeting, interrupt or adjourn a meeting from time to time and from place to place or for an indefinite period if he decides that it has become necessary to do so in order to (i) secure the proper and orderly conduct of the meeting, (ii) give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting, or (iii) ensure that the business of the meeting is properly disposed of.

4.2.6 *Voting rights*

Subject to special terms as to voting on which shares have been allotted or issued, or a suspension or abrogation of voting rights pursuant to the Articles, and subject to the provisions of the Companies Acts, (i) on a show of hands every member present in person shall have one vote; (ii) on a show of hands every proxy present who has been duly appointed by one or more members shall have one vote, subject to (iii) below; (iii) on a show of hands, a proxy has one vote for and one vote against the resolution if: (a) the proxy has been duly appointed by more than one member entitled to vote on the resolution; and (b) the proxy has been instructed by, or exercises a discretion given by, one or more of those members to vote for the resolution and has been instructed by, or exercises a discretion given by, one or more other of those members to vote against it; and (iv) on a poll every member present in person or by proxy shall have one vote for each share held by him.

Unless otherwise decided by the Directors, no member is entitled in respect of a share held by him to be present or vote at a general meeting or a separate meeting of the holders of a class of shares if a call or other amount due and payable in respect of the share is unpaid.

4.2.7 *Directors*

(a) *Appointment of Directors*

Directors may be appointed by an ordinary resolution of the Company or by the Directors. A Director appointed by the Directors will hold office only until the dissolution of the next following annual general meeting (unless he is reappointed during that meeting) and will not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Unless otherwise decided by the Company by ordinary resolution the number of Directors is not subject to a maximum but will not be less than two.

(b) *Executive Directors*

Subject to the Companies Acts, the Directors may appoint one or more of their number to hold an executive office for such term and on any other conditions as the Directors think fit. The Directors may revoke or terminate an appointment, without prejudice to a claim for damages for breach of contract or otherwise.

(c) *Retirement by rotation*

At each annual general meeting one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office. If there are fewer than three Directors who are subject to retirement by rotation, at least one must retire from office.

Subject to the Companies Acts and the above, the Directors to retire by rotation shall include any Director who wishes to retire and those who have been longest in office since their last appointment or reappointment. Where two or more Directors have been in office for an equal length of time, the Director to retire shall be determined by agreement between them or by lot.

(d) *Removal by resolution*

The Company may by ordinary resolution remove a Director before the expiration of his period in office.

(e) *Remuneration expenses and pensions*

Unless otherwise decided by ordinary resolution the Company shall pay the Directors (but not alternate directors) such amount of aggregate fees as the Directors shall determine (not exceeding £200,000 per annum or sum larger amount as the company may by ordinary resolution decide). The Directors shall decide the proportion to be paid to each Director or, if no decision is made, the aggregate fees shall be divided equally.

A Director who, at the request of the Directors, goes or resides abroad, makes a special journey or performs a special service on behalf of the Company may be paid such reasonable additional remuneration and expenses as the Directors may decide.

A Director is entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in the performance of his duties as Director, including without limitation, expenses incurred in attending meetings of the Directors or of committees of the Directors or general meetings or separate meetings of the holders of a class of shares or debentures.

The fee payable to an alternate director is payable out of the fee payable to his appointor.

The salary or remuneration of a Director appointed to hold employment or executive office within the Company may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the Directors, and may be in addition to or instead of a fee payable to him for his services as a Director.

The Directors may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (by insurance or otherwise) for a person who is or has at any time been a director of: (i) the Company, (ii) a company which is or was a subsidiary undertaking of the Company, (iii) a company which is or was allied to or associated with the Company or a subsidiary undertaking of the Company, or (iv) a predecessor in business of the Company or of a subsidiary undertaking of the Company (in each case, for any member of his family, including a spouse or former spouse, or a person who is or was dependent on him). For this purpose the Board may establish, maintain, subscribe and contribute to any scheme, trust or fund and pay premiums. The Board may arrange for this to be done by the Company alone or in conjunction with another person.

(f) *Avoiding conflicts of interests*

Where the existence of a Director's relationship with another person is authorised by the Board pursuant to the Articles (and subject to any limits or conditions imposed by therein) and his relationship with that person gives rise to a conflict of interest or possible conflict of interest, the Director shall not be in breach of the general duties he owes to the Company under the Act because he: (i) absents himself from meetings of the Directors at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed; and (ii) makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by the Company and/or makes arrangements for such documents and information to be received and read by a professional adviser, for so long as he reasonably believes such conflict of interest or possible conflict of interest subsists.

(g) *Interested Director not to vote*

A Director may not vote or be counted in the quorum on a resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which is, to his knowledge, a direct or material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company), but this prohibition does not apply to any resolution where (a) such interest cannot reasonably be regarded as likely to give rise to a conflict of interest or (b) concerns any of the following matters:

- (i) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (iii) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- (iv) a resolution concerning the Company funding his expenditure on defending proceedings or the Company doing something to enable him to avoid incurring such expenditure where all other Directors are being offered substantially the same arrangements;
- (v) a resolution about a contract relating to a pension fund, superannuation or similar scheme or retirement, death or disability benefits scheme or employees'

share scheme which gives the Director benefits which are also generally given to the employees to whom the fund or schemes relates;

- (vi) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, 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;
- (vii) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary undertaking of the Company) in which he is interested (directly or indirectly) and whether as an officer, shareholder, creditor or otherwise, if he does not to his knowledge hold an interest in shares representing one per cent. or more of either any class of the equity share capital of or the voting rights in the relevant company (calculated exclusive of any shares of that class in that company held as Treasury Shares);
- (viii) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiary undertakings (including, but not limited to, a pension fund, a superannuation or similar scheme, a retirement, death or disability benefits scheme, or an employees' share scheme) which does not award him a privilege or benefit not generally awarded to the employees to whom it relates; and
- (ix) a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy under which he may benefit.

