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If you have sold or otherwise transferred all of your Ordinary Shares you should send this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, this document should not be forwarded to or transmitted in or into the United States of America, Canada, Australia, Japan or the Republic of South Africa.

This document, which comprises a prospectus and a circular relating to Finsbury Worldwide Pharmaceutical Trust PLC is prepared in accordance with the Listing Rules and the Prospectus Rules for the purposes of section 73A of the Financial Services and Markets Act 2000. Accordingly this Prospectus has been approved by and filed with the Financial Services Authority in accordance with rule 3.2 of the Prospectus Rules. In accordance with rule 2.2.1 of the Prospectus Rules this Prospectus has been drawn up as a single document and comprises a summary, securities note and registration document.

Winterflood Securities Limited, which is authorised and regulated by the Financial Services Authority, acting through its division Winterflood Investment Trusts, is acting exclusively for the Company in connection with the Bonus Issue and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Winterflood Securities Limited or for advising any such person in connection with the Bonus Issue.

Finsbury Worldwide Pharmaceutical Trust PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 03023689)

Bonus Issue of up to 9,810,903 Subscription Shares

and

Notice of General Meeting to consider Proposals for the Bonus Issue and Adoption of New Articles of Association

This document is to be read in conjunction with all documents which are incorporated by reference and should be read in its entirety. In particular, your attention is drawn to the letter from the Chairman of Finsbury Worldwide Pharmaceutical Trust PLC that is set out in Part 1 of this document. Your attention is also drawn to the section headed “Risk Factors” set out at pages 7 to 12.

Application will be made to the Financial Services Authority for the Subscription Shares to be admitted to the Official List. Application will also be made to the London Stock Exchange for the Subscription Shares to be admitted to trading on its market for listed securities. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the Subscription Shares will commence on or around 7 September 2009.

Notice of a General Meeting of Finsbury Worldwide Pharmaceutical Trust PLC to be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS, at 10.30 a.m. on 4 September 2009 is set out at **Part 8** of this document. The form of proxy for use at the meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but in any event so as to reach the Company’s registrar, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, not later than 48 hours before the time appointed for holding the General Meeting.

This document does not constitute, and may not be used for the purposes of, any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for the Subscription Shares to anyone in any jurisdiction in which such offer, invitation or solicitation is unlawful or to any person to whom it is unlawful to make such offer or invitation or undertake such solicitation.

None of the Subscription Shares or the Ordinary Shares which result from the exercise of the Subscription Share Rights have been or will be registered under the United States Securities Act of 1933, as amended, or under the applicable securities laws of any state of the United States, any province or territory of Canada, Japan, Australia or the Republic of South Africa. Subject to certain exceptions, the Subscription Shares issued under the Bonus Issue may not be offered, sold, taken up or delivered, directly or indirectly, within the United States, Canada, Japan, Australia or the Republic of South Africa or their respective territories or possessions. The attention of Overseas Shareholders and any person (including, without limitation, nominees, custodians or trustees) who has a contractual or legal obligation to forward this document to a jurisdiction outside the EEA is drawn to **Parts 1 and 2** of this document.

The distribution of this document and the offering of the Subscription Shares in any jurisdiction other than the EEA may be restricted by law and, accordingly, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned. The Company will not incur any liabilities for its own failure or the failure of any other person or persons to comply with the provisions of any such restrictions. No person receiving a copy of this document in any territory other than within the EEA may treat the same as constituting an offer or invitation to him to participate in the Bonus Issue of Subscription Shares.

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SUMMARY

You should read the whole of this Prospectus, and not rely solely on the summary information set out below. This summary conveys the essential characteristics and risks associated with the Bonus Issue and should be read as an introduction to this Prospectus. Any decision to invest in the Company's securities in relation to the Bonus Issue should be based on a consideration of this Prospectus as a whole by the investor.

Where a claim relating to the information contained in this document is brought before a court where English is not the language in which proceedings are conducted, a plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before the legal proceedings are initiated.

Civil liability attaches to the persons responsible for this summary, including any translation of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

1. Introduction

The Company is proposing to make a bonus issue of up to 9,810,903 Subscription Shares, free of payment, at a rate of one Subscription Share for every five Ordinary Shares held on the Record Date.

2. Information on Finsbury Worldwide Pharmaceutical Trust PLC

The Company is a UK investment trust, which was established in 1995 with the investment objective of investing worldwide in pharmaceutical and biotechnology companies with the aim of achieving a high level of capital growth.

3. Summary of investment policy

The Company invests worldwide in pharmaceutical, biotechnology and related companies in the healthcare sector with the objective of achieving a high level of capital growth. The Company uses gearing and derivative transactions to mitigate risk and also to enhance capital returns.

Please note that this is a summary only and does not represent the definitive text of the investment policy of the Company.

4. The Bonus Issue

The Company is proposing to issue Subscription Shares to Qualifying Shareholders on the basis of one Subscription Share for every five Ordinary Shares held on the Record Date for the reasons described below. The Bonus Issue is subject, *inter alia*, to the approval of the Shareholders at a General Meeting and on the admission of the Subscription Shares to the Official List and to trading on the main market of the London Stock Exchange.

Each Subscription Share will confer the right, but not the obligation, to subscribe for one Ordinary Share for each Subscription Share held on each of 31 October, 31 January, 30 April and 31 July, between 31 October 2009 and 31 July 2014 (each a "Subscription Date").

Notice of the exercise of the Subscription Share Rights may be given in the 28 days preceding each of the Subscription Dates from 31 October 2009 until 31 July 2014 (both dates inclusive) after which the Subscription Share Rights will lapse.

The Subscription Price for all or any of the Ordinary Shares to which the Subscription Shares relate will be the Net Asset Value per Ordinary Share on the Calculation Date, plus a percentage premium to such amount, rounded up to the nearest whole penny as follows:

- (a) if exercised on any Subscription Date between (and including) 31 October 2009 and 31 July 2010, a premium of 1 per cent.;

- (b) if exercised on any Subscription Date between (and including) 1 August 2010 and 31 July 2012, a premium of 5 per cent.; and
- (c) if exercised on any Subscription Date between (and including) 1 August 2012 and 31 July 2014, a premium of 15 per cent.

It is expected that an announcement setting out the Subscription Price will be made on 4 September 2009.

The Directors believe the Bonus Issue will have the following advantages:

- (a) Qualifying Shareholders will receive securities which they may convert into Ordinary Shares at a predetermined price in order to benefit from any future growth in the Company;
- (b) Qualifying Shareholders will receive securities with a monetary value which may be traded in a similar fashion to their existing Ordinary Shares or converted into Ordinary Shares;
- (c) on any exercise of the Subscription Share Rights, the capital base of the Company will increase allowing operating costs to be spread across a larger number of Ordinary Shares and hence the total expense ratio to fall;
- (d) following the exercise of any Subscription Share Rights, the Company will have an increased number of Ordinary Shares in issue, which may in due course improve the liquidity in the market for its Ordinary Shares; and
- (e) Qualifying Shareholders will receive securities which are qualifying investments for the purposes of the stocks and shares component of an ISA and permitted investments for the purposes of a SIPP.

5. Costs of the Bonus Issue

The Company's expenses in connection with the Bonus Issue are estimated to amount to approximately £226,000 (including VAT), or around 0.08 per cent. of the Net Asset Value as at 6 August 2009, the latest practicable date prior to the publication of this Prospectus.

6. General Meeting

The Bonus Issue is subject to the passing by Shareholders of the Resolution set out in the Notice of General Meeting. The Board unanimously recommends that Shareholders vote in favour of the Resolution at the General Meeting.

7. Proceeds

In due course, upon the Subscription Share Rights being exercised, the Directors intend to invest the net proceeds of such subscriptions in accordance with the Company's investment policy.

8. Risk Factors

The principal risk factors affecting the Company and the Subscription Shares that are known to the Directors are considered to include the risk factors set out below. If any or a combination of these risks occurs, the financial condition, prospects and share price of the Company could be materially and adversely affected and each risk factor should be read accordingly. The risks are given for your protection and should be read and carefully noted. They are not set out in any order of importance or priority.

(a) Investment objective

There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objective of the Company will be achieved. The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

(b) Ordinary Shares

The price of the Ordinary Shares will be determined by the interaction of supply and demand in the market as well as the Net Asset Value per Share. The market price of the Ordinary Shares is therefore likely to fluctuate and may represent either a discount or premium to the Net Asset Value per Ordinary Share.

The discount or premium is itself variable as conditions for supply and demand for the Company's Ordinary Shares change. This can mean that the Ordinary Share price can fall when the Net Asset Value rises, or *vice versa*.

The Company may employ gearing from time to time, which may lead to an amplification of returns both upwards and downwards. The Company's actual gearing range (investments expressed as a percentage of the Company's Net Asset Value) may fluctuate between 0 per cent. and 20 per cent. in normal market conditions.

Market liquidity in the shares of investment trusts is frequently inferior to the market liquidity in shares issued by larger companies traded on the London Stock Exchange.

(c) Subscription Shares

The value of a Subscription Share may go down as well as up.

Movements in the price of Subscription Shares may not be in line with the movement in the price of the Ordinary Shares.

Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable or favourable, in the market price of the Subscription Shares. The market price of the Subscription Shares may therefore be volatile.

Although Subscription Shares are tradable securities, market liquidity of the Subscription Shares may be less than the market liquidity of Ordinary Shares.

The Subscription Share Rights will lapse on 31 July 2014 (or if such a date is not a Business Day, the next following Business Day) and the Subscription Shares may have no value to holders after that date.

The Subscription Shares, in so far as they give an entitlement to subscribe for Ordinary Shares, will be affected by the same risk factors as the Ordinary Shares.

(d) Borrowing and gearing

Prospective investors should be aware that, whilst the use of borrowings within the limits prescribed by the Board should enhance the NAV per Share where the value of the Company's underlying assets is rising at a rate greater than the interest rate on the borrowings, it will have the opposite effect where the underlying asset value is falling or is rising at a rate lower than the interest rate on the borrowings. This may increase the volatility of the NAV per Share.

(e) Dilution

The allotment of the Subscription Shares will mean that the equivalent of 20 per cent. of the Company's issued ordinary share capital is under option immediately following the Bonus Issue. On each occasion that the Subscription Shares Rights are exercised this may dilute the ordinary shareholding of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Share Rights attaching to their Subscription Shares or who have sold their Subscription Shares. However, if a Shareholder continues to hold the Subscription Shares issued to him pursuant to the Bonus Issue and exercises his Subscription Share Rights before their expiry, that Shareholder's percentage interest in the ordinary share capital of the Company will not ultimately be reduced below his percentage interest in the ordinary share capital of the Company immediately prior to the Bonus Issue. If the NAV per Ordinary Share at the time of exercise of the Subscription Share Rights exceeds the applicable Subscription Price, the issue of the Ordinary Shares upon such exercise will also have a dilutive effect on the NAV per Ordinary Share. The extent of such dilution will depend on the number

of Subscription Shares which are converted on each occasion and the difference between the applicable Subscription Price and the NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to the exercise of the Subscription Share Rights.

(f) Other

As an investment trust the Company must comply with section 842 of the Income and Corporation Taxes Act 1988. Were the Company to breach section 842, it might lose investment trust status and, as a consequence, capital gains within the Company's portfolio might be subject to tax.

Changes in taxation or the accounting policies of the Company could adversely affect Shareholders.

RISK FACTORS

Shareholders should carefully consider all the information in this document including the risks described below. The Directors have identified these risks as the material risks of which they are aware as at the date of this document relating to the Company, an investment in the Ordinary Shares and the Subscription Shares and investing in UK equities. Additional risks and uncertainties not presently known to the Directors, or that the Board considers immaterial, may also adversely affect the Company's business, operational performance, share price or financial condition. If any or a combination of the following risks materialise, the Company's business, financial condition, operational performance and share price could be materially adversely affected. In that case, the trading price of the Ordinary Shares and Subscription Shares could decline and shareholders lose all the value of their investment in the Company.

For the avoidance of doubt none of the risk factors detailed below seek to qualify the working capital statement set out in **paragraph 4 of Part 3** of this document.

General risks

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss, including total loss, which may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Company's prospects.

Risks relating to the Company and its business

A shareholding in the Company is suitable for investors capable of evaluating the risks and merits of such a shareholding and who have sufficient resources to bear any loss (including total loss) which may result from the shareholding. Before making any investment decision, prospective investors are strongly advised to consult an independent adviser authorised under FSMA who specialises in advising upon investments.

The Company is an investment trust. Investment trusts aim to generate returns for shareholders by investing in other companies. As an investment trust may invest in a range of different companies and sectors, it may represent a method for investors to gain a diversified investment exposure. However, prospective investors should be aware of certain factors which apply to the Company and to investment trusts generally:

- There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objective of the Company will be achieved. The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.
- The Company invests equities across the globe. A fall in global equities would have an adverse impact on the value of the Company's underlying investments.
- The price of the Ordinary Shares will be determined by the interaction of supply and demand in the market as well as the NAV per Share. The market price of the Ordinary Shares is therefore likely to fluctuate and may represent either a discount or premium to the NAV per Ordinary Share. The rating of the Ordinary Shares is itself variable as conditions for supply and demand

change. This means that the Ordinary Share price may go down as well as up and the Ordinary Share price can fall when the NAV per Ordinary Share rises, or *vice versa*.

- The exercise of Subscription Share Rights at a time when the NAV per Share is greater than the prevailing Subscription Price would cause the NAV per Share to be diluted and the perceived risk of dilution may cause the market price of the Ordinary Shares to reflect a lesser sensitivity to increase in the NAV per Share than might otherwise be expected.
- Market liquidity in the shares of investment trusts is frequently inferior to the market liquidity of shares issued by larger companies traded on the London Stock Exchange. It is possible that there may not be a liquid market in the Ordinary Shares and investors may have difficulty in selling such securities.

Subscription Shares

- Investment in the Subscription Shares may not be suitable as a short-term investment. The value of a Subscription Share may go down as well as up.
- Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable or favourable, in the market price of the Subscription Shares. The market price of the Subscription Shares may therefore be volatile.
- The Company has applied for the Subscription Shares to be admitted to the Official List and to trading on the main market of the London Stock Exchange. The UKLA has the right to suspend listing in a company's securities. Any suspension of listing of the Subscription Shares may affect the ability of Shareholders to realise their investment.
- The published market price of the Subscription Shares will typically be their mid-market price. Due to the potential difference between the mid-market price of the Subscription Shares and the price at which Subscription Shares can be sold, there is no guarantee that the realisable value of the Subscription Shares will reflect their published market price.
- In the case of any Subscription Shares whose Subscription Share Rights have not been exercised on or before the final date for exercising such rights, such Subscription Shares will cease to have any value unless a trustee appointed by the Company determines that the net proceeds of sale of the Ordinary Shares that would arise on the exercise of such rights after deduction of all the costs and expenses of sale would exceed the costs of exercise of such rights. In such circumstances, the trustee will either exercise all the outstanding Subscription Share Rights and sell the Ordinary Shares issued on such exercise in the market or, if it appears to the trustee that doing so is likely to raise greater net proceeds, it may accept any offer available to the Subscription Shareholders for the purchase of the outstanding Subscription Shares. The net proceeds of any such sale (after deducting the costs of exercising the Subscription Share Rights, if applicable, and any other costs and expenses incurred in relation to such sale) will be remitted to the Subscription Shareholders unless the amount to which a Subscription Shareholder is entitled is less than £5.00 in which case such sum shall be retained for the benefit of the Company.
- Although Subscription Shares are tradable securities, market liquidity of Subscription Shares may be less than the market liquidity of Ordinary Shares. It is possible that there may not be a liquid market in the Subscription Shares and investors may have difficulty in selling such securities.
- The Subscription Shares, in so far as they give an entitlement to subscribe for Ordinary Shares, are affected by the same risk factors as the Ordinary Shares as set out in this section headed "Risk Factors".
- The intrinsic value of a Subscription Share at any time will be the prevailing market price of an Ordinary Share less the price payable on the exercise of the Subscription Share Rights and, as such, it is expected to rise or fall depending on whether the market price of an Ordinary Share rises or falls. The market price of a Subscription Share may be higher than the intrinsic value of a Subscription Share, reflecting the potential geared returns available from an investment in the Subscription Shares. The market price of a Subscription Share may also be lower than the

intrinsic value of a Subscription Share as the market price of the Subscription Shares will be determined by market forces and there is no guarantee that they will have a market value at all.

Investment strategies

The success of the Company will depend on the Investment Manager's ability to identify attractive investments and to realise them in accordance with the Company's investment objectives. Any factor that would make it more difficult to buy or sell investments may have an adverse affect on the profitability of the Company. No assurance can be given that the Company will be able to invest its capital on attractive terms or to generate returns for Shareholders or that the strategies to be used will be successful under all or any market conditions.

The performance of the Company's investment programme depends, to a great extent, on the correct assessments of the future course of price movements of securities and other investments selected by the Investment Manager. There can be no assurance that the Investment Manager will accurately predict these price movements.