(h) Directors may have interests

Provided that paragraph (i) below and, where appropriate, paragraph (j) below is complied with, a Director, directly or indirectly:

- (i) may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested either in connection with his tenure of an office or place of profit or as seller, buyer or otherwise;
- (ii) may hold any other office or place of profit with the Company (other than the office of auditor of the Company or any subsidiary thereof) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity to the Company or any such other company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange, either in addition to or in lieu of any remuneration provided for by any other article;
- (iii) may be a director or other officer of, or employed by, or a party to any contract, transaction or arrangement with or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
- (iv) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any contract, transaction, arrangement or proposal or from any interest in any body corporate, and no such transaction, arrangement or proposal shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty under the Act or under the law not to accept benefit from third parties. For the avoidance of doubt, the Company shall have no claim arising from, or in consequence of, the Director's interest in any contract, arrangement or transaction within the scope of this provision, and the Director shall not breach any of his duties to the Company as a result of having that interest.

(i) *Declaration of interests*

A Director who, to his knowledge, is in any way (directly or indirectly) interested in: (i) a proposed contract, arrangement or transaction with the Company; or (ii) a contract, arrangement or transaction that has already been entered into by the Company (unless the interest has already been declared under (i)), may (in respect of (i)) and shall (in respect of (ii)), make a declaration of interest at a meeting of the Directors or by general or specific notice to the Directors in accordance with the Act.

(j) *Power of the Board to authorise conflicts of interest*

The Directors may (subject to such terms and conditions, if any, as they may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation) authorise, to the fullest extent permitted by law: (i) any matter which would otherwise result in a Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or conflict of duties); and (ii) a Director to accept or continue in any office, employment or position in addition to his office as a Director of the Company and without prejudice to the generality of (i), may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises.

Any such authorisation will only be effective if: (i) any requirement as to quorum at the meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and (ii) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

A Director shall not, by reason of his office, be accountable to the Company for any benefit which derives from any matter, or from any office, employment or position, which has been approved by the Directors pursuant to this article (subject in any such case to any limits or conditions to which such approval was subject).

(k) *Borrowing powers*

Subject to restrictions imposed by the Articles, the Directors may exercise all the powers of the Company to borrow and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Companies Acts, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

The Directors shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to ensure (as regards subsidiary undertakings, to the extent possible) that the aggregate principal amount from time to time outstanding in respect of all moneys borrowed (as defined in the Articles) by the group (exclusive of borrowing intra-group) does not at any time without the previous sanction of an ordinary resolution of the Company exceed a sum equal to 33 per cent. of the adjusted capital and reserves of the Company (as more particularly referred to in the Articles).

4.2.8 *Dividends*

Subject to the Companies Acts and the Articles, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interests, but no dividend may exceed the amount recommended by the Directors.

No dividend shall be payable except out of the profits of the Company and otherwise in accordance with the Companies Acts or in excess of the amount recommended by the Directors.

Subject to the Companies Acts, the Directors may declare and pay such interim dividends as appear justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Board may pay interim dividends on shares which rank after shares conferring preferred rights with regard to dividend, as well as on shares with preferred rights unless at the time of payment a preferential dividend is in arrear.

Except as otherwise provided by the rights attached to shares, a dividend will be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid, but no amount paid up on a share in advance of a call may be treated for these purposes as paid up on the share. Except as otherwise so provided by the rights attached to shares, dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Dividends unclaimed for a period of 12 years after having been declared or become due for payment are forfeited and cease to remain owing by the Company.

Subject to the Companies Acts, the Directors may, if authorised by an ordinary resolution, offer those shareholders of a particular class of shares in respect of any dividend the right to elect to receive shares by way of scrip dividend instead of cash.

4.2.9 *Capitalisation of profits*

Subject to the Companies Acts, the Directors may with the authority of an ordinary resolution resolve to capitalise an amount standing to the credit of reserves whether or not available for distribution, appropriate the sum resolved to be capitalised to the members in proportion to the nominal amount of ordinary shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards paying up amounts unpaid on shares held by them or paying up in full shares or debentures of a nominal amount equal to that sum and the Directors may make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve.

4.2.10 *Duration of the Company*

- (a) At the annual general meeting of the Company falling in the calendar year 2010 and, if the Company has not then been liquidated, unitised or reconstructed, at each fifth annual general meeting of the Company convened by the Directors thereafter, the Directors shall propose an ordinary resolution that the Company should continue as an investment trust for a further five year period.
- (b) If any such ordinary resolution is not passed, the Directors shall draw up proposals for the voluntary liquidation, unitisation or other reorganisation of the Company for submission to the members of the Company at a general meeting to be convened by the Directors for a date not more than three months after the date of the meeting at which such ordinary resolution was not passed.
- (c) The Directors shall ensure that such proposals for the liquidation, unitisation or reconstruction of the Company as are approved by special resolution are implemented as soon as is reasonably practicable after the passing of such resolution.

4.2.11 *Distribution of assets on liquidation*

As the Company has only one class of shares, the holders of its shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

On a winding up the liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company. For this purpose, the liquidator may set the value he deems fair on a class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out or vest the whole or any part of the assets in trustees upon such trust for the benefit of the contributories as the liquidator, with

the like sanction, shall think fit. The liquidator may not distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

4.2.12 *Untraced shareholders*

The Company may, after advertising its intention in the manner and for such period as is prescribed in the Articles and subject to the Regulations, sell any shares if the shares have been in issue for at least 12 years and during that period at least three cash dividends have become payable on them, no cheque or warrant or money order payable on the share sent to the member has been cashed, no payment made by the Company has been claimed or accepted and the Company has not received any communication during the relevant period from the member or the person entitled to them by transmission. Upon such sale, the Company will become indebted to the former holder of the shares or the person entitled to them by transmission for an amount equal to the net proceeds of sale.

4.2.13 *Indemnity*

Subject to the Companies Acts, but without prejudice to an indemnity to which he may be entitled, every person who is a director, alternate director or secretary of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him (whether in connection with any negligence, default breach of duty or breach of trust or otherwise) in the proper execution of his duties or the proper exercise of his powers, authorities and discretions in relation to the Company or its affairs.

4.2.14 *Non United Kingdom shareholders*

Members with registered addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices may be served.

4.2.15 *Corporate representatives*

A company which is a member may, by resolution of its directors or other governing body, authorise a person to act as its representative at a meeting or at a separate meeting of the holders of a class of shares (the “**representative**”). Each representative is entitled to exercise on behalf of the company (in respect of that part of the company’s holding of shares to which the authorisation relates) those powers that the company could exercise if it were an individual member. Where a company which is a member authorises more than one person as a representative, on a vote on a resolution on a show of hands at a meeting of the Company, each authorised person has the same voting rights as the company would be entitled to. The company is for the purposes of the Articles deemed to be present in person at a meeting if the representative is present. A director, the secretary or other person authorised for the purpose by the secretary may require the representative to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.

5. Squeeze-out and Sell-out Rules relating to the Ordinary Shares

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Panel, to make a cash offer for the outstanding Ordinary Shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of Ordinary Shares by a person holding (together with its concert parties) Ordinary Shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person’s percentage of the voting rights.

6. Valuation Policy

Frostrow is responsible for determining and calculating the NAV per Ordinary Share of the Company. NAV per Ordinary Share is calculated on each Dealing Day and is announced to a Regulatory Information Service. The NAV is calculated in accordance with IFRS, the SORP and guidelines published by the Association of Investment Companies. The calculation of the NAV on each Dealing Day accrues fully for any performance fee potentially payable in accordance with paragraph 13.3 below. All of the Company's investments, save for OrbiMed Asia Partners L.P., are listed and are valued at the closing prices. Valuations of NAV per Ordinary Share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained. Any such suspension will be announced to a Regulatory Information Service.

7. Net Asset Value and Ordinary Share price

As at the close of business on 25 July 2013 (being the latest practicable date prior to the publication of this Prospectus), the unaudited Net Asset Value per Ordinary Share was 426.41p and the share price was 414.00p, representing a 2.9 per cent. discount to the Net Asset Value per Ordinary Share.

8. Conflicts of Interest

The Manager, the Investment Manager, any of their respective directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "Interested Party") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and will not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

9. Investment Portfolio

As at the close of business on 25 July 2013 (being the latest practicable date prior to the publication of this Prospectus) further details of the Company's investments are as follows:

<i>Investment</i>	<i>Business Sector</i>	<i>Investment £'000</i>	<i>% of Issued Shares Held</i>	<i>Earnings/ (loss) Per Share*</i> <i>p</i>
Acadia Pharmaceuticals	Emerging Biotechnology	6,798	0.63	(0.22)
Actelion	Major Biotechnology	3,419	0.07	1.83
Affymetrix	Emerging Biotechnology	3,973	2.21	(0.01)
Agios Pharmaceuticals	Emerging Biotechnology	3,124	0.57	NA
Alexion Pharmaceuticals	Major Biotechnology	7,016	0.05	0.97
Amgen	Major Biotechnology	27,311	0.05	3.98
Arqule	Emerging Biotechnology	789	0.78	(0.13)
Array Biopharma	Emerging Biotechnology	3,216	0.65	(0.33)
Astex Pharmaceuticals	Emerging Biotechnology	3,270	0.97	0.07
Auxilium Pharmaceuticals	Emerging Biotechnology	702	0.12	1.05
Bavarian Nordic	Emerging Biotechnology	898	0.49	(1.07)
Biogen Idec	Major Biotechnology	22,576	0.06	4.07
Biomarin Pharmaceutical	Emerging Biotechnology	11,295	0.19	(0.63)
Bluebird Bio	Emerging Biotechnology	3,773	0.84	NA
Celgene	Major Biotechnology	24,273	0.06	2.70
Cubist Pharmaceuticals	Major Biotechnology	3,199	0.14	1.32
Dynavax Technologies	Emerging Biotechnology	1,973	1.32	(0.27)
Endocyte	Emerging Biotechnology	1,294	0.33	(0.20)
Esperion Therapeutics	Emerging Biotechnology	663	0.42	NA
Exact Sciences	Emerging Biotechnology	4,301	0.72	(0.56)
Exelixis	Emerging Biotechnology	4,127	0.67	(0.61)

<i>Investment</i>	<i>Business Sector</i>	<i>Investment £'000</i>	<i>% of Issued Shares Held</i>	<i>Earnings/ (loss) Per Share* p</i>
Fluidigm	Emerging Biotechnology	4,107	1.36	(0.48)
Gilead Sciences	Major Biotechnology	28,878	0.05	1.19
Illumina	Major Biotechnology	10,297	0.16	1.24
Impax Laboratories	Emerging Biotechnology	6,548	0.70	0.82
Incyte Genomics	Emerging Biotechnology	13,213	0.64	(0.08)
Infinity Pharmaceuticals	Emerging Biotechnology	9,671	1.49	(2.06)
Intermune	Emerging Biotechnology	7,585	0.96	(1.96)
Jazz Pharmaceuticals	Major Biotechnology	3,480	0.12	3.19
Medivation	Emerging Biotechnology	6,168	0.23	(0.61)
Mylan	Major Biotechnology	11,982	0.15	1.29
Neurocrine Biosciences	Emerging Biotechnology	980	0.16	(0.07)
Oncomed Pharmaceuticals	Emerging Biotechnology	222	0.06	NA
Ono Pharmaceutical	Major Biotechnology	5,394	0.10	1.49
Onyx Pharmaceuticals	Emerging Biotechnology	7,511	0.12	(0.91)
Optimer Pharmaceuticals	Emerging Biotechnology	4,809	1.10	(0.78)
OrbiMed Asia Partners L.P.	Emerging Biotechnology	2,564	NA	NA
Portola Pharmaceuticals	Emerging Biotechnology	5,067	0.97	NA
Prosensa	Emerging Biotechnology	247	0.04	NA
Questcor Pharmaceutical	Emerging Biotechnology	2,513	0.13	2.14
Regeneron Pharmaceuticals	Emerging Biotechnology	23,962	0.14	2.96
Techne	Emerging Biotechnology	4,230	0.23	2.10
Vertex Pharmaceuticals	Emerging Biotechnology	6,981	0.06	(0.22)
Warner Chilcott	Emerging Biotechnology	5,531	0.17	1.17
		309,930		