The Company's portfolio comprises, and will continue to comprise, investments in pharmaceutical, biotechnology and related companies in the healthcare sector. Investing in such pharmaceutical, biotechnology and related companies carries some particular risks, as follows:

- Such companies may have limited product ranges and, consequently, any problems encountered on the one product may have a particularly damaging effect on a company's prospects;
- Products in these sectors tend to be subject to extensive government regulation. Obtaining necessary approval for new products may be a lengthy process and carries uncertainty as to outcome;
- In common with other extensively regulated industries, there is risk of external intervention and review of industry practices which can affect the market rating of the companies concerned;
- Technological advances may render less valuable, or obsolete, existing products of companies in these sectors;
- Certain companies operating in the pharmaceutical and biotechnology sectors may be exposed to potential product liability risks, particularly in relation to the testing, manufacture and sale of healthcare products;
- Companies operating within these sectors tend to spend a considerable proportion of their resources on research and development that may be commercially underproductive or require the injection of further capital to fully exploit the results of their work;
- The ability of companies within these sectors to commercialise their products may depend on the extent to which reimbursement for the costs of such products are available from government health authorities and private health insurers. If adequate coverage and reimbursement levels are not provided, market acceptance and, therefore, profitability may be adversely affected; and
- The rapid development of and changes in the biotechnology sector represent a particular risk as well as an opportunity.

Discounts

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 *visa versa*.

The Board regularly reviews its discount policy. The formal discount management policy in place seeks to maintain the discount to the Net Asset Value at which the Company's shares are quoted on the London Stock Exchange at no greater than 6 per cent. over the long-term, subject to adverse market conditions. There can be no guarantee that the Board's discount policy will always be successful or capable of being implemented.

Liquidity

The Company is a closed-ended vehicle. Accordingly, Shareholders have no right to have their Ordinary Shares or Subscription Shares repurchased by the Company at any time. Shareholders wishing to realise their investment in the Company will therefore be required to dispose of their Ordinary Shares or Subscription Shares on the stock market.

Market liquidity in the shares of investment trusts is frequently inferior to the market liquidity in shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares will be maintained or will exist for the Subscription Shares.

Accordingly, Shareholders may be unable to realise their Ordinary Shares at the quoted market price or their Subscription Shares at the quoted market price or, in either case, at all.

Interest rates

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings.

Calculation of Net Asset Value

In calculating the Company's daily unaudited Net Asset Value, Frostrow may rely on estimates of the values of companies or their securities in which the Company invests. Such estimates may be unaudited or may be subject to little verification or other due diligence and may not comply with UK GAAP or other valuation principles.

Dividends and income

The Company's principal investment objective is to achieve a high level of capital growth predominantly from investment in worldwide pharmaceutical, biotechnology and related companies in the healthcare sector. The Company may only pay dividends to the extent that it has distributable revenue profits available for that purpose. Under the Articles, the Company may not pay a dividend out of its capital reserves.

Dilution

The allotment of the Subscription Shares will mean that the equivalent of 20 per cent. of the Company's issued ordinary share capital is under option immediately following the Bonus Issue. On each occasion the Subscription Shares Rights are exercised this may dilute the ordinary shareholding of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Share Rights attaching to their Subscription Shares or who have sold their Subscription Shares. However, if a Shareholder continues to hold the Subscription Shares issued to him pursuant to the Bonus Issue and exercises his Subscription Share Rights before their expiry, that Shareholder's percentage interest in the ordinary share capital of the Company will not ultimately be reduced below his percentage interest in the ordinary share capital of the Company immediately prior to the Bonus Issue. If the NAV per Ordinary Share at the time of exercise of the Subscription Share Rights exceeds the applicable Subscription Price, the issue of the Ordinary Shares upon such exercise will also have a dilutive effect on the NAV per Ordinary Share. The extent of such dilution will depend on the number of Subscription Shares which are converted on each occasion and the difference between the applicable Subscription Price and the NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to the exercise of the Subscription Share Rights.

Foreign exchange rate risk

The Company invests in shares in companies outside of the UK and EEA that are denominated in currencies other than Sterling (the Company's base currency). Movements in the exchange rates between Sterling and other currencies in which the Company's investments are denominated may have a separate effect, unfavourable or favourable, on the return otherwise experienced on an investment in the Company's Shares. Foreign exchange rate risk may increase the volatility of the NAV per Ordinary Share. The Company does not currently hedge against currency exposure.

Rights of Subscription Shares on liquidation

In the event of the winding-up of the Company prior to the final exercise of the Subscription Share Rights, Subscription Shareholders may receive a payment out of the assets of the Company that would otherwise be available for distribution amongst the Ordinary Shareholders.

Potential conflicts of interest

The Investment Manager may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager currently does, and may continue to, provide investment management, investment advice or other services in relation to a number of companies, funds or accounts that may have similar investment objectives and/or policies to that of the Company and may receive *ad valorem* and/or performance-related fees for doing so.

As a result, the Investment Manager may have conflicts of interest in allocating investments among the Company and other clients and in effecting transactions between the Company and other clients. The Investment Manager may give advice or take action with respect to such clients that differs from the advice given or actions taken with respect to the Company.

Borrowings and Gearing

Some investment trusts employ gearing, that is, seeking to enhance returns to shareholders by borrowing funds for investment. Where an investment trust is geared, its net asset value and price performance would be expected to represent an amplification of any upward and downward movement in the investment trust's portfolio as a result of price changes of the investments contained therein. The Articles limit the amount of gearing the Company may take on to an amount equal to twice the adjusted total capital and reserves.

Whilst the use of borrowings within the limits prescribed by the Board should enhance the NAV per Share where the value of the Company's underlying assets is rising at a rate greater than the interest rate on the borrowings, it will have the opposite effect where the underlying asset value is falling or is rising at a rate lower than the interest rate on the borrowings. This may increase the volatility of the NAV per Share.

Taxation

Any change in the Company's tax status, including failure to satisfy the conditions of section 842 of the Income and Corporation Taxes Act 1988, or any change in taxation legislation, could affect the market 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 Shareholders.

The levels of, and reliefs from, taxation may change. The tax relief referred to in this document is that currently available and its value depends on the individual circumstances of investors. **If you are in any doubt as to your tax position you should consult an appropriate independent professional adviser.**

Legal and regulatory

The Company must also comply with the provisions of the Companies Acts and, as its shares are admitted to the Official List, the UK Listing Authority Listing Rules. A breach of the Companies Acts could result in the Company and/or the Directors being fined or being the subject of criminal proceedings. Breach of the UK Listing Authority Rules could result in the Company's shares being suspended from listing, which in turn would breach section 842 of the Income and Corporation Tax Act 1988.

If Subscription Share Rights are exercised the number of Subscription Shares in issue will be reduced. This could lead to the outstanding Subscription Shares being concentrated in the hands of a small number of Subscription Shareholders over time. The continued listing on the Official List of each share class is dependent on at least 25 per cent. of the Shares in that class being held in public hands (as defined in the Listing Rules). This means that if greater than 75 per cent. of the Shares in any class are

held by, *inter alia*, the Directors, persons connected with the Directors, or persons interested in 5 per cent. or more of the relevant Shares, the listing of that class of Shares may be suspended or cancelled. The Listing Rules state that, in certain circumstances, the UK Listing Authority will allow a reasonable period of time for the Company to restore the appropriate percentage if this rule is breached once the Shares are listed, but in the event that that listing is cancelled the Company would lose its investment trust status.

Exchange controls and withholding tax

The Company may from time to time purchase investments that will subject the Company to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on such investments.

Economic conditions

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, political and diplomatic events and trends and tax laws, can substantially and adversely or favourably affect the Company's prospects and the value of the Company's portfolio.

Accounts

The Company prepares its accounts in accordance with the 1985 and 2006 Acts and UK GAAP. UK GAAP is subject to change and this may have an effect on the Company's calculation of NAV. The Company has a policy of charging 95 per cent. of the periodic investment management and management fees earned under the terms of the Management Agreement, to capital. Such charges will reduce the NAV per Share. Changes in the Company's accounting policies could adversely affect Shareholders.

IMPORTANT NOTICES

Shareholders should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Shareholders should inform themselves as to: (a) the legal requirements within their own countries for the holding, transfer or other disposal of Subscription Shares and the exercise of the Subscription Share Rights; (b) any foreign exchange restrictions applicable to the holding, transfer or other disposal of Subscription Shares and the exercise of the Subscription Share Rights that they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the holding, transfer or other disposal of Subscription Shares or the exercise of the Subscription Share Rights. Shareholders must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

Forward-looking statements

This Prospectus contains forward-looking statements including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations of similar expressions. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, Shareholders are cautioned not to place any undue reliance on such forward looking statements. These forward-looking statements apply only as at the date of this Prospectus. Save as required by applicable law, or any UK or EU regulatory requirements (including the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules) which may oblige the Company to update the information contained in this document, the Company is under no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in **paragraph 4 of Part 3** of this document.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of forms of direction	Close of business on 28 August 2009
Latest time and date for receipt of forms of proxy	10.30 a.m. on 2 September 2009
Subscription Price of Subscription Shares calculated	Close of business on 3 September 2009
Record Date for entitlements under the Bonus Issue	5.00 p.m. on 3 September 2009
General Meeting	10.30 a.m. on 4 September 2009
Announcement of Subscription Price	4 September 2009
Date of Admission and commencement of dealings in the Subscription Shares	8.00 a.m. on 7 September 2009
CREST accounts credited in respect of the Subscription Shares	7 September 2009
Shares certificates despatched in respect of the Subscription Shares	Week commencing 7 September 2009

Notes:

- (1) Reference to times in this document are to London time unless otherwise stated.
- (2) The dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by Finsbury Worldwide Pharmaceutical Trust PLC in which event details of the new dates will be notified to Shareholders through a Regulatory Information Service provider.
- (3) If you have any questions relating to this document, and the completion and return of the forms of proxy, please telephone Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Martin Smith, <i>Chairman</i> Josephine Dixon Professor Duncan Geddes Paul Gaunt Dr David Holbrook Samuel D Isaly Anthony Townsend all of One Wood Street, London EC2V 7WS
Manager, Administrator and Secretary:	Frostrow Capital LLP 25 Southampton Buildings London WC2A 1AL
Telephone no:	+44 (0) 203 008 4910
Registered office of the Company:	One Wood Street London EC2V 7WS
Investment Manager:	OrbiMed Capital LLC 767 Third Avenue 30th Floor New York, NY 10017-2023 USA
Corporate Broker and Financial Adviser to the Company:	Winterflood Investment Trusts The Atrium Building Cannon Bridge 25 Dowgate Hill London EC4R 2GA
Auditors to the Company:	Ernst & Young LLP 1 More London Place London SE1 2AF
Registrars:	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0LA
Solicitors to the Company:	Eversheds LLP One Wood Street London EC2V 7WS
Bankers:	Goldman, Sachs & Co., New York 85 Broad Street New York, NY 10004 USA
Custodian:	Goldman, Sachs & Co., New York 85 Broad Street New York, NY 10004 USA

PART 1

LETTER FROM THE CHAIRMAN

Finsbury Worldwide Pharmaceutical Trust PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 03023689)

Directors:

Martin Smith (*Chairman*)
Josephine Dixon
Paul Gaunt
Professor Duncan Geddes
Dr David Holbrook
Samuel D Isaly
Anthony Townsend

Registered Office:

One Wood Street
London
EC2V 7WS

11 August 2009

Dear Shareholder,

Proposed Bonus Issue of Subscription Shares and Notice of General Meeting

Introduction

Further to the Company's announcement on 22 May 2009, announcing proposals for a bonus issue of Subscription Shares to Qualifying Shareholders, the Board is today publishing its Proposals in relation to the Bonus Issue.

The purpose of this letter is to provide you with details of the Proposals and the related General Meeting to be held on 4 September 2009, at which Shareholders will be asked to approve the Resolution which is required to implement the Proposals.

Background

The Company is an investment trust company, incorporated in 1995. The Company invests in a portfolio of worldwide biotechnology, pharmaceutical and related companies in the healthcare sector. The Company's investments are selected with a view to generate capital growth for shareholders. As at 6 August 2009 (the latest practicable date prior to publication of this document) the Company had a market capitalisation of approximately £269.3 million, and net assets of approximately £287.3 million.

When the Company was launched in April 1995, it raised proceeds of £16.2 million. In the period since then, the Company's net assets have increased to £287.3 million (as at 6 August 2009). On a NAV per share total return basis, this equates to a 549.3 per cent. increase over approximately 14 years to 31 July 2009 compared with a 267.2 per cent. (total return, sterling adjusted) increase for the Datastream World Pharmaceutical and Biotechnology Index, the Company's benchmark, over the same period (source: Fundamental Data Limited, a subsidiary of Morningstar, and Thomson Reuters). The Directors believe that the Company has demonstrated its ability to achieve a high level of capital growth through investment worldwide in the shares of pharmaceutical, biotechnology and related companies in the healthcare sector.

As Shareholders will recall, the Company has previously issued warrants, an instrument with similar characteristics to subscription shares. The Company's warrants were exercisable over a period of five years, had an exercise price of 464 pence and expired in the money on 31 July 2009. As a result 10,745,610 warrants were exercised and proceeds of approximately £49.9 million were raised and which will be invested in accordance with the Company's investment policy.

Outlook for the Company

The Board, as advised by the Investment Manager, expects activity in the healthcare sector to increase in the coming years. The Board, as advised by the Investment Manager, also believes that there will be a rise in mergers and acquisitions, the development of several new “blockbuster” products, more efficient regulation in the U.S and expanded healthcare coverage for consumers in large markets such as the U.S. and China. The Investment Manager is focused on finding investment opportunities that will exploit such trends. Key elements of the Investment Manager’s current portfolio strategy include:

- (a) investments in major biotechnology companies that are trading at valuation measures that are near-historical lows despite an expected 15 per cent. growth in earnings per share, full product pipelines, a low risk of general competition and high product margins;
- (b) holdings in selected biotechnology companies that are potential acquisition targets. The Investment Manager has realised profits from a mergers and acquisition investment strategy in previous years. The Board, as advised by the Investment Manager, expects 2009 to mirror that success;
- (c) investments in selected emerging biotechnology companies that have recently, or will soon, launch a potential “break out” product. The value of a company can increase as it moves from a development stage to a commercial stage because the investment becomes less risky, and this can attract a broader base of potential investors; and
- (d) taking a cautious approach to the 15 remaining large pharmaceutical stocks, which are confronting low research productivity and an unprecedented wave of patent expirations as branded drug sales are genericised by 2014. The Investment Manager is therefore focused selectively on making value investments in companies that have high dividends and low valuations.

Benefits of the Bonus Issue

The Directors believe that the Bonus Issue of Subscription Shares will have the following benefits:

- (a) Qualifying Shareholders will receive securities which they may convert into Ordinary Shares at a predetermined price in order to benefit from any future growth in the Company;
- (b) Qualifying Shareholders will receive securities with a monetary value which may be traded in a familiar fashion to their existing Ordinary Shares or converted into Ordinary Shares;
- (c) on any exercise of the Subscription Share Rights, the capital base of the Company will increase allowing operating costs to be spread across a larger number of Ordinary Shares and hence the total expense ratio to fall;
- (d) following the exercise of any Subscription Rights, the Company will have an increased number of Ordinary Shares in issue, which may in due course improve the liquidity in the market for its Ordinary Shares; and
- (e) Qualifying Shareholders will receive securities which are qualifying investments for the purposes of the stocks and shares component of a ISA and permitted investments for the purposes of a SIPP.

The Proposals

Bonus Issue of Subscription Shares

The Company is proposing to issue Subscription Shares, subject to the passing of the Resolution set out in the Notice of General Meeting at **Part 8** of this Prospectus and Admission to the Official List and to trading on the main market of the London Stock Exchange. If the Resolution is passed, Qualifying Shareholders will each receive, without payment, one Subscription Share for every five Ordinary Shares held by them on the Record Date, being 5.00 p.m. on 3 September 2009. Fractions of Subscription Shares will not be allotted or issued and entitlements will be rounded down to the nearest whole number of Subscription Shares.

Each Subscription Share will confer the right, but not the obligation, to subscribe for one Ordinary Share on each of 31 July, 31 October, 31 January and 30 April between 31 October 2009 and 31 July

2014 (or if such date is not a Business Day, on the next following Business Day), each a Subscription Date. Such Subscription Share Rights will be exercisable on payment of the Subscription Price, which will be the Net Asset Value per Ordinary Share on the Calculation Date, plus a percentage premium to such amount, rounded up to the nearest whole penny as follows:

- (a) if exercised on any Subscription Date between (and including) 31 October 2009 and 31 July 2010, a premium of 1 per cent;
- (b) if exercised on any Subscription Date between (and including) 1 August 2010 and 31 July 2012, a premium of 5 per cent; and
- (c) if exercised on any Subscription Date between (and including) 1 August 2012 and 31 July 2014, a premium of 15 per cent.

The NAV for the purpose of calculating the Subscription Prices will be the unaudited value of the Company's assets calculated in accordance with the Company's accounting policies (including revenue items for the current financial year) less all prior charges and other creditors at their fair value (including the costs of the Bonus Issue). Prior charges include all loans and overdrafts that are to be used for investment purposes.

It is expected that an announcement setting out the Subscription Price will be made on 4 September 2009.

Notice of exercise of the Subscription Rights may be given in the twenty-eight days preceding each of the Subscription Dates and the Ordinary Shares arising on subscription will be allotted within 14 days of the relevant Subscription Date.

Subscription Shares will rank equally with each other and will not carry the right to receive any dividends from the Company. The Ordinary Shares resulting from the exercise of the Subscription Rights will rank *pari passu* with the Ordinary Shares then in issue.

Adoption of new Articles of Association

The Company proposes to adopt the New Articles which will set out the rights pertaining to the Subscription Shares but otherwise be identical to the Articles of the Company that were adopted at the annual general meeting of the Company on 17 July 2009. The rights attaching to the Subscription Shares that are to be included in the New Articles are set out in **Part 4** of this document.

Creation of Subscription Shares

The Company will seek Shareholder approval at the General Meeting to sub divide and redesignate 392,437 Ordinary Shares of 25p in the authorised share capital of the Company into up to 9,810,925 Subscription Shares to satisfy the Bonus Issue.

Authority to repurchase Subscription Shares

Shareholders are being requested to grant the Board authority to allow the Company to repurchase up to 14.99 per cent. of the Subscription Share capital in issue following completion of the Bonus Issue. Repurchases of Subscription Shares will be made at the discretion of the Board and will only be made when market conditions are considered by the Board to be appropriate and in accordance with the Listing Rules. Any Subscription Shares repurchased by the Company will be cancelled and will not be held in treasury for resale. The ability to repurchase the Subscription Shares will allow the Board to manage the dilutive effect of the Subscription Shares when there is no demand for them through the market.

Capitalisation of reserves

If the Proposals are successful, the Company will capitalise up to £98,109 standing to the credit of the Company's share premium account or capital redemption reserve or any reserve (other than the profit and loss account) otherwise available for the purpose in order to pay up the nominal price (1p) of each Subscription Share issued under the Bonus Issue.

Admission and dealings

The Subscription Shares will be in registered form and may be issued either in certificated or uncertificated form. No temporary documents of title will be issued. Pending despatch of definitive certificates, transfers or Subscription Shares in certificated form will be certified against the Register. All documents or remittances will be sent through the post at the risk of the Subscription Shareholder.

Application will be made to the UK Listing Authority for the Subscription Shares 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. It is expected that Admissions will occur, and that dealings will commence, on 7 September 2009.

General Meeting

To enable the Bonus Issue to proceed, it is necessary to create the Subscription Shares and to grant the Directors the appropriate power and authority to issue the Subscription Shares and allot Ordinary Shares following exercise of the Subscription Rights. Under the 2006 Act, this requires the approval of Shareholders. Accordingly, a general meeting of the Company is being convened for 4 September 2009 at which a Resolution will be proposed as a special resolution comprising the following paragraphs:

- (a) to adopt the New Articles which set out all of the rights attaching to the Subscription Shares;
- (b) to sub divide and redesignate 392,437 Ordinary Shares in the authorised share capital of the Company into up to 9,810,925 Subscription Shares;
- (c) to authorise the Directors pursuant to section 80 of the 1985 Act to allot the Subscription Shares pursuant to the Bonus Issue up to a maximum nominal amount of £98,109 and up to a maximum aggregate nominal amount of £2,452,732 of Ordinary Shares for the purpose of satisfying the Subscription Share Rights (which represents, respectively, 0.8 per cent. and 20 per cent. of the Company's total issued Ordinary Share capital as at the date of this document, is in addition to the Director's existing authority and power to allot Ordinary Shares and will expire either at the conclusion of the Company's annual general meeting in 2014 or (consistent with such existing authority) or 14 days after the Final Subscription Date (being 31 July 2014), whichever is later) and pursuant to section 95 of the 1985 Act to disapply statutory pre-emption rights in connection therewith (this allotment authority and disapplication of statutory pre-emption rights will expire 15 months following the passing of the Resolution, but shall extend to the making, before such expiry, of an offer or agreement which would or might require any Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired);
- (d) to capitalise any part of the amount then standing to the credit of any of the share premium account or the capital redemption reserve or any reserve (other than the profit and loss account) of the Company and to apply the same in paying up at par the Subscription Shares for the purpose of the Bonus Issue;
- (e) to authorise the capitalisation of any reserve amount of the Company available for distribution in (i) paying up Ordinary Shares to be allotted pursuant to the exercise of Subscription Rights or (ii) in issuing further Subscription Shares to which the holder may be entitled in accordance with the rights attaching to the Subscription Shares;
- (f) to approve any consolidation, sub division or redemption of share capital required to give effect to the rights of the Subscription Shareholders; and
- (g) to grant authority to the Company to purchase through the market up to 14.99 per cent., of the Subscription Shares issued pursuant to the Bonus Issue.

In order to be passed, the special resolution requires at least 75 per cent. of the votes cast to be in favour of it.

The Board is recommending that Shareholders vote in favour of the Resolution to be proposed at the General Meeting in order for the Bonus Issue to be implemented.

The General Meeting will be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS. The notice convening the General Meeting is set out in **Part 8** of this document.

Overseas Shareholders

The issue of the Subscription Shares to persons who have a registered or mailing address in countries outside of the EEA States may be affected by the law or regulatory requirements of the relevant jurisdiction. Accordingly, Overseas Shareholders will not be Qualifying Shareholders for the purposes of the Bonus Issue and any Subscription Shares due to the Overseas Shareholders will be allotted to a market maker who will sell such Subscription Shares promptly at the best price obtainable. The proceeds of sale will be paid to the Overseas Shareholders entitled to them save that entitlements of less than £5 per Overseas Shareholder will be retained by the Company for its own account.

The attention of Overseas Shareholders is drawn to page 26 of this document.

Dilution

The allotment of the Subscription Shares will mean that the equivalent of 20 per cent. of the Company's issued ordinary share capital is under option immediately following the Bonus Issue. On each occasion that Subscription Shares Rights are exercised this will dilute the shareholding of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Share Rights attaching to their Subscription Shares or who have sold their Subscription Shares. However, if a Shareholder continues to hold the Subscription Shares issued to him pursuant to the Bonus Issue and exercises his Subscription Share Rights before their expiry, that Shareholder's percentage interest in the ordinary share capital of the Company will not ultimately be reduced below his percentage interest in the ordinary share capital of the Company immediately prior to the Bonus Issue. If the NAV per Ordinary Share at the time of exercise of the Subscription Share Rights exceeds the applicable Subscription Price, the issue of the Ordinary Shares upon such exercise will also have a dilutive effect on the NAV per Ordinary Share. The extent of such dilution will depend on the number of Subscription Shares which are converted on each occasion and the difference between the applicable Subscription Price and the NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to the exercise of the Subscription Share Rights.

Action to be taken

To vote at the General Meeting

Shareholders will find enclosed with this document a form of proxy for use at the General Meeting. **Whether or not you intend to attend the General Meeting you are requested to complete the form of proxy in accordance with the instructions printed on it and return it to Capita Registrars to arrive as soon as possible. To be valid, the form of proxy must be lodged with Capita Registrars not later than 10.30 a.m. on 2 September 2009.** Completion and return of the form of proxy will not prevent you from subsequently attending and voting in person at the General Meeting should you so wish.

Shareholders who hold their shares through Alliance Trust Savings will find enclosed with this document a form of direction that they should complete and return in accordance with the instructions printed on it. To be valid, a form of direction must be lodged with Alliance Trust Savings Nominee Limited, PO Box 164, Asset Services (Shareholder Enfranchisement), 8 West Marketgait, Dundee DD1 9XA, by not later than close of business on 28 August 2009.

ISAs/SIPPs

The Subscription Shares will be a qualifying investment for the stocks and shares component of an ISA.

The Subscription Shares issued under the Bonus Issue are expected to be eligible for inclusion in SIPPs, although this should be confirmed independently by Subscription Shareholders with their professional tax or financial advisers after taking into account the relevant scheme rules.

General

If you are in any doubt as to the action you should take, you should immediately consult an independent financial adviser authorised under FSMA.

Additional information

Your attention is drawn to the information set out in the rest of this document, including the section headed “Risk Factors” on pages 7 to 12 of this document.

Shareholders should note that the Company’s investment policy as set out on page 22 is different from that published in the Company’s report and accounts for the year ended 31 March 2009. The alteration has been made in order to satisfy the Listing Rules. The Company does not currently invest in any other listed investment companies.

Recommendations

Your Board, which has received financial advice from Winterflood Securities, believes that the Proposals provided for in the Resolution to be considered at the General Meeting are in the best interests of the Company and its shareholders as a whole. In providing its financial advice, Winterflood Securities has taken into account the Board’s commercial assessment of the Proposals. Accordingly, your Board unanimously recommends all Shareholders to vote in favour of the Resolution to be proposed at the General Meeting.

The Directors intend to vote in favour of the Resolution in respect of their own beneficial holdings, which amount in aggregate to 708,842 Ordinary Shares, representing approximately 1.44 per cent. of the total voting rights of the Ordinary Shares currently in issue.

Yours sincerely

Martin Smith
Chairman

PART 2

INFORMATION ON THE COMPANY

1. Investment objective, policy and approach

1.1 *Investment objective*

The Company invests worldwide in pharmaceutical, biotechnology and related companies in the healthcare sector with the objective of achieving a high level of capital growth.

1.2 *Investment policy*

In order to achieve its investment objective, the Company invests in a diversified portfolio of pharmaceutical, biotechnology and related companies in the healthcare sector on a worldwide basis. It uses gearing and derivative transactions to mitigate risk and also to enhance capital returns.

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions, as follows:

- (a) the Company will not invest more than 10 per cent. of its gross assets in other listed investment companies (including listed investment trusts);
- (b) the Company will not invest more than 15 per cent. of the portfolio in any one individual stock at the time of acquisition;
- (c) 60 per cent. of the portfolio will normally be invested in larger companies (i.e. with a market capitalisation of at least US\$5 billion);
- (d) 20 per cent. of the portfolio will normally be invested in smaller companies (i.e. with a market capitalisation of less than US\$5 billion);
- (e) investment in unquoted securities will not exceed 10 per cent. of the portfolio at the time of acquisition;
- (f) a maximum of 5 per cent. of the portfolio may be invested in each of debt instruments, convertibles and royalty bonds issued by pharmaceutical, biotechnology and related companies;
- (g) the Company's gearing policy is to borrow up to the lower of £70 million or 20 per cent. of the Company's net asset value;
- (h) Derivative transactions can be used to mitigate risk or enhance capital returns and will be restricted to 5 per cent. of the portfolio; and
- (i) Equity swaps may be used to meet the Company's investment objective of achieving a high level of capital growth and are restricted to 5 per cent. of the portfolio.

Any material changes to the investment policy must be approved by Shareholders in accordance with the Listing Rules and the Companies Acts.

2. Details of the Company's portfolio

As at the close of business on 6 August 2009 (being the latest practicable date prior to the publication of this document) the Company's largest investments by value, which together represented more than 50 per cent. of the unaudited total assets of the Company at that date, were as follows:

Largest investments

<i>Security issuer</i>	<i>Region</i>	<i>% of total assets</i>
Roche	Europe	8.2
Johnson & Johnson	North America	7.9
Novartis	Europe	7.0
Bristol-Myers Squibb	North America	3.7
Amgen	North America	3.5
Wyeth	North America	3.4
Gilead Sciences	North America	3.2
Genzyme	North America	3.2
Shionogi & Company	Japan	2.9
Mylan	North America	2.8
Elan	Europe	2.5
Biogen Idec	North America	2.5
Balance (31 investments)		44.6
Net current assets		4.6
Total assets		100.0

3. Directors

The Directors are responsible for determining the Company's investment policy and have overall responsibility for the Company's activities. The Board consists of seven non-executive Directors. The Directors are:

- 3.1 **Martin Smith** (*Chairman*), aged 66, was appointed a Director in 2007. He was a founder and non-executive director of New Star Asset Management Group PLC. He attended Oxford University and has an MBA from Stanford University. He was a founder of Phoenix Securities, a private investment banking firm. Following the acquisition of Phoenix Securities in 1997 by Donaldson Lufkin and Jenrette ("DLJ") he chaired DLJ's European Investment Banking Group. Previously he worked at Citicorp and Bankers Trust.
- 3.2 **Josephine ("Jo") Dixon**, aged 49, was appointed a Director in 2004. A chartered accountant, Ms. Dixon is Chairman of the Audit Committee. Ms. Dixon is self-employed and is also a non-executive director of Baring Emerging Europe PLC and a member of the Greenwich Hospital Advisory Board and Panel. Until 2003 Ms. Dixon held a number of senior executive positions in investment banking, leisure and support services.
- 3.3 **Professor Duncan Geddes**, aged 67, was appointed at the launch of the Company in 1995 and has been designated the Senior Independent Director. An author of numerous publications on respiratory medicine, Professor Geddes is self-employed and is a consultant physician in respiratory medicine at the Royal Brompton and National Heart Hospitals.
- 3.4 **Paul Gaunt**, aged 60, was appointed a Director at the launch of the Company in 1995. Mr. Gaunt is self-employed and has 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 Brit Insurance Holdings PLC and Oasis Healthcare PLC. Mr. Gaunt is a director of RCM Technology Trust PLC and also of the Biotech Growth Trust PLC. OrbiMed, (the Investment Manager), also acts as investment manager to The Biotech Growth Trust PLC.
- 3.5 **Dr David Holbrook**, aged 49, was appointed a Director in 2007. He is a qualified physician and a director of MTI Partners Limited, a leading technology venture capital investor. He attended London and Oxford Universities and has an MBA from Harvard Business School. He has held senior positions in a number of blue-chip biopharmaceutical organisations including GlaxoSmithKline and Roche.
- 3.6 **Samuel D Isaly**, aged 64, was appointed a Director at the launch of the Company in 1995. Mr. Isaly is Managing Partner of OrbiMed, the Company's Investment Manager, and has been a worldwide pharmaceutical investment specialist for more than 20 years having worked in New York and Europe with Chase Manhattan, Société Générale, Crédit Suisse and UBS Warburg.

3.7 **Anthony Townsend**, aged 61, was appointed a Director at the launch of the Company in 1995. Mr. Townsend has spent 40 years working in the City and was Chairman of The Association of Investment Companies from 2001 to 2003. Mr. Townsend is Chairman of iimia Investment Trust plc, British & American Investment Trust PLC, F&C Global Smaller Companies PLC, Finsbury Growth & Income Trust PLC and a director of Baronsmead VCT 3 plc.

4. Investment management and administration

4.1 *Investment Manager*

The Company's Investment Manager is OrbiMed, whose managing partner is Mr. Isaly. Mr. Isaly has been involved in the management of the portfolio since the Company's launch in 1995. The Investment Manager had approximately US\$4 billion in assets under management as at 31 March 2009, across a range of funds, including investment trusts, hedge funds and private equity funds. The Investment Manager's investment management activities were founded in 1989 by Mr. Isaly.

The Investment Manager's investment team includes more than 30 experienced professionals with backgrounds in science, medicine, industry, finance and law.

4.2 *Investment Management Agreement*

Investment Management Services are provided by the Investment Manager. The Investment Manager receives a periodic fee equal to 0.65 per cent. per annum of the Company's net asset value.

The Investment Management Agreement may be terminated by either party giving notice of not less than 12 months. The Investment Manager, under the terms of the agreement provides, *inter alia*, the following services:

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

Dependent on the level of performance achieved, the Investment Manager is also entitled to receive the payment of a performance fee. The performance fee is calculated by reference to the Benchmark.

The fee is calculated quarterly by comparing the cumulative performance of the Company's portfolio with the cumulative performance of the Benchmark since the launch of the Company in 1995. The performance fee amounts to 16.5 per cent. of any out-performance of the net asset value over the Benchmark, the Investment Manager receiving 15.0 per cent.

At each quarterly calculation date any performance fee payable is based on the lower of:

- (a) the cumulative out-performance of the portfolio over the Benchmark as at the quarter end date; and
- (b) the cumulative out-performance of the portfolio over the Benchmark as at the corresponding quarter end date in the previous year.

In the year to 31 March 2009 no performance fee was paid. However, a performance fee of £224,000 was accrued as at 31 March 2009.

4.3 *Manager, Company Secretary and Administrator*

Under the Management, Administration and Company Secretarial Services Agreement, Frostrow will receive:

- (a) a periodic fee equal to 0.30 per cent. per annum of the Company's market capitalisation up to £150 million of such market capitalisation and 0.20 per cent. per annum of the market capitalisation in excess of £150 million, plus a fixed amount equal to £50,000 per annum; and
- (b) a performance fee amounting to 1.5 per cent. of any out-performance of the net asset value over the Benchmark.