* Source: Bloomberg

Note: An Emerging Biotechnology company is defined as being one with a market capitalisation of less than U.S.\$3 billion or a company that is not yet profitable. A Major Biotechnology company is one with a market capitalisation of more than U.S.\$3 billion and is profitable.

The above information is sourced from the Company's management accounts and is unaudited.

10. Investment Restrictions

In order to comply with the Listing Rules, the Company will not invest more than 10 per cent. in aggregate, of the value of its total assets (calculated at the time of any relevant investment) in other investment companies or investment trusts which are listed on the Official List (save to the extent that these investment companies or investment trusts have stated investment policies to invest no more than 15 per cent. of their gross assets in other investment companies (including investment trusts) which are listed on the Official List).

In order for the Company to be approved as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010, its business must consist of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds.

In the event of any material breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Manager through a Regulatory Information Service.

11. Interests of Directors, major shareholders and related party transactions

11.1 Directors' interests

As at 25 July 2013 (being the latest practicable date prior to the publication of this Prospectus), the Directors had beneficial interests in the following number of Ordinary Shares:

	<i>Ordinary Shares</i>	<i>per cent. of issued Share Capital</i>
Lord Waldegrave of North Hill	58,716	0.09
Sven Borho	236,218	0.34
Professor Dame Kay Davies, CBE	–	–
Paul Gaunt	–	–
Dr John Gordon	70,000	0.10
Peter Keen	45,000	0.07
Andrew Joy	25,000	0.04

11.2 Directors' contracts with the Company

All the Directors of the Company are non-executive. It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that a director may be removed without notice and that no compensation will be due on leaving office.

Lord Waldegrave of North Hill was appointed to the Board in June 1998, Sven Borho was appointed to the Board in March 2006, Paul Gaunt, John Gordon and Peter Keen were appointed to the Board in June 1997 and Professor Dame Kay Davies and Andrew Joy were appointed to the Board on 15 March 2012. The appointment of each Director has continued through re-election.

All Directors retired at the last AGM (held on 9 July 2013) and, offering themselves for re-election, were duly re-elected.

For the year ended 31 March 2013, Lord Waldegrave of North Hill was paid fees of £29,000 per annum, Peter Keen and Dr John Gordon were paid fees of £24,000 per annum and the other Directors are paid fees of £22,000 per annum quarterly in arrear. In respect of the financial year ended 31 March 2013, the aggregate remuneration paid to the Directors was £182,000.

11.3 Directors' other interests

Over the five years preceding the date hereof, the Directors have held the following directorships' (apart from their directorships' of the Company) and/or partnerships:

<i>Name</i>	<i>current</i>	<i>previous</i>
Lord Waldegrave of North Hill	Provost of Eton College Coutts and Co. Limited Henry Sotheran & Co. Limited Waldegrave Farms Limited	Fleming Family & Partners
Sven Borho	OrbiMed Capital LLC	
Paul Gaunt	Bernoulli Capital LLP RCM Technology Trust PLC	Worldwide Healthcare Trust PLC
Professor Dame Kay Davies	The Wellcome Trust Limited The Lister Institute of Preventative Medicine Royal Commission for the Exhibition of 1851 American Society of Human Genetics	The Heart Failure Foundation Population Genetics Technologies Limited Surface Therapeutics Limited
Dr John Gordon	Quercus Management Limited	Nurin Limited

<i>Name</i>	<i>current</i>	<i>previous</i>
Peter Keen	Abcam PLC Oval Medical Technologies Limited Horizon Discovery Limited MRC Technology Limited Cambridge Innovation Capital plc	ARK Therapeutics PLC Serentis Limited Exosect Ltd Q Chip Limited
Andrew Joy	The New Entrepreneurs Foundation Limited	Coal Pension Venture Nominees Limited Cinven Limited Cinven Nominees Limited Cinven Partnership Services Limited Cinven Capital Management Limited Cinven Capital Management (BN) Limited Cinven Capital Management (BPS) Limited Cinven Capital Management (CN) Limited Cinven Capital Management (CPS) Limited Cinven Capital Management (FF) Limited Cinven Capital Management (SF No 1) Limited Cinven Capital Management (SF No 2) Limited Cinven Services (LP No 2) Limited Cinven Capital Management (RP) Limited Cinven Capital Management (TF No1) Limited Cinven Capital Management (TF No2) Limited Cinven Capital Management (TF No3) Limited Cinven UK Nominees Limited TCF Nominees Limited TCF (E1) Nominees Limited Cinven Capital Management (IV) Limited Cinven Capital Management (SP IV) Limited Argent Energy Limited Argent Group Europe Limited CIP (IV) Nominees Limited Cinven Investors Nominees Limited Royventure Nominees Limited

11.4 The Directors 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.

11.5 *Major shareholders*

As at 25 July 2013 (being the latest practicable date before publication of this Prospectus), the following parties were known to be interested in 3 per cent. or more of the Company's share capital (being the threshold for notification under the Act):