The notice period on the Management, Administration and Company Secretarial Agreement with Frostrow is 12 months. Termination can be initiated by either party.

Frostrow, under the terms of the agreement, provides, *inter alia*, the following services:

- (a) marketing and shareholder services;
- (b) administrative services;
- (c) advice and guidance in respect of corporate governance requirements;
- (d) maintaining the books of account and record in respect of Company dealing, investments, transactions, dividends and other income, the income account, balance sheet and cash books and statements;
- (e) preparation and despatch of the audited annual and unaudited interim report and accounts and interim management statements; and
- (f) attending to general tax affairs where necessary.

5. Capital structure

The Company's capital structure currently consists only of Ordinary Shares.

The Ordinary Shares give Shareholders the entitlement to all of the capital growth in the Company's assets and to all income from the Company that is resolved to be distributed. The Ordinary Shares are in registered form and traded on the London Stock Exchange's Main Market. As at 6 August 2009 (the latest practicable date prior to the publication of this document) there were 49,837,519 Ordinary Shares in issue which includes 688,000 Shares held in treasury, which represents 1.38 per cent. of the entire issued Ordinary Share capital of the Company. As at the same date, the unaudited Net Asset Value (including accumulated income) per Share was 584.48p.

Dividend Policy

The Company invests with the objective of achieving a high level of capital growth and it is expected that dividends, if any, are to be small. The Board intends only to pay dividends on the Shares to the extent required in order to maintain the Company's investment trust status. Dividends will therefore depend on the amount and timing of income that the Company receives on its investments. The amount of dividends payable by the Company may fluctuate accordingly.

6. Current gearing limits

The Company's borrowing requirements are met through the utilisation of a loan facility repayable on demand provided by Goldman, Sachs & Co., New York and is capped at 20 per cent. of net assets. Interest on the facility is charged at the Federal effective rate plus one week Overnight Indexed Swap spread, plus 45 basis points. Collateral in respect of the amount of the facility drawn down is provided by the Company to Goldman Sachs at the rate of 140 per cent. of the amount of the debt.

As at 6 August 2009 (being the latest practicable date prior to the publication of this document) no funds were drawn down under the loan facility.

The actual gearing level (which takes account not only borrowings by the Company but also any cash held by the Investment Manager) at the beginning of the financial year ending 31 March 2009 was 11.5 per cent. The Company's gearing continues to operate within pre-agreed limits so that actual gearing does not represent more than 20 per cent. of the Company's Net Asset Value. As at 6 August 2009, (being the latest practicable date prior to publication of this document) the actual gearing level was 0 per cent.

7. Taxation

Information concerning the tax status of the Company and the taxation of Shareholders resident in the UK is contained in **paragraph 11** of **Part 5** of this document.

8. Duration of the Company

The Articles oblige the Directors to procure that at the annual general meeting in 2009 (having been 17 July 2009) and at each fifth annual general meeting thereafter, an ordinary resolution is put to the shareholders to seeking their approval that the Company shall continue as an investment trust. The ordinary resolution proposed at the AGM was approved by Shareholders but if any such resolution in the future is not passed, the Directors are obliged to convene within three months a general meeting to make proposals for the voluntary liquidation, unitisation or other reorganisation of the Company.

9. Reports to Shareholders

The annual report and accounts are made up to 31 March in each year and it is expected that copies will be made available to shareholders in June in each year, although the Company may send or supply summary financial statements to members of the Company instead of copies of its full accounts and reports.

10. Overseas Shareholders

The allotment of the Subscription Shares to persons who have a registered or mailing address in countries outside of the EEA may be affected by the law or regulatory requirements of the relevant jurisdiction. Accordingly, unless otherwise stated, Overseas Shareholders will not be Qualifying Shareholders for the purposes of the Bonus Issue and any Subscription Shares due to Overseas Shareholders will be allotted to a market maker who will sell such Subscription Shares promptly at the best price obtainable. The proceeds of sale will be paid to the Overseas Shareholders entitled to them save that entitlement of £5 or less per Overseas Shareholder will be retained by the Company for its own account. Subscription Shares will be issued to Qualifying Shareholders in New Zealand on the basis described in Part 1 of this Prospectus.

Notwithstanding any other provision of this document, the Company reserves the right to permit any Shareholder to take up Subscription Shares due under the Bonus Issue if the Company, in its sole discretion, is satisfied at any time prior to the General Meeting that the transaction in question is exempt from, or not subject to the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who believe that they are entitled to take up Subscription Shares under the Bonus Issue should contact the Company.

PART 3

FINANCIAL INFORMATION RELATING TO THE COMPANY

1. Statutory Accounts for the Three Financial Years Ended 31 March 2009

Statutory accounts of the Company for the three financial years ended 31 March 2009, in respect of which the Company's auditors, Ernst & Young LLP, 1 More London Place, London SE1 2AF, which is regulated by the Institute of Chartered Accountants in England and Wales, made unqualified reports under section 495 of the 2006 Act, have been (or will be) delivered to the Registrar of Companies and such reports did not contain any statements under section 498(2) or (3) of the 2006 Act. Such reports are incorporated into this document by reference.

2. Published annual report and accounts for the three financial years ended 31 March 2009

2.1 Historical financial information

The published annual report and audited accounts of the Company prepared under UK GAAP for the three financial years ended 31 March 2009 included, on the pages specified in the table below, the following information intended to enable investors to identify easily specific items of information which are relevant to the Bonus Issue.

<i>Nature of Information</i>	<i>Annual report and accounts for year ended 31 March</i>		
	<i>2009</i>	<i>2008</i>	<i>2007</i>
	<i>Page No(s)</i>	<i>Page No(s)</i>	<i>Page No(s)</i>
Income statement (incorporating revenue account)	33	29	31
Balance sheet	35	31	33
Cash flow statement	36	32	34
Reconciliation of movements in Shareholders' funds	34	30	32
Accounting policies	37-38	33-34	35-36
Notes to the financial statements	37-50	33-46	35-45
Independent Auditors' report	31-32	27-28	29-30

The information referred to above is incorporated in this document by reference.

2.2 Selected financial information

The key audited figures that summarise the financial condition of the Company in respect of the three financial years ended 31 March 2009, which have been extracted directly on a straightforward basis from the historical financial information referred to in paragraph 2.1 of this **Part 3** (unless otherwise indicated in the notes below the following table), are set out in the following table.

<i>Capital</i>	<i>As at 31 March</i>		
	<i>2009</i>	<i>2008</i>	<i>2007</i>
Total assets (£m)	316,535	242,280	291,614
Total fixed assets (investments) (£m)	305,249	230,831	289,919
Total assets less current liabilities (£m)	263,017	224,783	273,631
NAV (£m)	263,017	224,783	273,631
Basic NAV per Share (p)	635.9	486.6	520.9
Diluted NAV per Share (p)	600.5	482.4	511.2

	<i>Year ended 31 March</i>		
	<i>2009</i>	<i>2008</i>	<i>2007</i>
<i>Revenue earnings and dividends</i>			
Revenue earnings per share (p)	5.50	3.50	3.30
Dividends per share (p)	5.00	3.00	3.00
Dividend cover (x)	1.10	1.17	1.10
Revenue reserves (£m)	4.40	3.33	3.13

2.3 *Operating and financial review*

The published annual reports and accounts of the Company for the three financial years ended 31 March 2009 included, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), changes in its financial condition and details of the Company's portfolio of investments for each of those years.

<i>Section</i>	<i>Annual report and accounts for year ended 31 March</i>		
	<i>2009 Page No(s)</i>	<i>2008 Page No(s)</i>	<i>2007 Page No(s)</i>
Chairman's statement	2-3	2-3	1-2
Review of investments	7-9	7-10	6-8
Investment portfolio	12	12	12

The information referred to above is incorporated in this document by reference.

2.4 *Availability of annual report and accounts for inspection*

Copies of the published annual report and audited accounts of the Company for the three financial years ended 31 March 2009 are available for inspection at the address set out in **paragraph 19** of **Part 5** of this document.

3. **Capitalisation and indebtedness**

The following table shows the unaudited capitalisation and indebtedness of the Company (distinguishing between the guaranteed and the unguaranteed, secured and unsecured indebtedness) as at 31 March 2009 (being the last date in respect of which the Company has published financial information) and as at 31 July 2009.

	<i>31 March 2009 £'000</i>	<i>31 July 2009 £'000</i>
<i>Total current debt</i>		
Guaranteed	—	—
Secured	30,204	29,963
Unguaranteed/unsecured	—	—
<i>Total non-current debt</i>		
Guaranteed	—	—
Secured	—	—
Unguaranteed/unsecured	—	—
Shareholders' equity	251,912	235,017
Share capital	11,105	9,773
Legal reserve	—	—
Other reserves	—	—

Save as disclosed in the above table, there has been no material change in the audited capitalisation and indebtedness of the Company since 31 March 2009. As at 6 August 2009 (being the latest practicable date prior to the publication of this document) no funds were drawn down under the Company's loan facility.

The following table shows the Company's unaudited net indebtedness as at 31 July 2009.

	£'000
A. Cash	–
B. Cash equivalent	–
C. Trading securities	283,243
D. Liquidity (A + B + C)	283,243
E. Current financial receivable	–
F. Current bank debt	29,963
G. Current portion of non-current debt	–
H. Other current financial debt	–
I. Current financial debt (F + G + H)	29,963
J. Net current financial indebtedness (I – E – D)	nil
K. Non-current bank loans	–
L. Bonds issues	–
M. Other non-current loans	–
N. Non-current financial indebtedness (K + L + M)	nil
O. Net financial indebtedness (J + N)	nil

The Company has no indirect or contingent indebtedness.

4. Working capital

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

5. NAV calculations

The unaudited NAV per Share is calculated, in accordance with the guidelines of the AIC and the Company's accounting policies, as at the close of business on each business day by the Frostrow and announced through a Regulatory Information Service on the following business day.

For the purpose of calculating the NAV per Share, quoted investments are valued at bid prices, adjusted for accrued income where it is reflected in the market price. Unquoted investments (including securities in which trading has been suspended) are valued at the Board's estimate of their net realisable value.

The calculation of the NAV per share will only be suspended in exceptional circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

PART 4

PARTICULARS AND PROCEDURE IN RESPECT OF THE SUBSCRIPTION SHARES

Pursuant to the passing of the Resolution at the General Meeting and Admission, the Subscription Shares are expected to be issued on 7 September 2009 and will carry the rights described below. The Articles will be replaced with the New Articles which will incorporate these rights.

1. Subscription Share Rights

- (a) A registered holder for the time being of a Subscription Share (a “**Subscription Shareholder**”) shall have a right (“**Subscription Share Right**”) exercisable on each of 31 October, 31 January, 30 April, 31 July (or if such date is not a Business Day the next Business Day) between (and including) 31 October 2009 and 31 July 2014 (the “**Final Subscription Date**”), (each a “**Subscription Date**”), to subscribe for all or any of the Ordinary Shares to which his Subscription Shares relate at the price per Ordinary Share to be determined by the Company as being equal to the unaudited published Net Asset Value attributable to one Ordinary Share as at 5.00 p.m. on the Calculation Date, plus the applicable percentage premium of such amount set out below rounded up to the nearest whole penny (the “**Subscription Price**”):
- (i) if the Subscription Share Right is exercised on any Subscription Date between (and including) 31 October 2009 and 31 July 2010, a 1 per cent. premium to such NAV per Ordinary Share;
 - (ii) if the Subscription Share Right is exercised on any Subscription Date between (and including) 1 August 2010 and 31 July 2012, a 5 per cent. premium to such NAV per Ordinary Share; and
 - (iii) if the Subscription Share Right is exercised on any Subscription Date between (and including) 1 August 2012 and 31 July 2014, a 15 per cent. premium to such NAV per Ordinary Share.

The Subscription Price shall be payable in full in Sterling on subscription. Business Day for this purpose means any day on which banks are open for business in London (excluding Saturdays, Sundays and public holidays).

Each Subscription Share relates to one Ordinary Share, but the Subscription Price (and/or the number of Subscription Shares outstanding) will be subject to adjustment as provided in paragraph 2 below.

The **Net Asset Value** or **NAV** for the purpose of calculating the Subscription Prices means the unaudited value of all the Company’s assets calculated in accordance with the Company’s accounting policies (including revenue items for the current financial year) less all prior charges and other creditors at their fair value (including the costs of the Bonus Issue). Prior charges include all loans and overdrafts that are to be used for investment purposes.

It is expected that the Subscription Price will be announced via a Regulatory Information Service on or around 4 September 2009.

- (b) Subscription Shares will be issued in registered form and may be held in either certificated form (“**Certificated Subscription Shares**”) or uncertificated form (“**Uncertificated Subscription Shares**”). In the case of:
- (i) Certificated Subscription Shares, a Subscription Shareholder will be entitled to a share certificate in respect of his holding of Subscription Shares; and
 - (ii) Uncertificated Subscription Shares, a Subscription Shareholder’s title to such Subscription Shares will be recorded in the relevant register as being held in such form as will by virtue of the Uncertificated Securities Regulations enable the transfer of title to the Subscription Shares to be effected without a written instrument by means of a relevant electronic system, in the case of the Company the facilities and requirement of CREST (a “**Relevant Electronic System**”).

- (c) In order to exercise, in whole or in part, the Subscription Share Rights which are conferred by any Certificated Subscription Shares, the Subscription Shareholder must lodge the relevant Subscription Share certificate(s) (or such other document(s) as the directors of the Company (the Directors) may, in their absolute discretion, accept) at the office of the Registrars by not later than 5.00 p.m. on any Subscription Date (or, if such a date is not a Business Day, the next Business Day), having completed the notice of exercise of Subscription Share Rights thereon (or by giving such other notice of exercise of Subscription Share Rights as the Directors may, in their absolute discretion, accept), accompanied by a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised. Any notice of exercise received after 5.00 p.m. on any Subscription Date (or, if such a date is not a Business Day, the next Business Day) will be treated as having been received on the following Business Day. Once lodged, a notice of exercise of Subscription Share Rights shall be irrevocable save with the consent of the Directors. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.
- (d) The Subscription Share Rights which are conferred by any Uncertificated Subscription Shares on the relevant Subscription Date shall be exercisable, in whole or in part, (and treated by the Company as exercised) on the relevant Subscription Date if, not later than 5.00 p.m. on the relevant Subscription Date (or if such a date is not a Business Day, the next Business Day), (i) an Uncertificated Subscription Notice is received as referred to below and (ii) a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised is received by the Company (or by such person as it may require for these purposes). For these purposes, an Uncertificated Subscription Notice shall mean a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the regulations and the facilities, rules and requirements of the Relevant Electronic System).

The Directors may, in addition but subject to the regulations and facilities and requirements of the Relevant Electronic System, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification and any such remittance is to be treated as received by the Company or by such person as it may require for these purposes. Without prejudice to the generality of the foregoing, the effect of the Uncertificated Subscription Notice may be such as to divest the holder of the Subscription Shares concerned of the power to transfer such Subscription Shares to another person. Once lodged, an Uncertificated Subscription Notice shall be irrevocable save with the consent of the Directors. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- (e) Not later than 30 days before the Final Subscription Date, the Company shall give notice in writing to the holders of the outstanding Subscription Shares reminding them of their Subscription Share Rights and, in relation to any Uncertificated Subscription Shares, stating the form of Uncertificated Subscription Notice prescribed by the Directors.
- (f) Ordinary Shares issued pursuant to the exercise of the Subscription Share Rights which are conferred by any Certificated Subscription Shares will be allotted within ten Business Days of the relevant Subscription Share Rights is given in accordance with paragraph 1(c) above, save in the case of the Final Subscription Date when the relevant Ordinary Shares will be allotted not later than 14 days after the Final Subscription Date and subject to receipt by the Registrar of cleared funds. The Ordinary Shares arising on conversion shall be allotted with effect from the date of their allotment (and not the date upon which the notice of exercise is given or deemed given in accordance with paragraph 1(c) above). Certificates in respect of such Ordinary Shares, together, if applicable, with a new certificate for the balance of any Certificated Subscription Shares in respect of which the Subscription Share Rights have not been exercised, will be despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant allotment date to the person(s) in whose name(s) the Subscription Share is registered at the date of exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty reserve tax or any other tax as may be applicable) to such other person(s) (not being more than four in number) as may be named in the form of nomination available for the purpose from the Registrars (and, if more than one, to the first-named, which shall be sufficient despatch for all).