<i>Beneficial Shareholder</i>	<i>Registered Holder(s)</i>	<i>Number of shares</i>	<i>per cent. of issued share capital</i>
Newton Investment Management	Various Nominees	9,916,079	14.58
East Riding of Yorkshire Council	Nortrust Nominees	6,143,000	9.03
Baillie Gifford & Co.	BNY (OCS) Nominees/ Sec Services Nominees	4,730,861	6.95
Hargreaves Lansdown	Hargreaves Lansdown Nominees Ltd	3,975,513	5.84
Reliance Mutual Insurance Society	HSBC Global Custody Nominee (UK)/State Street Nominees	2,764,450	4.06
Hansa Capital	Mellon Nominees (UK)/ State Street Nominees/ Lynchwood Nominees	2,364,629	3.48
Alliance Trust Savings	Alliance Trust Savings Nominees Ltd	2,330,388	3.43
M&G Investment Management	Various Nominees	2,133,878	3.14
Legal & General Investment Management	Various Nominees	2,067,003	3.04
Brewin Dolphin	Various Nominees	2,065,052	3.04

The Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. The Company is not aware of any arrangement the operation of which may at a subsequent date result in a change of control of the Company. The Company's major Shareholders do not have any different voting rights from other Shareholders.

11.6 *Related party transactions*

The Company was not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No. 1606/2002) at any time during the three financial years to 31 March 2013 or during the period 1 April 2013 to 25 July 2013 (being the latest practicable date before publication of this Prospectus).

12. **Share options**

At the date of this Prospectus no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

13. Material Contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Company or its subsidiary is a party, for the two years immediately preceding publication of this Prospectus or which contains any provision under which the Company or its subsidiary has any obligation or entitlement which is material to them at the date of this Prospectus.

13.1 *Management, Administrative and Secretarial Services Agreement*

Frostrow is the Manager under the management, administrative and secretarial services agreement dated 5 April 2007 between the Company and the Manager (the “**Management Agreement**”) whereby the Manager was appointed the Company’s manager and agreed to provide management, administrative, secretarial and other services to the Company and provide advice to the Board generally in relation to trends in the investment trust sector, and such other corporate, financial, legal, regulatory, accounting and other issues as are likely to affect policies or strategies of the Company in consideration for which the Manager receives the fees described in paragraph 13.3 below.

Either party may terminate the Management Agreement by giving to the other not less than 12 months’ written notice (or such shorter period of written notice as the other party may accept).

It may also be terminated with immediate effect by the Company in certain circumstances, including if there is material or persistent breach of the Management Agreement by the Manager which is not rectified within 30 days of written notice or upon the insolvency of the Manager or the winding up of the Company if a resolution for the continuance of the Company proposed pursuant to the applicable requirement in the Articles is not passed.

The Management Agreement contains provisions under which the Company exempts the Manager from liability and indemnifies the Manager against liability in the absence of negligence, wilful default or fraud or breach of contract and permits the Manager and its associates to deal with parties other than the Company. These exemptions from liability and indemnities are of a customary nature for contracts of this type.

In the year ended 31 March 2013 the fees payable under the Management Agreement amounted to £583,000 (excluding VAT).

13.2 *Investment Management Agreement*

OrbiMed acts as the Investment Manager under the investment advisory agreement dated 26 April 2005 between the Company, the Investment Manager and the Company’s former investment manager, Close Finsbury Asset Management Limited and as amended and restated by the Company and the Investment Manager by an agreement dated 5 April 2007 (as so amended and novated, the “**Investment Management Agreement**”). Under the Investment Management Agreement, the Company appointed the Investment Manager to act as investment manager and provide the Company with discretionary investment management services in consideration for which the Investment Manager receives the fees described in paragraph 13.3 below.

Either party may terminate the Investment Management Agreement by giving to the other not less than 12 months’ written notice (or such shorter period of written notice as the other party may accept).

It may also be terminated with immediate effect by the Company in certain circumstances, including if there is material or persistent breach of the Investment Management Agreement by the Investment Manager which is not rectified within 30 days of written notice or upon the insolvency of the Investment Manager or the winding up of the Company if a resolution for the continuance of the Company proposed pursuant to the applicable requirement in the Articles is not passed.

The Investment Management Agreement may also be terminated with immediate effect by the Investment Manager in certain circumstances, including if there is material or persistent breach of the Investment Management Agreement by the Company which is not rectified within 30 days of written notice or upon the insolvency of the Company.

The Investment Management Agreement contains provisions under which the Company exempts the Investment Manager from liability and the Company indemnifies the Investment Manager against liability in the absence of negligence, wilful default, fraud or material breach of its obligations under the Investment Management Agreement. These exemptions from liability and indemnities are of a customary nature for contracts of this type.

In the year ended 31 March 2013 the fees payable under the Investment Management Agreement amounted to £1,245,000 (excluding VAT).

13.3 *Periodic and Performance Fees*

The Investment Manager and the Manager are entitled to the following fees from the Company for the services provided under the Investment Management Agreement and the Management Agreement respectively:

- (a) a periodic fee (the “**Periodic Fee**”) which is currently paid as set out below. Such Periodic Fee shall accrue on each Calculation Date and on the Termination Date in respect of the period beginning on the day following the last preceding Calculation Date and ending on that Calculation Date or the Termination Date (as the case may be). The fixed Periodic Fee payable to the Manager is subject to annual review;
- (b) in respect of each Calculation Date, a Performance Fee equal to the amount (if any) by which Cumulative Performance Amounts as at the relevant Calculation Date or, if less, Cumulative Performance Amounts as at the Calculation Date (if any) falling in the same month in the previous year exceeds Cumulative Fees Paid as at the relevant Calculation Date; and
- (c) in respect of the Termination Date, a Performance Fee equal to the amount (if any) by which the Cumulative Performance Amount exceeds Cumulative Fees Paid as at the Termination Date.