- (g) Ordinary Shares issued pursuant to the exercise of Subscription Share Rights which are conferred by any Uncertificated Subscription Shares will be allotted within 14 days of the Subscription Date, save in the case of the Final Subscription Date when the relevant Ordinary Shares will be allotted not later than 14 days after the Final Subscription Date and subject to the receipt by the Registrar of cleared funds. The Ordinary Shares arising on conversion shall be allotted with effect from the date of their allotment (and not the date upon which the Uncertificated Subscription Notice is given in accordance with paragraph 1(d) above). The Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be credited in uncertificated form to the relevant account within the Relevant Electronic System of the person(s) in whose name(s) the Subscription Shares in respect of which Subscription Share Rights have been exercised were registered as at the date of such exercise or (subject as provided by law, to the payment of stamp duty reserve tax or any other tax as may be applicable, to such terms and conditions as the Directors may from time to time prescribe for this purpose, to the regulations, and the facilities, rules and requirements of the Relevant Electronic System) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form.
- (h) For the avoidance of doubt, unless the Directors otherwise determine or unless the regulations or the facilities, rules or requirements of the Relevant Electronic System otherwise require, the Ordinary Shares issued on the exercise of any Subscription Share Rights shall be issued in certificated form where such Subscription Share Rights were conferred by Certificated Subscription Shares and in uncertificated form where such Subscription Share Rights were conferred by Uncertificated Subscription Shares.
- (i) Ordinary Shares allotted pursuant to the exercise of Subscription Share Rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date prior to the relevant allotment date but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the Ordinary Shares and otherwise will rank *pari passu* in all other respects with the Ordinary Shares in issue at the relevant allotment date.
- (j) For so long as the Company's Ordinary Shares are admitted to the Official List and to trading on the London Stock Exchange's market for listed securities, it is the intention of the Company to apply (i) to the UK Listing Authority for the Ordinary Shares allotted pursuant to any exercise of Subscription Share Rights to be admitted to the Official List and (ii) to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange's market for listed securities. The Ordinary Shares arising pursuant to any exercise of Subscription Share Rights will be allotted subject to admission to the Official List and to trading on the London Stock Exchange's market for listed securities.
- (k) Each notice of exercise of Subscription Share Rights and each Uncertificated Subscription Notice will be deemed to contain a representation that at the time of submission to the Company, the holder of the Subscription Shares concerned is not a US Person (as defined in paragraph 1(l) below) or a person in Canada, Australia, Japan or the Republic of South Africa or, if he is such a person, his exercise of Subscription Share Rights is permitted by, and will not infringe, the securities laws of the relevant jurisdiction.
- (l) Without prejudice to the generality of the final sentences of paragraphs 1 (c) and 1(d) above, the exercise of Subscription Share Rights by any Subscription Shareholder or beneficial owner of the Subscription Shares who is a US Person or a person in Canada, Australia, Japan or the Republic of South Africa or the right of such a Subscription Shareholder or beneficial owner to receive the Ordinary Shares falling to be issued to him following the exercise of his Subscription Share Rights, will be subject to such requirements, conditions, restrictions, limitations or prohibitions as the Company may at any time impose, in its sole discretion, for the purpose of complying with (or for avoiding any requirement which would otherwise arise to comply with) the securities laws of the United States (including, without limitation, the United States Securities Act of 1933, as amended, the United States Investment Company Act of 1940, as amended, and any rules or regulations promulgated under such Acts) and the laws of Canada, Australia, Japan and the Republic of South Africa. As used herein, **US Person** means any person or entity defined as such in Rule 902 (o) under the United States Securities Act of 1933, as amended and, without limiting

the generality of the foregoing, US Person includes a natural person resident in the United States, a corporation, partnership or other entity created, organised or incorporated under the laws of the United States (including any State thereof) and an estate or trust, if any executor, administrator or trustee is a US Person, but shall not include a branch or agency of a US Person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located and United States means the United States of America (including the States thereof and the District of Columbia), its territories and possessions or other areas subject to its jurisdiction.

2. Adjustments of Subscription Share Rights

The Subscription Price (and/or the number of Subscription Shares outstanding) shall from time to time be adjusted in accordance with the provisions of this paragraph 2:

- (a) If and whenever there shall be an alteration on a date (or by reference to a record date) on or before the Final Subscription Date in the nominal amount of the Ordinary Shares as a result of a consolidation or sub-division, the Subscription Price in force immediately prior to such alteration shall be adjusted by multiplying it by a fraction of which (x) the numerator shall be the nominal amount of one such Ordinary Share immediately after such alteration and (y) the denominator shall be the nominal amount of one such Ordinary Share immediately prior to such alteration, and such adjustment shall become effective on the date the alteration takes effect.
- (b) If and whenever the Company shall allot to holders of Ordinary Shares any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (other than Ordinary Shares paid up out of distributable reserves and issued in lieu of a cash dividend) on a date (or by reference to a date) on or before the Final Subscription Date, the Subscription Price in force immediately prior to such allotment shall be adjusted by multiplying it by a fraction of which (x) the numerator shall be the aggregate nominal amount of the issued Ordinary Shares immediately before such allotment and (y) the denominator shall be the aggregate nominal amount of the issued and allotted Ordinary Shares immediately after such allotment and such adjustment shall become effective as at the date of allotment of such Ordinary Shares.
- (c) If on a date (or by reference to a record date) on or before the Final Subscription Date, the Company makes any offer or invitation (whether by way of rights issue, open offer or otherwise but not being an offer made in connection with scrip dividend arrangements) to the holders of the Ordinary Shares (subject to such exclusions as may be necessary to deal with legal, regulatory or practical problems in any jurisdiction) to subscribe for new Ordinary Shares or for securities convertible into or exchangeable for Ordinary Shares or conferring rights to subscribe for Ordinary Shares, or any offer or invitation (not being an offer to which paragraph 3(g) below applies) is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Subscription Shareholders as if their Subscription Share Rights had been exercised on the date immediately preceding the record date for such offer or invitation on the terms (subject to any adjustment made previously pursuant to paragraphs 2(a) to (f)) on which the same could have been exercised on that date, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, the Company shall not be required to procure that the same offer or invitation is made to the then Subscription Shareholders but the Subscription Price shall be adjusted:
 - (i) in the case of an offer of new Ordinary Shares for subscription (by way of a rights issue or open offer) at a price less than the net asset value per Ordinary Share as at the close of business on the Business Day immediately preceding the date of announcement of the terms (including the pricing) of the offer (the "Pricing Date") (a "Dilutive Ordinary Share Offer"), by multiplying the Subscription Price in force immediately before the Pricing Date by a fraction of which (x) the numerator is the Fully Diluted NAV per Ordinary Share as at the close of business on the Business Day immediately preceding the Pricing Date and (y) the denominator is the Diluted NAV per Ordinary Share as at the close of business on the Business Day immediately preceding the Pricing Date; and
 - (ii) in the case of an offer under which securities convertible into, or exchangeable for Ordinary Shares or conferring rights of subscription for Ordinary Shares are offered by the Company

(by way of a rights issue or open offer) and the price at which such securities are convertible into or exchangeable for Ordinary Shares or the price at which Ordinary Shares may be subscribed pursuant to the rights conferred by such securities (as the case may be) is less than the net asset value per Ordinary Share as at the close of business on the Business Day immediately preceding the Pricing Date (a “Dilutive Alternative Securities Offer”), by multiplying the Subscription Price in force immediately before the Pricing Date by a fraction of which (x) the numerator is the Fully Diluted NAV per Ordinary Share as at the close of business on the business day immediately preceding the Pricing Date and (y) the denominator is the Diluted NAV per Ordinary Share as at the close of business on the business day immediately preceding the Pricing Date; and

- (iii) in any other case, in such manner as the independent financial advisers appointed by the Board (the “Financial Advisers”) shall report in writing to be fair and reasonable.

For the purposes of this paragraph 2(c):

- (I) **Relevant Securities** means any securities of the Company (including the Subscription Shares) in issue as at the relevant date which are convertible into, or exchangeable for, Ordinary Shares or which confer rights of subscription for Ordinary Shares or which otherwise could result in the issue of new Ordinary Shares, in each case at a price less than the then prevailing net asset value per Ordinary Share;
- (II) the **Diluted NAV per Ordinary Share** shall be the amount calculated in accordance with the following formula:

$$\text{DNAV} = \frac{\text{(A+B)}}{\text{(C+D)}}$$

where:

DNAV = the Diluted NAV per Ordinary Share;

A = the net assets of the Company as at the close of business on the Business Day immediately preceding the Pricing Date;

B = an amount equal to the product of (x) the number of new Ordinary Shares which would fall to be issued by the Company if the rights conferred by all Relevant Securities were exercisable and had been exercised in full on the Business Day immediately preceding the Pricing Date at the conversion, exchange or subscription price (as the case may be) applicable on the next occasion on which such rights are then capable of exercise (disregarding, in the case of the Subscription Shares, any adjustment required by reason of the relevant offer or invitation under this paragraph 2 (c)) and (y) such conversion, exchange or subscription price (as the case may be);

C = the number of Ordinary Shares in issue as at the Pricing Date;

D = the number of new Ordinary Shares that would result from the exercise in full (on the basis set out in B above) of all the rights conferred by the Relevant Securities; and

- (III) the **Fully Diluted NAV per Ordinary Share** shall be the amount calculated in accordance with the following formula:

$$\text{FDNAV} = \frac{\text{(A+B+E)}}{\text{(C+D+F)}}$$

where:

FDNAV = the Fully Diluted NAV per Ordinary Share;

A = the assets of the Company as at the close of business on the Business Day immediately preceding the Pricing Date;

B = an amount equal to the product of (x) the number of new Ordinary Shares which would fall to be issued by the Company if the rights conferred by all Relevant Securities were exercisable and had been exercised in full on the Business Day immediately preceding the Pricing Date at the conversion,

exchange or subscription price (as the case may be) applicable on the next occasion on which such rights are then capable of exercise (disregarding, in the case of the Subscription Shares, any adjustment required by reason of the relevant offer or invitation under this paragraph 2(c)) and (y) such conversion, exchange or subscription price (as the case may be);

- C = the number of Ordinary Shares in issue as at the Pricing Date;
- D = the number of new Ordinary Shares that would result from the exercise in full (on the basis set out in B above) of all the rights conferred by the Relevant Securities;
- E = (i) in the case of a Dilutive Ordinary Share Offer, an amount equal to the number of new Ordinary Shares offered for subscription multiplied by the issue price less the expenses of the offer and (ii) in the case of a Dilutive Alternative Securities Offer, an amount equal to the aggregate of (a) the product of (x) the number of new Ordinary Shares which would fall to be issued by the Company if the rights to be conferred by all the securities the subject of the offer were exercisable and had been exercised in full on the business day immediately preceding the Pricing Date at the initial conversion, exchange or subscription price (as the case may be) and (y) such conversion, exchange or subscription price (as the case may be), less the expenses of the Dilutive Alternative Securities Offer and (b) the net proceeds of such offer to be received by the Company to the extent (if any) not reflected in (a); and
- F = (i) in the case of a Dilutive Ordinary Share Offer, the number of new Ordinary Shares the subject of the offer assuming the same had been issued on the Business Day immediately preceding the Pricing Date and (ii) in the case of a Dilutive Alternative Securities Offer, the number of new Ordinary Shares that would result from the exercise in full of the rights conferred by all the securities the subject of the offer if such rights were exercisable and had been exercised in full on the Business Day immediately preceding the Pricing Date.

- (d) No adjustment will be made to the Subscription Price pursuant to paragraphs 2(a), (b) or (c) above (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above) if it would result in an increase in the Subscription Price and, in any event, no adjustment will be made if such adjustment would (taken together with the amount of any adjustment carried forward under the provisions of this paragraph 2(d)) be less than 1 per cent. of the Subscription Price then in force and on any adjustment the adjusted Subscription Price will be rounded down to the nearest whole penny. Any adjustment not so made and any amount by which the Subscription Price is rounded down will be carried forward and taken into account in any subsequent adjustment.
- (e) Whenever the Subscription Price is adjusted as provided in accordance with paragraphs 2(a) to (d) above (other than by reason of and to reflect a consolidation of Ordinary Shares as referred to in paragraph 2(a) above), the Company shall issue, for no payment, additional Subscription Shares to each Subscription Shareholder at the same time as such adjustment takes effect and the nominal value of such shares shall be paid up in full in accordance with paragraph 8(i)(v). The number of additional Subscription Shares to which a holder of Subscription Shares will be entitled shall be the number of existing Subscription Shares held by him before such adjustment multiplied by the following fraction:

$$\frac{X-Y}{Y}$$

where:

- X = the Subscription Price (for the next Subscription Date) immediately before the adjustment of the Subscription Price; and
- Y = the Subscription Price (for the next Subscription Date) immediately after the adjustment of the Subscription Price.

Fractions of Subscription Shares will not be allotted to holders of Subscription Shares but all such fractions will be aggregated and, if practicable, sold in the market. The net proceeds will be paid to the Subscription Shareholders entitled thereto at the risk of such persons, save that amounts of less than £5.00 will be retained for the benefit of the Company. Subscription Share certificates relating to such additional Certificated Subscription Shares will be issued within 21 days of the said adjustment taking effect or the Company will procure that appropriate instructions are given to enable such additional Uncertificated Subscription Shares to be credited to the relevant account within the Relevant Electronic System of the person(s) in whose name(s) the Subscription Shares are registered as at the date of the adjustment.

- (f) Whenever the Subscription Price is adjusted in accordance with this paragraph by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above, the number of Ordinary Shares into which each holder of Subscription Shares is entitled to convert such Subscription Shares will be reduced accordingly.
- (g) The Company shall give notice to holders of Subscription Shares within 28 days of any adjustment made pursuant to paragraphs 2(a) to (f) above.
- (h) If a holder of Subscription Shares shall become entitled to exercise his Subscription Share Rights pursuant to paragraph 3(g) below, the Subscription Price payable on such exercise (but not otherwise) shall be reduced by an amount determined by the Financial Advisers in accordance with the following formula:

$$A = (B+C)-D$$

where:

- A = the reduction in the Subscription Price;
- B = the Subscription Price which would, but for the provisions of this paragraph 2(h), be applicable (having taken into account any adjustments previously made pursuant to paragraphs 2(a) to (f) above) on the date on which the Company shall become aware as provided in paragraph 3(g) below;
- C = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Subscription Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(g) below (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made; and
- D = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Ordinary Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(g) below (or where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made, provided that:
 - (i) the Subscription Price shall not be reduced so as to cause the Company to be obliged to issue Ordinary Shares at a discount to nominal value and, if the application of the above would, in the absence of this proviso (i), have reduced the Subscription Price to below the nominal value of an Ordinary Share, the number of Ordinary Shares for which a holder of a Subscription Share may subscribe pursuant to paragraph 3(g) below shall be adjusted in such manner as the Financial Advisers shall report to be appropriate to achieve the same economic result for the Subscription Shareholders as if the Subscription Price had been reduced without regard to this proviso (i); and
 - (ii) no adjustment shall be made to the Subscription Price where the value of D exceeds the aggregate value of B and C in the above formula.

The notice required to be given by the Company under paragraph 3(g) below shall give details of any reduction in the Subscription Price pursuant to this paragraph 2(h).

- (i) Notwithstanding the provisions of paragraphs 2(a) to 2(h) above, in any circumstances, where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided under the said provisions, the Company may appoint the Financial Advisers to consider whether for any reason whatsoever the adjustment to be made (or the absence of adjustment) would or might not appropriately reflect the relative interests of the persons affected thereby and, if the Financial Advisers shall consider this to be the case, the adjustment shall be modified or nullified, or another adjustment made instead, or no adjustment made, in such manner including without limitation making an adjustment calculated on a different basis and to take effect from such other date and/or time as shall be reported by the Financial Advisers to be in their opinion appropriate.

3. Other provisions

So long as any Subscription Share Rights remain capable of exercise:

- (a) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders):
 - (i) make, pay or declare any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares;
 - (ii) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares or the issue of further Subscription Shares to the Subscription Shareholders in accordance with the rights attaching to the Subscription Shares; or
 - (iii) on or by reference to a record date falling within the period of six weeks ending on the Final Subscription Date, make any such allotment as is referred to in paragraph 2(b) above or any such offer or invitation as is referred to in paragraph 2(e) above (except by extending to the Subscription Shareholders any such offer or invitation as may be made by a third party);
- (b) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders) in any way modify the rights attached to its existing Ordinary Shares as a class, or create or issue any new class of equity share capital (as defined in section 744 of the 1985 Act or section 548 of the 2006 Act as applicable) except for shares which carry, as compared with the rights attached to the existing Ordinary Shares, rights which are not more advantageous as regards voting, dividend or return of capital (save as to the date from which such shares shall rank for dividends or distributions), provided that nothing herein shall restrict the right of the Company to increase, consolidate or sub-divide its share capital or to issue further Ordinary Shares which carry, as compared to the rights attached to the existing Ordinary Shares, rights which are not more advantageous as regards voting, dividends or return of capital;
- (c) the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves nor make any such offer as is referred to in paragraph 2 (c) if, in either case, the Company would on any subsequent exercise of the Subscription Share Rights be obliged to issue Ordinary Shares at a discount to nominal value;
- (d) the Company shall not (except with the sanction of a special resolution of the holders of the Subscription Shares or in connection with a purchase of shares made in accordance with paragraph 3(j) below or for a reduction not involving any payment to Shareholders) reduce any of its share capital or any uncalled or unpaid liability in respect of any of its share capital;
- (e) the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all Subscription Share Rights remaining exercisable;
- (f) except in the circumstances where paragraph 2(c) applies, the Company shall not grant (or agree to grant) any option in respect of, or create any rights of subscription for, or conversion into, any Ordinary Shares, the nominal amount of which, together with the aggregate nominal amount of any Ordinary Shares over which options or rights of subscription or conversion (including those of the Subscription Shares) shall be subsisting at the date of such grant or creation, would exceed in the aggregate 20 per cent. of the nominal amount of the Ordinary Shares (excluding any

treasury shares) then in issue, nor (except with the sanction of a special resolution of the Subscription Shareholders) will the Company grant (or offer or agree to grant) any such option in respect of, or create any such rights of subscription for, or issue any securities or loan capital carrying rights of conversion into, Ordinary Shares if the price at which any such option or right is exercisable is lower than the Subscription Price for the time being;

- (g) subject as provided in paragraph 3(h) below, if at any time an offer is made to all Shareholders (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware on or before the Final Subscription Date that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give notice to the Subscription Shareholders of such vesting or pending vesting within 14 days of its becoming so aware, and each such Subscription Shareholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his Subscription Share Rights on the terms (having taken into account any adjustments pursuant to paragraphs 2(a) to (f) and 2(h) above) on which the same could have been exercised if they had been exercised on the date on which the Company shall become aware as aforesaid. The publication of a scheme of arrangement under section 425 of the 1985 Act or sections 895 to 901 of the 2006 Act providing for the acquisition by any person of the whole or any part of the issued ordinary share capital of the Company shall be deemed to be the making of an offer for the purposes of this paragraph 3(g) and reference herein to such an offer shall be read and construed accordingly;
- (h) if under any offer as referred to in paragraph 3(g) above the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of securities to subscribe for ordinary shares in the offeror in exchange for the Subscription Shares, which offer the financial advisers to the Company (acting as experts and not as arbitrators) shall consider to be fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to such financial advisers to be relevant), then a Subscription Shareholder shall not have the right to exercise his Subscription Share Rights on the basis referred to in paragraph 3(g) above and, subject to the offer as referred to in paragraph 3(g) above becoming or being declared wholly unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued ordinary share capital of the Company not already owned by it or its associates (as defined in section 988 of the 2006 Act), any Director shall be irrevocably authorised as attorney for the holders of Subscription Shares who have not accepted the offer of securities to subscribe for ordinary shares in the offeror in exchange for the relevant Subscription Shares and who have not exercised the Subscription Share Rights attaching to their Subscription Shares before such offer becomes or is declared unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued ordinary share capital of the Company not already owned by it or its associates:
 - (i) to execute a transfer of the Subscription Shares held by such holders in favour of the offeror in consideration of the issue of securities to subscribe for ordinary shares in the offeror as aforesaid, whereupon all the Subscription Share Rights shall lapse; and
 - (ii) to do such acts and things as may be necessary or appropriate in connection therewith;
- (i) if an order is made or an effective resolution is passed for winding-up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by a special resolution of the Subscription Shareholders), each Subscription Shareholder shall be entitled to receive out of the assets available in the liquidation, *pari passu*, with the holders of the Ordinary Shares and pro rata to their holding of Subscription Shares as at the commencement of the liquidation, such proportion of the assets available for distribution and distributed in the liquidation as is equal to the greater of:
 - (i) the proportion produced by the following formula:

$$\frac{MP \times N}{SA}$$

where:

MP = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Subscription Share for the 10 consecutive

dealing days ending on the dealing day immediately preceding the date of the presentation of the petition for such order or of the notice convening the meeting at which such resolution shall be passed (as the case may be) or, if applicable and earlier; the date of the first announcement of the presentation of such petition or the convening of a meeting (as the case may be) or that the same is proposed;

N = the number of Subscription Shares in issue immediately prior to the commencement of the liquidation;

SA = SA the surplus assets available in the liquidation; and

(ii) the proportion produced by the following formula:

$$\frac{IV \times N}{SA}$$

where:

IV = the excess of the Diluted NAV per Ordinary Share over the Subscription Price immediately prior to the commencement of the liquidation;

N = the number of Subscription Shares in issue immediately prior to the commencement of the liquidation;

SA = the surplus assets available in the liquidation.

For the avoidance of doubt, the entitlement of Subscription Shareholders pursuant to this paragraph 3(i) shall be payable out of the assets available in the liquidation without the Subscription Shareholders having to make any subscription or payment. Subject to the foregoing, all Subscription Share Rights shall lapse on liquidation of the Company.

Notwithstanding the foregoing provisions of this paragraph 3(i), where the Directors, in their reasonable opinion, shall consider that the economic result produced by the application of such provisions would or might not fairly and appropriately reflect the relative interests of the persons affected thereby, the Directors may appoint the Financial Advisers to consider and report on what (if any) adjustments should be made to such provisions so as to produce an economic result which, in the opinion of the Financial Advisers, fairly and appropriately reflects the relative interests of the persons affected thereby, and in the event of any such report by the Financial Advisers the provisions of this paragraph 3(i) shall be deemed to be varied and take effect accordingly;

(j) notwithstanding paragraphs 3(a) to (i) above, the Company may, without the sanction of special resolution of the Subscription Shareholders:

(i) purchase any of its own equity share capital (whether by tender, by private treaty or through the market);

(ii) hold its Ordinary Shares in treasury (for the purposes of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003) and sell any such Ordinary Shares held in treasury; and

(iii) effect a reduction in its share premium account or capital redemption reserve in accordance with the provisions of the Companies Acts.

4. Issue of C Shares

(a) Notwithstanding the provisions of paragraph 3 above, a Qualifying C Share Issue (as defined in (b) below) shall not constitute an alteration or abrogation of the rights attached to the Subscription Shares (and shall not require the sanction of a special resolution of the Subscription Shareholders) even though it may involve modification of the rights attached to the existing Ordinary Shares of the Company or the creation or issue of a new class of equity share capital if the Directors are of the opinion (having regard to all the circumstances) that such issue should not have any material dilutive effect on the Net Asset Value per Ordinary Share.

- (b) For this purpose, a **Qualifying C Share Issue** means an issue by the Company of shares which will, within one year of the date of issue thereof, be converted into Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares then in issue (other than, if the case requires, as regards dividends or other distributions declared, paid or made in respect of the financial year in which the conversion takes place) and may include the issue in connection therewith of subscription shares or warrants (whether on the same terms and conditions as the Subscription Shares or otherwise) and any matters reasonably incidental to the process by which such shares are converted into Ordinary Shares, including but not limited to the creation, issue, sub-division, consolidation, redesignation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.

5. Modification of Rights

All or any of the rights for the time being attached to the Subscription Shares and any of these terms and conditions may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of a special resolution of the Subscription Shareholders.

6. Purchase

Subject to the provisions of the 1985 Act and the 2006 Act, as applicable, the Company (or any of its subsidiaries) shall have the right to purchase Subscription Shares in the market, by tender or by private treaty but:

- (a) such purchases will be limited to a maximum price per Subscription Share which (other than in the case of purchases by tender) will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for a Subscription Share for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the value of a Subscription Share calculated on the basis of the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Subscription Shares on the trading venue where the purchase is carried out; and
- (b) if such purchases are by tender, such tender will be available to all Subscription Shareholders alike. All Subscription Shares so purchased shall forthwith be cancelled and shall not be available for re-issue or resale.

7. Transfer

Each Subscription Share will be in registered form and will be transferable:

- (a) in the case of Certificated Subscription Shares, by an instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors; and
- (b) in the case of Uncertificated Subscription Shares, by giving the appropriate instructions for transfer by means of the Relevant Electronic System.

No transfer of a fraction of a Subscription Share may be effected.

8. General

- (a) The Company will, concurrently with the issue of the same to the holders of the Ordinary Shares) send to each Subscription Shareholder (or, in the case of joint holders, to the first named) a copy of each published annual report and accounts of the Company (or such abbreviated or summary financial statement sent to holders of Ordinary Shares in lieu thereof), together with all documents required by law to be annexed thereto, and a copy of every other statement, notice or circular issued by the Company to holders of Ordinary Shares.
- (b) For the purposes of the rights attaching to Subscription Shares, a **special resolution of the Subscription Shareholders** means a resolution proposed at a meeting of the Subscription Shareholders duly convened and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.

- (c) Any determination or adjustment made pursuant to the rights attaching to Subscription Shares by the Financial Advisers shall be made by them as experts and not as arbitrators and any such determination or adjustment made by them shall be final and binding on the Company and each of the Subscription Shareholders.
- (d) Any references in the rights attaching to Subscription Shares to a statutory provision shall include that provision as from time to time modified or re-enacted.
- (e) Subject and without prejudice to paragraph 3(i) above Subscription Shares carry no right to any dividend or other distribution by the Company and (save to the extent that the Directors elect in connection with an exercise of Subscription Share Rights as provided in paragraph 8(i) below) no right to be redeemed (although the Company may elect to purchase Subscription Shares pursuant to paragraph 6). Subscription Shareholders are not entitled to attend or vote at meetings of Ordinary Shareholders and have no right to share in any surplus in the event of liquidation beyond the right to be repaid the sum of one penny, being the nominal value of each Subscription Share (in respect of which Subscription Share Rights have not been exercised) held (which right ranks immediately after the right of the Ordinary Shareholders to be repaid the nominal value of 25p for each Ordinary Share), but subject and without prejudice to paragraph 3(i) above.
- (f) If, immediately after any Subscription Date (other than the Final Subscription Date) and after taking account of any Subscription Share Rights exercised on that date, Subscription Share Rights shall have been exercised or cancelled in respect of 75 per cent. or more of the Subscription Shares originally issued (subject to the adjustment of the number of Subscription Shares in accordance with paragraph 2 above (excluding any Ordinary Shares to which Subscription Share Rights attached to Subscription Shares purchased by the Company or any of its subsidiaries relate but including any further Subscription Shares issued in accordance with the Articles)), the Company shall be entitled at any time within the following 14 days to serve notice in writing on the holders of the Subscription Shares then outstanding of its intention to appoint a trustee for the purposes set out in this paragraph 8(f) (the “**Early Subscription Trustee**”) upon the expiry of 21 days from the date of such notice (the “**Notice Period**”) and for this purpose the Notice Period shall expire at 3.00 p.m., on the 21st day from the date of such notice. Such notice shall set out the Final Subscription Date and will include all necessary details and instructions to enable the exercise of the Subscription Share Rights. Forthwith after the expiry of the Notice Period, the Company shall appoint the Early Subscription Trustee who, provided that in such trustee’s opinion the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the expiry of the Notice Period either:
 - (i) exercise all the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised immediately prior to the expiry of the Notice Period and had been exercised (having taken into account any adjustments previously made pursuant to paragraph 2 above) and sell in the market the Ordinary Shares resulting from such exercise; or
 - (ii) (if it appears to the Early Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Early Subscription Trustee shall distribute pro rata the net proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto at the risk of such persons as soon as practicable after such sale and in any event within 28 days after the expiry of the Notice Period, provided that entitlements of under £5.00 shall be retained for the benefit of the Company. Following the expiry of the Notice Period, if the Early Subscription Trustee shall not exercise the Subscription Share Rights then outstanding within the period of 14 days following such expiry as set out in this paragraph 8(f) (and such trustee’s decision in respect thereof shall be final and binding on all holders outstanding Subscription Shares), all Subscription Share Rights shall lapse on the expiry of such period of 14 days.

- (g) Within seven days following the Final Subscription Date the Company shall appoint a trustee (the “**Final Subscription Trustee**”) who, provided that in such trustee’s opinion the net proceeds of sale

after deduction of all costs and expenses incurred by, and any fee payable to, such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the Final Subscription Date, either:

- (i) exercise all the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised on the Final Subscription Date (having taken into account any adjustments previously made pursuant to paragraph 2 above) and sell in the market the Ordinary Shares resulting from such exercise; or
- (ii) (if it appears to the Final Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Final Subscription Trustee shall distribute pro rata the net proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto at the risk of such persons within 56 days of the Final Subscription Date, provided that entitlements of under £5.00 shall be retained for the benefit of the Company. If the Final Subscription Trustee shall not exercise the Subscription Share Rights within the period of 14 days following the Final Subscription Date as set out in this paragraph 8(g) (and such trustee's decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Share Rights shall lapse.

- (h) The Early Subscription Trustee or the Final Subscription Trustee (as appropriate) shall have no liability of any nature whatsoever where such trustee has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.
- (i) The exercise of the Subscription Share Rights shall be effected in accordance with this paragraph 8(i) or in such manner as may be authorised by law. For the purposes of this paragraph 8(i) the **Relevant Shares** shall mean those Subscription Shares in respect of which Subscription Share Rights are exercised.
 - (i) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of profits of the Company which would otherwise be available for distribution. For the purposes of this paragraph 8(i), the Redemption Moneys shall mean the amount to which the holder of Relevant Shares is entitled on redemption of those shares by the Directors as envisaged by this paragraph 8(i). In the event that the Directors determine to redeem the Relevant Shares at par out of profits of the Company that would otherwise be available for distribution, a Relevant Share shall confer upon the holder thereof the right to subscribe for and such holder shall be deemed to have appointed the secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder's behalf for, one Ordinary Share at such price as shall represent the aggregate of:
 - i. the Subscription Price; and
 - ii. the Redemption Moneys;and in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.
 - (ii) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of the proceeds of a fresh issue of Ordinary Shares. In the event that the Directors determine to redeem the same at par out of such proceeds, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and such holder shall be deemed to have authorised the secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder's behalf for, one Ordinary Share at such price as shall represent the aggregate of:
 - i. the Subscription Price; and
 - ii. the Redemption Moneys;

and in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.

- (iii) To enable such subscription to be effected, the Directors may determine to effect such subscription by means of a consolidation and sub-division of the Relevant Shares. In such case the requisite consolidation and sub-division shall be effected pursuant to the authority given by the resolution adopting the New Articles by consolidating into one share all the Relevant Shares held by any holder or joint holders and in respect of which a Subscription Notice shall have been given in respect of the relevant Subscription Date (treating holdings of the same holders or joint holders in certificated form and uncertificated form as separate holdings, unless the Directors otherwise determine) and, if the Directors so determine, any shares allotted to such holder or joint holder pursuant to paragraph 8(i)(v) and converting (and, if necessary, sub-dividing) such consolidated share into shares of 25p each (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of which one share for every complete 25p (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of the nominal amount of the consolidated share shall be Ordinary Shares (fractional entitlements to an Ordinary Share being disregarded) and the balance (if any) of such consolidated share shall be deferred shares which shall carry the limited rights set out in the Articles but in particular will be capable of being redeemed or transferred by the Company without further authorisation.
- (iv) In relation to any Relevant Shares that are to be redeemed in accordance with paragraph 8(i)(i) or 8(i)(ii) and that are, on the Subscription Date concerned, in uncertificated form, the Directors shall be entitled in their absolute discretion to determine the procedures for the redemption of such Relevant Shares (subject always to the regulations and the facilities, rules and requirements of the Relevant Electronic System). Without prejudice to the generality of the foregoing, the procedures for the redemption of any such Relevant Shares may involve or include the sending by the Company or by any person on its behalf of an issuer instruction to the operator of the Relevant Electronic System requesting or requiring the deletion of any computer based entries in the relevant system concerned that relate to the holding of the Relevant Shares concerned, and/or the Company may, if the Directors so determine (by notice in writing to the holder concerned), require the holder of the Relevant Shares concerned to change the form of the Relevant Shares from uncertificated form to certificated form prior to the allotment date concerned (and in each case the Directors shall determine the procedure for such redemption).
- (v) To enable any subscription to be effected in accordance with paragraph 8(i)(i) or 8(i)(ii) above or the issue of any additional Subscription Shares pursuant to paragraph 2(e) above the resolution adopting the New Articles will authorise the Directors to capitalise any part of the amount then standing to the credit of any of the Company's reserve accounts (whether or not the same would lawfully be distributable by way of cash dividend) or to the credit of the share premium account, capital redemption reserve, profit and loss account or otherwise available for the purpose and the same shall be applied in paying up in full at par shares to be allotted and issued, credited as fully paid, to and amongst the holders of the Subscription Shares exercising their Subscription Share Rights in accordance with their respective entitlements or otherwise to the holders of Subscription Shares in accordance with paragraph 2(e). The restrictions and limitations in the New Articles relating to the capitalisation issues generally shall not apply to any capitalisation or creation or issue of shares pursuant to paragraph 8(i) or paragraph 2(e) which shall instead be effected pursuant to the authority given by the resolution adopting the New Articles.
- (vi) For the avoidance of doubt the Subscription Share Rights attached to a Subscription Share shall be capable of being exercised on one occasion only and with effect from the exercise of the Subscription Share Right attached to such Subscription Share the Directors shall be entitled to redesignate such Subscription Share as a deferred share which shall carry the limited rights set out in the Articles but in particular will be capable of being redeemed or transferred by the Company without further authorisation.