For the purpose of this paragraph 13.3 only:

“**Adjusted NAV**” means as at any Calculation Date NAV as at that date plus the aggregate amount of net dividends and other distributions paid or made by the Company to Shareholders and amounts paid by the Company to purchase or redeem its own Shares (whether or not such Shares are held as Treasury Shares or cancelled) since the last Calculation Date increased or decreased in proportion to the increase or decrease in NAV between the last Business Day in the month in which such dividends and/or distributions were paid or made and/or such Shares were purchased or redeemed (as the case may be) and the Calculation Date;

“**Business Day**” means a day on which the London Stock Exchange is open for business;

“**Calculation Date**” means 31 March, 30 June, 30 September and 31 December in each year or, if any such date is not a Business Day, the last preceding Business Day;

“**Cumulative Fees Paid**” means at any Calculation Date the aggregate of all Performance Fees which shall have become due and payable prior to that Calculation Date;

“**Cumulative Performance Amounts**” means as at any Calculation Date the aggregate of the Performance Amounts as at each Calculation Date up to and including that Calculation Date (calculated by adding all positive Performance Amounts and deducting all negative Performance Amounts);

“**financial year**” includes any period shorter or longer than a year for which audited accounts of the Company are prepared;

“**Indexed NAV**” means as at any Calculation Date an amount equal to NAV as at the preceding Calculation Date, after deducting any Performance Fees paid, due and payable or which will become payable on delivery of an appropriate invoice by the Investment Manager or the Manager in respect of the period from that preceding Calculation Date to the current Calculation Date, or any previous period, (to the extent that such Performance Fees have not otherwise been deducted in the calculation of Indexed NAV as at that or any preceding Calculation Date), increased or decreased

in proportion to the increase or decrease in the Index in the period from the preceding Calculation Date to the Calculation Date as at which Indexed NAV is to be calculated;

“**Index**” means the NASDAQ Biotechnology Index (sterling adjusted);

“**Market Capitalisation**” means the market capitalisation of the Company based on the mid-market price for the Company’s Shares on the London Stock Exchange as at each Calculation Date;

“**NAV**” means as at any Calculation Date the assets of the Company as of that date (on a non consolidated basis) net of:

- (a) any revenue account items for the then current financial year of the Company; and
- (b) (for the avoidance of doubt) any Performance Fee paid, due and payable or which will become payable upon delivery of an appropriate invoice by the Investment Manager or the Manager under the Investment Management Agreement or the Management Agreement, respectively, for any period up to the preceding Calculation Date to the extent that such Performance Fees have not otherwise been deducted in the calculation of NAV as at that date or any preceding Calculation Date;

but adding back any deduction, provision or accrual fee for any Performance Fee which may be paid or payable under the Management Agreement or the Investment Management Agreement in respect of the period from the preceding Calculation Date to the Calculation Date as at which NAV is being calculated;

“**negative Performance Amounts**” means all Performance Amounts in the calculation of which Adjusted NAV is less than Indexed NAV;

“**Performance Fee**” means the performance fee payable to the Investment Manager and the Manager as described in sub-paragraphs (b) and (c) above;

“**positive Performance Amounts**” means all Performance Amounts in the calculation of which Adjusted NAV exceeds Indexed NAV;

“**Termination Date**” means the date of termination of the Management Agreement or the Investment Management Agreement (as applicable) or if any such date is not a Business Day the last preceding Business Day; and

In relation to the Periodic Fee, the Investment Manager is entitled to receive a fee equal to 0.65 per cent. per annum of the Company’s NAV and the Manager is entitled to receive a fee equal to 0.30 per cent. per annum of the Company’s Market Capitalisation plus a fixed fee of £60,000 per annum accruing daily and payable quarterly in arrear.

In relation to the Performance Fee, the Investment Manager is entitled to receive a fee as at any Calculation Date equal to 15 per cent. of the sum of Adjusted NAV minus Indexed NAV and the Manager is entitled to receive a fee as at any Calculation Date equal to 1.5 per cent. of the sum of Adjusted NAV minus Indexed NAV (each a “**Performance Amount**”).

Contributions to the Net Asset Value attributable to the Company’s investment in limited partnerships to whom the Investment Manager acts as general partner are excluded for the purposes of calculating any Periodic Fee or Performance Fee payable to the Investment Manager.

The Periodic Fee and Performance Fee are payable as soon as practicable after the relevant Calculation Date following receipt of an invoice therefor from the Investment Manager or the Manager, as applicable.

13.4 *Custody Agreement*

Goldman, Sachs & Co. acts as custodian for the Company under the Custody Agreement. Goldman, Sachs & Co. is a company incorporated under the laws of the United States. Its headquarters are in New York, USA. The Custodian is authorised and regulated by the U.S. Securities and Exchange Commission with SEC number: 801-16048.

The fees of the Goldman, Sachs & Co. are paid by the Company. In the year ended 31 March 2013 these fees amounted to £1,000. The Custody Agreement contains an indemnity in favour of Goldman, Sachs & Co. against certain losses incurred by it in connection with and related to the custody account, except to the extent that such losses are caused solely as a result of the negligence or wilful misconduct of Goldman, Sachs & Co.

The Custody Agreement may be terminated by either party at any time effective upon the giving of notice of such termination to the other party.

Goldman, Sachs & Co. is the sole custodian. Goldman, Sachs & Co. is authorised to act through and hold the Company's investments with sub-custodians. Goldman, Sachs & Co. will use reasonable diligence and care in the selection of sub-custodians. The applicable sub-custodian who is appointed by Goldman, Sachs & Co. as at the date of this document and who might be relevant for the purposes of holding the Company's investments is:

<i>Country</i>	<i>Name of sub-custodian</i>	<i>Regulator</i>
Switzerland	Goldman Sachs & Co	Swiss Financial Market Supervisory Authority
Denmark	Skandinaviska Enskilda Banken	The Danish Financial Supervisory Authority
Japan	Goldman Sachs Japan Co. Limited	The Japan Financial Services Agency

14. Taxation

14.1 *Introduction*

The following statements are intended only as a general guide to current UK tax legislation and to what is understood to be the current practice of HMRC, both of which are subject to change with retrospective effect. They may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders of the Company resident and ordinarily resident for UK tax purposes in the United Kingdom (except in so far as express reference is made to the treatment of non-United Kingdom residents), who hold Ordinary Shares in the Company as an investment (rather than as securities to be realised in the course of a trade) and who are the absolute beneficial owners of those Ordinary Shares.