PART 5

GENERAL INFORMATION

1. Responsibility

The Company, whose registered office appears at **paragraph 2.1.6** of this **Part 5**, and the Directors, whose names and functions appear on pages 23 and 24 of this document, accept responsibility for the information contained in this document. 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 document is in accordance with the facts and contains no omission likely to affect the import of such information.

2. The Company and the Investment Manager

2.1 *Incorporation*

2.1.1 The Company was incorporated in England and Wales on 14 February 1995. The Company was incorporated as Finsbury Worldwide Pharmaceutical Trust PLC. The Company is an investment company under section 833 of the 2006 Act with registered number 03023689.

2.1.2 The Company has at all times conducted its affairs so as to enable it to qualify as an investment trust for the purposes of section 842 of the Income and Corporation Taxes Act 1988. The Company has obtained approval from HM Revenue & Customs as an investment trust in respect of its financial year ended 31 March 2008. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 March 2009 so as to be able to continue to obtain approval as an investment trust.

2.1.3 As an investment trust the Company is not regulated as a collective investment scheme (or otherwise) by the Financial Services Authority. However, as a company listed on the Official List, it is subject to the Listing Rules of the UK Listing Authority.

2.1.4 The Company's Ordinary Shares are listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities. The ISIN of the Ordinary Shares is GB0003385308.

2.1.5 The principal legislation under which the Company operates is the Companies Acts and regulations promulgated thereunder. The Company is domiciled in the England and Wales.

2.1.6 The registered office of the Company is One Wood Street, London EC2V 7WS, with telephone number +44 (0)20 3008 4910.

2.2 *Principal activities of the Company*

The Memorandum of Association of the Company provides that a principal object of the Company is to carry on the business of an investment trust company in all its branches.

2.3 *The Investment Manager*

The Investment Manager is a limited liability corporation ("LLC") incorporated in the United States of America on 1 February 2000 under company number 0001157524 as OrbiMed Capital LLC. The Investment Manager is regulated, authorised and registered by the U.S. Securities and Exchange Commission. The address of the registered office of the Investment Manager is 767 Third Avenue, 30th Floor, New York, NY 10017-2023 with telephone number +1 (212) 739 6400.

3. Share capital

- 3.1 The following table shows the authorised and issued share capital of the Company as at 31 March 2009 (being the last date in respect of which the Company has published financial information) and as at 6 August 2009 (being the latest practicable date prior to the publication of this document):

	<i>31 March 2009</i>		<i>6 August 2009</i>	
	<i>Nominal Value (£)</i>	<i>Number of Ordinary Shares</i>	<i>Nominal Value (£)</i>	<i>Number of Ordinary Shares</i>
Issued share capital (fully paid)	11,104,870	44,419,481	12,459,379	49,837,519
Authorised share capital	44,500,000	178,000,000	44,500,000	178,000,000

- 3.2 Save for the proposed bonus issue of Subscription Shares described in this document, no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- 3.3 With effect from Admission, all of the Subscription Shares will be in registered form and, subject to the Subscription Shares being admitted to and accordingly enabled for settlement in CREST, the Subscription Shares will be capable of being held in both certificated and uncertificated form. No temporary documents of title will be issued.
- 3.4 The Company's issued share capital history during the past three financial years and since 31 March 2009 is as follows:
- In the financial year ended 31 March 2007, the Company issued 182,731 Ordinary Shares; 150,000 to satisfy market demand in 19 April 2006 and 32,731 as a result of certain holders of the Company's warrants exercising their subscription rights on 31 July 2006. It repurchased 5,078,100 Ordinary Shares into treasury. As at 31 March 2007, the Company had 57,604,881 Ordinary Shares in issue, 5,078,100 of which were held in treasury;
 - In the financial year ended 31 March 2008, the Company issued 14,687 Ordinary Shares as a result of certain holders of the Company's warrants exercising their subscription rights on 31 July 2007. The Company repurchased 6,351,307 Shares. As at 31 March 2008, the Company had 47,086,161 Ordinary Shares in issue, 896,000 of which were held in treasury;
 - In the financial year ended 31 March 2009, the Company issued 13,070 shares as a result of certain holders of the Company's warrants exercising their subscription rights. The Company repurchased 4,841,800 shares to be held in treasury. As at 31 March 2009, the Company had 44,419,481 Ordinary Shares in issue, 3,058,050 of which were held in treasury;
 - In the period from 31 March 2009, the Company issued 10,745,610 new Ordinary Shares following the final exercise date of the Company's warrants. It repurchased 1,615,347 Ordinary Shares into treasury; 1,342,175 Ordinary Shares were cancelled out of treasury. As at 6 August 2009 the Company had 49,837,519 Ordinary Shares in issue and 688,000 of which were held in treasury.
- 3.5 At the General Meeting Shareholders will be asked to pass the Resolution, which contains the following operative provisions, some of which will, if the Resolution is passed, affect the Company's share capital:
- to adopt the New Articles to provide for the rights attaching to the Subscription Shares;
 - 392,437 Ordinary Shares be sub divided into 9,810,925 Ordinary Shares of 1p each and immediately redesignated as Subscription Shares;
 - to authorise the Directors to allot shares pursuant to the Bonus Issue (including Ordinary Shares pursuant to the exercise of the Subscription Share Rights);
 - to authorise the Directors to capitalise any amount standing to the credit or any of the share premium account, the capital redemption reserve, the other reserve and any other

reserve (other than the profit and loss account) otherwise available in order to pay up to 9,810,903 Subscription Shares to be issued pursuant to the Bonus Issue and any Ordinary Shares to be issued upon the exercise of the Subscription Share Rights or any additional Subscription Shares required to be issued in accordance with the rights attaching to the Subscription Shares; and

- (e) to authorise the Company to make market purchases of the Subscription Shares up to 14.99 per cent. of the issued subscription share capital.

3.6 The Subscription Shares will have the rights described in **Part 4** of this document. The Subscription Shares will be denominated in Sterling.

4. Memorandum and Articles of Association

The Memorandum of Association and the Articles contain, *inter alia*, material provisions as summarised in paragraphs 4.1 and 4.2 below. If the Resolution is passed at the General Meeting the New Articles will be adopted, incorporating the rights attaching to the Subscription Shares (these rights are summarised in **Part 4** of this document) and otherwise to make any necessary amendments in connection with the Bonus Issue and the Subscription Share Rights, but otherwise the New Articles will be identical to the Articles.

4.1 Memorandum of Association

One of the Company's principal objects 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 which is available for inspection at the address specified in **paragraph 19** of this **Part 5** of this document.

4.2 Articles of Association

Set out below is a summary of the provisions of the Articles. If the Resolution is passed at the General Meeting the New Articles, which contain the rights attaching to the Subscription Shares, will be adopted. The rights attaching to the Subscription Shares are set out in **Part 4** of this document.

(a) Share capital

The Company's authorised share capital consists of Ordinary Shares.

The Ordinary Shares have such rights, preferences and restrictions attached to them as are set out in the Articles.

The Articles do not confer any additional rights for the holders of Ordinary Shares to share in any surplus in the event of the liquidation of the Company other than rights provided by legislation

(b) Variation of rights

Subject to the provisions of the Companies Acts and the Articles, all or any of the rights attached to any existing class of shares may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. All the provisions of the Articles as to general meetings of the Company shall, with any necessary modifications, apply to any such separate general meeting, but so that the necessary quorum shall be two or more persons entitled to vote holding or representing by proxy not less than one-third in nominal value of the issued shares of the class, (but so that at any adjourned meeting one holder entitled to vote and present in person or by proxy (whatever the number of shares held by him) shall be a quorum), that every holder of shares of the class present in person or by proxy and entitled to vote shall be entitled on a poll to one vote for every share of the class held by him (subject to any

rights or restrictions attached to any class of shares) and that any holder of shares of the class present in person or by proxy and entitled to vote may demand a poll. The above applies to the variation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class and their special rights were to be varied.

(c) *Alteration of share capital*

The Company may from time to time by ordinary resolution:

- (i) increase its share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (ii) consolidate, or consolidate and then sub-divide all or any of its share capital into shares of larger amount than its existing shares;
- (iii) subject to the Companies Acts sub-divide its shares or any of them into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others; and
- (iv) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

(d) *Purchase of own shares*

Subject to the provisions of the Companies Acts and to any rights attached to existing shares, the Company may purchase or may enter into a contract under which it will or may purchase all or any of its shares of any class, including any redeemable shares. Neither the Company nor the Board shall be required to select the Shares to be purchased rateably or in any other particular manner as between the holders of Shares of the same class or as between them and the holders of Shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

(e) *Unissued shares*

Subject to the provisions of the Companies Acts and Articles and to any resolution passed by the Company and without prejudice to any rights attached to existing shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board which may offer, allot, grant options over or otherwise deal with or dispose of them to such persons, at such times and for such consideration and upon such terms as the Board may decide.

(f) *Transfer of shares*

Subject to such of the restrictions of the Articles as may be applicable:

- (i) any member may transfer all or any of his uncertificated shares by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules, and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred; and
- (ii) any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve.

The transferor of a share shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register in respect of it.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules and the Articles, and where, in the case of a

transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The Board may also decline to register any transfer of a certificated share unless:

- (i) any written instrument of transfer, duly stamped, is lodged with the Company (or such other place as the directors may decide) accompanied by the certificate for the shares to which it relates;
- (ii) such other evidence of ownership as the Board may reasonably require to prove the right of the transfer or to make the transfer;
- (iii) the instrument of transfer is in respect of only one class of share; and
- (iv) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

For all purposes of the Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the Board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

(g) *Reduction of capital*

Subject to the provisions of the Companies Acts, the Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any way.

(h) *General meetings*

Annual general meetings of the Company shall be held in accordance with the requirements of the Companies Acts.

Subject to the provisions of the Companies Acts, the notice period for annual general meetings and any extraordinary general meetings of the Company shall be at least such minimum period of notice as is prescribed under the Companies Acts. Notices of general meetings shall specify the place, day and time of the meeting and the general nature of the business to be transacted.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the Articles, two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

If within fifteen minutes (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait) after the time appointed for the commencement of the meeting a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such other day (being not less than seven days thereafter) and at such other time or place as may have been specified for the purpose in the notice convening the meeting. Where no such arrangements have been so specified, the meeting shall stand adjourned to such other day and at such other time or place as the chairman of the meeting may decide and, in this case, the Company shall give not less than seven clear days notice in writing of the adjourned meeting. At any and at such other time or place as the chairman of the meeting may decide and at such adjourned meeting one member present in person or by proxy and entitled to vote (whatever the number of shares held by him) shall be a quorum and any notice of an adjourned meeting shall state that one member present in person or by proxy and entitled to vote (whatever the number of shares held by him) shall be a quorum.

The chairman (if any) of the Board or, in his absence, the deputy chairman (if any) shall preside as chairman at every general meeting. If more than one deputy chairman is

present they shall agree amongst themselves who is to take the chair or, if they cannot agree, the deputy chairman who has been in office as a director longest shall take the chair. If there is no chairman or deputy chairman, or if at any meeting neither the chairman nor any deputy chairman is present within five minutes after the time appointed for the commencement of the meeting, or if neither the chairman nor any deputy chairman is willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman of the meeting if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote shall appoint one of their number to be chairman of the meeting. Nothing in the Articles shall restrict or exclude any of the powers or rights of a chairman of a meeting which are given by law.

(i) *Votes of members*

Subject to any special terms as to voting upon which any shares may be issued or may for the relevant time be held and to any other provisions of the Articles, on a show of hands every member who is present in person at a general meeting of the Company shall have one vote and every proxy present who has been duly appointed by a member shall have one vote. On a poll every member who is present in person or by proxy shall, subject to any special terms as to voting upon which any shares may be issued or may at the relevant time be held and to any other provisions of the Articles, have one vote for every share of which he is the holder. On a poll a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

(j) *Dividends*

The Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board.

No dividend shall be payable except out of the profits of the Company (excluding any profits which under the provisions of the Articles ought to be carried to the credit of the capital reserve or applied in providing for depreciation or contingencies) and otherwise in accordance with the provisions of the Companies Acts or in excess of the amount recommended by the Board.

The Board shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure as far as by such exercise it can secure that such subsidiary undertakings shall distribute to the Company by way of dividends all the profits of such subsidiary undertakings.

Any dividend unclaimed after a period of twelve years from the date when it became due for payment shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend or other sum payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect of it.

(k) *Untraced members*

The Company may sell any shares in the Company on behalf of the holder of, or person entitled by transmission to, the shares at the best price reasonably obtainable at the time of the sale if:

- (a) for a period of twelve years in the course of which at least three dividends have become payable in respect of the share in question, no cheque or warrant sent by the Company through the post in a prepaid letter addressed to the Member or to the person entitled by transmission to the share at his address on the Register or the last known address given by the Member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Member or the person entitled by transmission;
- (b) the Company has at the expiration of the said period of twelve years given notice of its intention to sell such share by advertisement in both a leading national

newspaper and in a newspaper circulating in the area in which the last known address of the Member or the address at which service of notices may be effected on the Member in the manner authorised by the Articles is located;

- (c) the Company has not during the further period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Member or person entitled by transmission; and the company has first given notice in writing to the Quotations Department of the London Stock Exchange of its intention to sell such share.

(l) *Suspension of share rights*

Where any registered holder of any shares in the Company or any named person in respect of any shares in the Company fails to comply within the prescribed period with any notice (in the Article called a “statutory notice”) given by the Board in its absolute discretion under section 793 of the Companies Act 2006 requiring him to give particulars of any interest in any such shares, the Company may give the registered holder of such shares a notice (in the Article called a “restriction notice”) stating or to the effect that such shares shall from the service of such restriction notice confer on such registered holder no right to attend or vote at any general meeting of the Company or at any separate general meeting of the holders of the shares of that class until the statutory notice has been complied with and such shares shall confer no right to attend or vote in relation to any such meeting accordingly.

Where the shares subject to any restriction notice represent 0.25 per cent. or more of the class of share concerned then the restriction notice may additionally direct that:

- (a) any dividend or other money which would otherwise be payable on such shares (or any shares otherwise distributable in lieu of such payment) shall be retained by the Company until such time as the restriction notice is cancelled or ceases to have effect for any reason without any liability to pay interest thereon when such money is finally paid to the person entitled thereto; and/or
- (b) no transfer shall be registered unless the Member is not himself in default as regards supplying the information requested and the transfer is of part only of the Member’s holding and when presented for registration is accompanied by a certificate by the Member to the effect that after due and careful enquiry the Member is satisfied that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer.

For the purposes of the Article a “named person” means a person named as having an interest in the shares concerned in any response to any statutory notice served on the registered holder or on a person previously so named.

The prescribed period in respect of any particular Member is 14 days from the date of service of the statutory notice.

A restriction notice shall have effect in accordance with its terms for so long as in the opinion of the Board the default in respect of which the statutory notice is served continues and (unless the Board otherwise determines) for a period of one week thereafter but may be cancelled by the Board at any time and shall automatically cease to have effect in respect of any share sold:

- (a) to an offeror by way or in pursuance of acceptance of an offer made to all the holders (or all the holders other than the person making the offer and his nominees) of the shares in the Company to acquire those shares or a specified proportion of them, or to all the holders (or all the holders other than the person making the offer and his nominees) of a particular class of those shares to acquire the shares of that class or a specified proportion of them; or
- (b) in circumstances where the Board is satisfied that the sale is of the whole beneficial ownership of the shares to a party unconnected with the vendor thereof and with other persons appearing to be interested in such shares; or

- (c) when the sale is made through a recognised investment exchange (as defined in the Financial Services and Markets Act 2000) or any stock exchange outside the United Kingdom on which the Company's shares are normally traded seven days after receipt by the Company of notice of such sale or upon registration of the relevant transfer (if earlier).

Nothing contained in the Article shall limit the power of the Board under section 794 of the Companies Act 2006.

(m) *Directors*

Unless and until otherwise determined by ordinary resolution of the Company, the Directors shall be not less than two and not more than ten.

Subject to the provisions of the Articles, the Company may by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with the Articles.

Without prejudice to the power of the Company in general meeting pursuant to any of the provisions of the Articles to appoint any person to be a Director, the Board shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with the Articles. Any Director so appointed by the Board shall hold office only until the next following annual general meeting and shall then be eligible for re election but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

The Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with the Companies Acts, remove any Director before the expiration of his period of office and may (subject to the Articles) by ordinary resolution appoint another person in his place. Any person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

No person other than a Director retiring at the meeting shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, not less than seven and not more than twenty eight clear days before the day appointed for the meeting, there has been given to the Secretary notice in writing authenticated by some Member (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing authenticated by the person to be proposed of his willingness to be elected, accompanied by the particulars to be inserted in the Register of Directors were he so appointed.