Shareholders or potential investors who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

14.2 *The Company*

It is the intention of the Directors to conduct the affairs of the Company so as to continue to satisfy the conditions for it to qualify as an investment trust under Chapter 4 of Part 24 Corporation Tax Act 2010. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust, the Company will be exempt from UK taxation on its capital gains. The Company will, however, be liable to UK corporation tax on its income in the normal way.

UK and overseas dividend income received by the Company will in most cases be exempt from UK corporation tax. Income arising from any overseas investments may be subject to foreign withholding tax at the relevant jurisdiction's applicable rate, but relief may be available under the terms of an applicable double tax treaty.

14.3 *Shareholders*

14.3.1 *Taxation of capital gains*

Depending on their personal circumstances, individual Shareholders, or Shareholders who are not within the charge to United Kingdom corporation tax, who are resident or ordinarily resident in the United Kingdom for taxation purposes may be subject to capital gains tax in respect of any gain arising on a disposal of their Ordinary Shares. The current rate of capital gains tax is 18 per cent. for basic rate taxpayers and 28 per cent. for higher or additional rate taxpayers. No indexation allowance is available to such holders, but Shareholders may be entitled to an annual exemption from capital gains (for the tax year 2013/14, this is £10,900).

Shareholders who are individuals and who are temporarily non-resident in the UK, may under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to available exemption or relief).

Shareholders within the charge to United Kingdom corporation tax may be liable to United Kingdom corporation tax on chargeable gains on a disposal of the Ordinary Shares. Indexation allowance may be available to reduce the amount of any chargeable gain (but cannot be used to create or increase an allowable loss).

14.3.2 *Taxation of dividends*

The Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the United Kingdom (for tax purposes) and who receives a dividend from the Company should be entitled to a tax credit which may be set off against the Shareholder's total income tax liability on the dividend. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "**gross dividend**"), which is also equal to one-ninth of the cash dividend received.

A United Kingdom resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend, so that the tax credit will satisfy in full such Shareholder's liability to income tax on the dividend.

A higher rate of income tax of 40 per cent. applies to United Kingdom resident individuals with taxable non-savings and savings income above £32,010. The rate of income tax that applies to dividends received by a United Kingdom resident individual Shareholder who is liable to income tax at the higher rate will be 32.5 per cent. In such circumstances, the tax credit will be set against but not fully match the Shareholder's tax liability on the gross dividend and such Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash dividend received) to the extent that the gross dividend when treated as the top slice of the Shareholder's income falls above the threshold for higher rate income tax.

An additional rate of income tax of 45 per cent. applies to United Kingdom resident individuals with taxable non-savings and savings income above £150,000. The rate of income tax that applies to dividends received by a United Kingdom resident individual Shareholder who is liable to income tax at the additional rate will be 37.5 per cent. In such circumstances, the tax credit will be set against but not fully match the Shareholder's tax liability on the gross dividend and such Shareholder will have to account for additional tax equal to 27.5 per cent. of the gross dividend (which is also equal to 30.56 per cent. of the cash dividend received) to the extent that the gross dividend when treated as the top slice of the Shareholder's income falls above the threshold for additional rate income tax.

There will be no payment of the tax credit (or any part of it) to an individual Shareholder whose liability to income tax on the dividend and the related tax credit (or any part of it) is less than the amount of the tax credit, including a Shareholder who holds the Ordinary Shares on which the dividend is paid through an ISA.

United Kingdom resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

Most United Kingdom and overseas dividends received by UK corporate shareholders (subject to specific anti-avoidance rules) will be exempt from United Kingdom corporation tax. Shareholders within the charge to United Kingdom corporation tax are however advised to consult their professional advisers in relation to the tax implications of dividends received. Such Shareholders will not be able to claim repayment of tax credits attaching to dividends.

Non-United Kingdom resident Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company. A Shareholder resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident in the United Kingdom (for tax purposes) should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

14.3.3 *Stamp duty and stamp duty reserve tax*

Transfers on sale of Ordinary Shares in the Company will generally be subject to United Kingdom stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (rounded up to the next £5). The purchaser normally pays the stamp duty.

An agreement to transfer Ordinary Shares in the Company will normally give rise to a charge to stamp duty reserve tax (“SDRT”) at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares in the Company within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

14.4 *ISAs*

The Ordinary Shares should be eligible to be held in the stocks and shares component of an ISA or Junior ISA, subject to applicable annual subscription limits (£11,520 for an ISA and £3,720 for a Junior ISA for the 2013/2014 tax year). Investments held in ISAs or Junior ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Ordinary Shares through an ISA is generally restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available for UK resident children aged under 18 and born before 1 September 2002 or after 2 January 2011. Sums received by a Shareholder on a disposal of Ordinary Shares held within an ISA or Junior ISA will not count towards the Shareholder’s annual limit. Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility as should individuals wishing to invest through a Junior ISA for children under 18 years old. Ordinary Shares subscribed for directly pursuant to a placing will not qualify for the stocks and shares component of an ISA or Junior ISA and must be acquired in the market by an ISA manager.

14.5 *Self-Invested Personal Pensions (SIPPs)*

The Ordinary Shares in the Company should constitute permitted investments for SIPPs.

14.6 *FATCA*

It is expected that UK rules will be introduced to implement FATCA which may require the Company to provide HMRC with information in relation to certain Shareholders which will be

shared with the U.S. Internal Revenue Service. It is intended that the Company will comply with any such requirements and the Company may therefore request that shareholders provide it with relevant information to facilitate such compliance.

15. Litigation

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issue is aware) during the 12 months immediately preceding the date of this document which may have, or have had, in the recent past significant effects on the Company or the Company's financial position or profitability.

16. No significant change

There has been no significant change in the financial or trading position of the Company since 31 March 2013, being the date to which the latest audited financial information of the Company was published.

17. Third party information and consents

Winterflood Investment Trusts, as sponsor, has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which it appears.

In relation to information provided by Morningstar UK, the Company confirms that the information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

18. General

Where new Ordinary Shares are issued in the Placing Programme, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Placing Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds resulting from any issue are expected to be invested in investments consistent with the investment objective and policy of the Company and the Placing Price will always represent a modest premium to the then prevailing Net Asset Value.

The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

The Company has no subsidiaries.

19. Auditor

The auditor of the Company for the three financial years ended 31 March 2013 was Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU.

20. Working Capital

In the Company's opinion, the Company has sufficient working capital for its present requirements, that is for at least 12 months following the date of this Prospectus.

21. Capitalisation and indebtedness

The following table shows, sourced from the Company's internal accounting records, the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 25 July 2013 (being the latest practicable date prior to the publication of this Prospectus) and the Company's audited capitalisation as at 31 March 2013 (being the last date in respect of which the Company has published financial information).

25 July 2013
£'000

<i>Total current debt</i>	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	12,004
Total current debt	<u>12,004</u>

Non-current debt (excluded current portion of long-term debt)

Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
Total non-current debt	<u>0</u>

31 March
2013
£'000

Shareholders' equity

Share capital	16,117
Legal reserve	–
Other reserves*	223,499
Total Shareholders' equity*	<u>239,616</u>

* Includes the Company's revenue reserve of £(3,708,000).

Since 31 March 2013 (being the last date in respect of which the Company has published financial information), the Company has issued 4,070,000 Ordinary Shares.

As at 25 July 2013 (being the latest practicable date prior to the publication of this Prospectus), the Company's share capital was £17,134,000, other reserves were £275,114,000 and total Shareholders' equity was £292,248,000.

The following table shows, sourced from its internal accounting records, the Company's unaudited net indebtedness as at 25 July 2013 (being the latest practicable date prior to the publication of this Prospectus). There is no secured or guaranteed indebtedness.

25 July 2013
£'000

A	Cash	51
B	Cash equivalent	0
C	Trading Securities	0
D	Liquidity (A+B+C)	51
E	Current financial receivables	0
F	Current bank debt	12,004
G	Current position of non-current debt	0
H	Other current financial debt	0
I	Current financial debt (F+G+H)	12,004
J	Net current financial indebtedness (I-E-D)	11,953
K	Non-current bank loans	0
L	Bonds issued	0
M	Other non-current loans	0
N	Non-current loans (K+L+M)	0
O	Net financial indebtedness (J+N)	11,953

There are no indirect or contingent liabilities.

22. Overseas investors

If you receive a copy of the Prospectus in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you. It is your responsibility, if you are outside the United Kingdom and wishing to make an application for Ordinary Shares, to satisfy yourself that you have fully observed the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom.

Without limiting the above, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Australia, Japan or in the United States except in reliance on, or in a transaction not subject to, the registration requirements under the Securities Act or other relevant legislation. If you subscribe for Ordinary Shares you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company and its agents that you are not in Canada, Australia, Japan or the United States. No application will be accepted if it bears an address in Canada, Australia, Japan or the United States or appears to have been posted from Canada, Australia, Japan or the United States or otherwise where there is cause to believe you are in Canada, Australia, Japan or the United States.

23. Availability of Prospectus

A copy of this Prospectus will be available for inspection at The National Storage Mechanism which is located at www.hemscott.com/nsm.do, and for as long as New Ordinary Shares are available for issue under this Prospectus, copies of this Prospectus are available for collection, free of charge from the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL. The Prospectus will also be available on the Company's website – www.biotechgt.com.

24. Documents on display

The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL, from 29 July 2013 for the period of 12 months from the date of this Prospectus:

- 24.1 this Prospectus dated 29 July 2013;
- 24.2 the Memorandum and Articles of Association of the Company;
- 24.3 the audited accounts of the Company for the financial years ended 31 March 2011, 2012 and 2013;
and
- 24.4 the material contracts referred to in paragraph 13 of Part 8 of this Prospectus.

DIRECTORS, MANAGER, INVESTMENT MANAGER AND ADVISERS

Directors

Lord Waldegrave of North Hill (*Chairman*)
Sven Borho
Professor Dame Kay Davies, CBE
Paul Gaunt
Dr John Gordon
Andrew Joy
Peter Keen

all of One Wood Street, London EC2V 7WS

Registered Office of the Company

One Wood Street
London EC2V 7WS

Website of the Company

www.biotechgt.com

Manager, Administrator and Company Secretary

Frostrow Capital LLP
25 Southampton Buildings
London WC2A 1AL
Telephone: +44(0)20 3008 4910
E-Mail: info@frostrow.com
Website: www.frostrow.com

Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000

Investment Manager

OrbiMed Capital LLC
601 Lexington Avenue, 54th Floor
New York
New York NY10022
USA

Website: www.orbimed.com

Registered under the U.S. Securities and Exchange Commission.

Sponsor and Corporate Stockbroker

Winterflood Investment Trusts
The Atrium Building
Cannon Bridge House
25 Dowgate Hill
London EC4R 2GA

Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000

UK Legal Advisers to the Company

Dechert LLP
160 Queen Victoria Street
London EC4V 4QQ

Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone (in UK): 0871 664 0300
Telephone (from overseas): +44 (0) 20 8639 3399
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E-mail: ssd@capitaregistrars.com
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Custodian

Goldman, Sachs & Co.
200 West Street, Third Floor
New York, NY 10282
USA
Authorised and Regulated by the U.S. Securities and Exchange Commission.