No person shall be disqualified from being appointed a Director and no Director shall be required to vacate that office by reason only of the fact that he has attained the age of 70 years or any other age, nor shall it be necessary to give special notice under the Companies Acts of any resolution appointing, re appointing or approving the appointment of a Director by reason of his age.

No shareholding qualification for Directors shall be required.

Without prejudice to the provisions for retirement by rotation hereinafter contained, the office of a Director shall be vacated in any of the events following, namely:

- (a) if (not being an Executive Director whose contract precludes resignation) he resigns his office by notice in writing delivered to the Office or tendered at a meeting of the Board;

- (b) if the Board resolves that he is through physical or mental incapacity or mental disorder no longer able to perform the functions of a Director;
- (c) if, without leave, he is absent from meetings of the Board (whether or not an alternate Director appointed by him attends) for six consecutive months, and the Board resolves that his office is vacated;
- (d) if he becomes bankrupt or enters into an arrangement with his creditors;
- (e) if he is prohibited by law from being a Director;
- (f) if he ceases to be a Director by virtue of the Companies Acts or is removed from office pursuant to the Articles.

Without prejudice to any of the provisions for disqualification of Directors or for the retirement by rotation hereinafter contained, the office of a Director shall be vacated if by notice in writing delivered to the Office or tendered at a meeting of the Board his resignation is requested by all of the other Directors (being not less than three in number).

At every annual general meeting one third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to and not exceeding one third shall retire from office.

A Director retiring at a meeting shall retain office until the close of the meeting.

The Directors to retire on each occasion shall be those subject to retirement by rotation who have been longest in office since their last election, but as between persons who became or were re elected Directors on the same day those to retire shall (unless they otherwise agree amongst themselves) be determined by lot. The Directors to retire in each year shall be any Director who wishes to retire and not to offer himself for re-election together with those who have been longest in office since the last election but as between persons who become directors at the same time those to retire shall (unless they otherwise agree amongst themselves) be determined by lot. No Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of the Directors after the date of such notice but before the close of the meeting.

A Director who retires at the annual general meeting shall be eligible for re election. If he is not reappointed he shall retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting.

Subject to the provisions of the Articles, the Company at the meeting at which a Director retires in manner aforesaid may fill the vacated office by electing a person thereto and in default the retiring Director shall, if willing to continue to act, be deemed to have been re elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re election of such Director shall have been put to the meeting and lost.

The Board may from time to time appoint one or more of its body to be Executive Chairman, Chief Executive Director, Joint Chief Executive Director, Managing Director, Joint Managing Director or Assistant Managing Director or to hold any other employment or executive office (other than that of auditor) with the Company for such period (subject to the Companies Acts) and upon such terms as the Board may determine and may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination.

An Executive Director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

Each Director shall have the power to appoint any person to be his alternate Director and may at his discretion remove such alternate Director. If such alternate Director is not another Director, such appointment, unless previously approved by the Board, shall have effect only upon and subject to it being so approved. Any appointment or removal of an alternate Director shall be effected by notice in writing signed by the appointor and delivered to the Office or tendered at a meeting of the Board. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or of committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of the Articles shall apply as if he were a Director.

Every person acting as an alternate Director shall (except as regards power to appoint an alternate Director and remuneration and any requirement to hold a share qualification) be subject in all respects to the provisions of the Articles relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part (if any) of the remuneration otherwise payable to the Director appointing him as such Director may by notice in writing to the Company from time to time direct.

Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). The signature of an alternate Director to any resolution in writing of the Board or a committee of the Board shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.

An alternate Director shall *ipso facto* cease to be an alternate Director if his appointor ceases for any reason to be a Director provided that, if at any meeting any Director retires by rotation or otherwise but is re-elected at the same meeting, any appointment made by him pursuant to the Article which was in force immediately before his retirement shall remain in force as though he had not retired.

Each of the Directors shall be paid out of the funds of the Company a fee at such rate as may from time to time be determined by the Board provided that the aggregate of all such fees so paid to Directors (excluding amounts payable under any other Article) shall not exceed £200,000 per annum, or such higher amount as may from time to time be determined by ordinary resolution of the Company.

Each Director may be paid out of the funds of the Company his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such additional remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

A Director may hold any other office or employment with the Company other than the office of auditor in conjunction with his office of Director for such period and upon such terms as the Board may determine.

Subject to the provisions of the Companies Acts, a Director or intending Director may enter into any contract, arrangement, transaction or proposal with the Company relating

to the tenure of any other office or employment referred to in Article 116.1, or as vendor, purchaser or otherwise and may act by himself or on behalf of his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for such professional services as if he were not a Director.

Any contract, arrangement, transaction or proposal entered into pursuant to Articles 116.1 and 116.2 or authorised by the Directors under Article 119 or Article 120 cannot be avoided and a Director is not liable to account to the Company or the Members for any remuneration, profit or other benefit realised from any such contract, arrangement, transaction or proposal by reason of either holding office as a Director or because of the fiduciary relationship established by that office provided the Director has declared his interest if such declaration is required by the Companies Acts.

Save as provided in Article 117, or by the terms of any authorisation given by the Directors under Article 119, a Director shall not vote as a Director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal in which he has any interest which conflicts or may conflict with the interests of the Company as defined in Article 119 (other than an interest in shares or debentures or other securities of or otherwise in or through the Company). If he does vote his vote shall not be counted. A Director shall not be counted in the quorum present at the meeting in relation to any resolution of the Directors or of a committee of the Directors on which he is debarred from voting.

For the purposes of Article 117.1 interests of a person connected with the Director are aggregated with the Director's interest but interests in shares or debentures or other securities of or connected with the Company are to be disregarded.

Provided that a Director has no other interest save for that referred to in Article 117 he shall be entitled to vote as a Director and be counted in the quorum in respect of any resolution of the Directors or of a committee of the Directors relating to any of the following matters:

- (a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or
- (b) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
- (c) the granting of any indemnity or provision of funding pursuant to Article 182 unless the terms of such arrangement confer upon such Director a benefit not generally available to any other Director; or
- (d) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter; or
- (e) any matters involving or relating to any other company in which he or any person connected with him has a direct or indirect interest (whether as an officer or shareholder or otherwise), provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of the Article to be a material interest in all circumstances); or
- (f) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or

- (g) the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

A Director shall not vote as a Director or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or employment with the Company or any company in which the Company is interested including fixing or varying the terms, or the termination of, his appointment.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of 2 or more Directors to offices or employment with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such cases each of the Directors concerned (if not debarred from voting under the proviso to Article 117.3.5) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

If any question arises at any meeting as to the materiality of a Director's interest or the entitlement of any Director to vote and the Director does not voluntarily agree to abstain from voting, the question shall be referred to the chairman of the meeting and his ruling in relation to any Director (other than himself) will be final and conclusive unless the nature or extent of the Director's interests has not been fairly disclosed. If any such question arises in respect of the chairman, it shall be determined by the Directors (other than the chairman). The Directors' resolution will be final and conclusive unless the nature or extent of the chairman's interest has not been fairly disclosed.

The Directors may, subject to the provisions of this Article 118 and Article 119, at any time authorise a Director to be involved in a situation in which the Director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company ("a conflict of interest") provided that:

- (a) the Director subject to the conflict of interest or any other interested Director shall not vote and shall not be counted in the quorum in respect of the authorisation given under this Article 118 and if he or any other interested Director does vote, those votes shall not be counted;
- (b) the Directors may in their absolute discretion impose such terms or conditions on the grant of the authorisation as they think fit;
- (c) a Director will not be in breach of his duty under sections 172, 174 and 175 of the Companies Act 2006 or the authorisation given by Article 118 by reason only that he receives confidential information from a third party relating to the conflict of interest which has been authorised by Article 118 and either fails to disclose it to the Directors or fails to use it in relation to the Company's affairs and neither will he be in breach of his duty under the said section 175 for anything done or omitted to be done by him in accordance with the provisions of Articles 116 and 117; and
- (d) where approval to a transaction which falls within Chapter 4 of Part 10 of the Companies Act 2006 is given by members in accordance with that Chapter further authorisation for that transaction by the Directors under Article 118 is not necessary.

For the purposes of Article 118, 'conflict of interest' includes a conflict of interest and duty and a conflict of duties.

A Director who is in any way, whether directly or indirectly and whether for himself or through a person connected with him, interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company and where relevant as a consequence of any situation arising from a conflict of interest within the meaning of Article 118, shall declare the nature of his interest in accordance with the Companies Acts.

- (n) *Borrowing*

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and uncalled capital or any part

thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (but as regards subsidiary undertakings only in so far as by the exercise of the rights or powers of control the Board can secure) that the aggregate amount from time to time outstanding of all monies borrowed or secured by the group (exclusive of monies owing by one member of the group to another member of the group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to twice the adjusted capital and reserves.

(o) *Capital Reserve*

Notwithstanding any of the provisions of the Company's Memorandum of Association or of the Articles any distribution as dividend of surpluses arising from the realisation of investments (within the meaning of section 842 of the Income and Corporation Taxes Act 1988) and, so long as the Company has given and not revoked notice of its intention to carry on business as an investment company under section 266 of the Companies Act 1985 or section 833 of the Companies Act 2006, any other distribution of the Company's capital profits (within the meaning of section 266(2)(c) of the Companies Act 1985 or section 833(2)(c) of the Companies Act 2006) otherwise than by way of the redemption or purchase of the Company's own shares in accordance with section 160 or 162 of the Companies Act 1985 is prohibited.

The Board shall establish a reserve to be called the Capital Reserve.

All moneys realised on or derived from the sale, realisation or payment off of or other dealings with any capital assets of the Company in excess of the book value of such assets and all other moneys in the nature of accretion to capital shall in the absolute discretion of the Board be carried to the credit of the Capital Reserve or applied in providing for depreciation or contingencies.

The Capital Reserve and any moneys so provided for depreciation or contingencies shall not be available for the payment of dividends (within the meaning of section 842 of the Income and Corporation Taxes Act 1988 (as amended)) or, so long as the Company has given and not revoked notice of its intention to carry on business as an investment company under section 266 of the Companies Act 1985, the making of distributions otherwise than by way of the redemption or purchase of the Company's own shares in accordance with section 160 or 162 of the Companies Act 1985 but may be applied for any other purpose for which sums standing to the credit of any revenue reserve may be applied.

Any expense, loss, interest or other charge or liability (or provision therefor) which the Board considers to relate to the capital item or which the Board otherwise considers appropriate to be debited to the Capital Reserve (including, without limitation, the whole or any part of any management fees incurred by the Company); and

any other losses realised on the sale, realisation or payment off of or other dealings with any capital assets and any depreciation in the value of any capital assets may be debited, together with any taxation relevant to capital transactions, to the Capital Reserve except insofar as the Board shall in its discretion decide to make good the same out of other funds of the Company.

5. Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares

5.1 *Mandatory bid*

The City Code on Takeovers and Mergers (the City Code) applies to the Company. Under Rule 9 of the City Code, if:

- (a) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or

- (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, his concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding 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 his concert parties during the previous 12 months.

5.2 *Squeeze-out*

Under sections 974-991 of the 2006 Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

5.3 *Sell-out*

In addition, pursuant to section 983 of the 2006 Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

6. **Interests of directors, major shareholders and related party transactions**

6.1 *Directors' interests*

As at 6 August 2009 (being the latest practicable date before the publication of this document), the Directors had a beneficial interest in the following number of Ordinary Shares and will, if the Bonus Issue is approved, have a beneficial interest in the following number of Subscription Shares (assuming that their holdings do not change):

<i>Director</i>	<i>Number of Ordinary Shares of 25p each</i>	<i>% voting rights</i>	<i>Number of Subscription Shares to be issued under the Bonus Issue</i>	<i>% of Subscription Share capital</i>
Martin Smith	2,000	0.004	400	0.004
Josephine Dixon	3,000	0.006	600	0.006
Professor Duncan Geddes	42,250	0.086	8,450	0.086
Dr David Holbrook	—	—	—	—
Samuel D Isaly	642,807	1.308	128,561	1.308
Anthony Townsend	18,785	0.038	3,757	0.038
Paul Gaunt	—	—	—	—

6.2 Save as disclosed in paragraph 6.1 above, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

6.3 *Directors' contracts with the Company*

6.3.1 None of the Directors provides his services to the Company pursuant to a service contract with the Company. Their appointments are subject to the terms of their letters of appointment under which they are entitled to one month's notice in the event of termination. Details of the Directors' appointment are as follows:

- (i) Martin Smith is engaged by the Company as a Director and is also the Chairman. Mr Smith was appointed a Director of the Company in November 2007.
- (ii) Josephine Dixon is engaged by the Company as a Director. Ms Dixon was appointed a Director of the Company in February 2004.
- (iii) Professor Duncan Geddes is engaged by the Company as a Director. Professor Geddes was appointed a Director of the Company in February 1995.
- (iv) Paul Gaunt is engaged by the Company as a Director. Mr Gaunt was appointed a Director of the Company in April 1995.
- (v) Dr David Holbrook is engaged by the Company as a Director. Dr Holbrook was appointed a Director of the Company in November 2007.
- (vi) Samuel D Isaly is engaged by the Company as a Director. Mr Isaly was appointed a Director of the Company in February 1995.
- (vii) Anthony Townsend is engaged by the Company as a Director. Mr Townsend was appointed a Director of the Company in February 1995.

6.3.2 No amounts are set aside or accrued by the Company to provide benefits, pension or retirement contributions or similar benefits.

6.3.3 The Articles limit the aggregate fees payable to the Board of Directors to £200,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors carry out in respect of Board and Committee responsibilities, and the time committed to the Company's affairs. The Directors' fees are reviewed annually by the Board. During the year ended 31 March 2009, the Chairman received fees of £27,000, the Chairman of the Audit Committee received fees of £21,000 and the five other Board members received fees of £19,000 each. No element of the Directors' remuneration is performance related.

6.3.4 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.

6.4 *Other interests*

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

6.4.1 *Martin Smith*

Current directorships and partnerships: Ashmolean Museum, Bath Mozartfest Limited, Beaumont Partners LLP, Glyndebourne Arts Trust, GP Bullhound Limited, Orchestra of the Age of Enlightenment, Royal Academy of Music and The Wigmore Hall Trust

Previous directorships and partnerships: Amerindo Internet Fund Plc, International Resources Group Limited, New Star Asset Management Group Limited and Pheonix Equity Partners LLP.

6.4.2 *Josephine Dixon*

Current directorships and partnerships: Baring Emerging Europe PLC and Market Place Limited

Previous directorships and partnerships: None

6.4.3 *Professor Duncan Geddes*

Current directorships and partnerships: None

Previous directorships and partnerships: National Asthma Campaign and India Pharma Fund Limited

6.4.4 *Paul Gaunt*

Current directorships and partnerships: The Biotech Growth Trust PLC, RCM Technology Trust PLC and Bernoulli Capital LLP

Previous directorships and partnerships: None

6.4.5 *Dr David Holbrook*

Current directorships and partnerships: Apa Tech Limited, Hunter-Fleming Limited and MTI Partners Limited

Previous directorships and partnerships: None

6.4.6 *Samuel D Isaly*

Current directorships and partnerships: None

Previous directorships and partnerships: None

6.4.7 *Anthony Townsend*

Current directorships and partnerships: Finsbury Growth and Income Trust PLC, iimia Investment Trust plc, British & American Investment Trust PLC, F&C Global Smaller Companies PLC, Cranleigh Enterprises Limited, Cranleigh School Company, Hansa Capital Limited and Baronsmead VCT 3 plc.

Previous directorships and partnerships: Adam & Harvey Group PLC, BRIT Insurance Holdings PLC, BRIT Insurance Limited, BRIT Syndicates Limited, FLIT Investments Limited, FUIT Underwriting & Placings Limited, Gartmore Balanced Assets Trusts plc, Oxfordshire BiotechNet Limited, RCM Technology Trust PLC, Rebourne Technology Investment Management Limited, The Association of Investment Trust Companies, The Zero Preference Growth Trust Plc, Tynepower Limited, Wren Holdings Group Plc and ZPGT Trading Limited.

6.5 In the five-year period prior to the date of this document, none of the Directors:

6.5.1 have had any convictions in relation to fraudulent offences;

6.5.2 have 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

6.5.3 have received 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 administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

6.6 *Major shareholders*

6.6.1 As at 6 August 2009 (being the latest practicable date before publication of this document) insofar as known to the Company, the following persons had declared a notifiable interest in the Company's voting rights (under the Disclosure and Transparency Rules):

	<i>Number of Ordinary Shares</i>	<i>% of total voting rights</i>
East Riding of Yorkshire Council	4,975,000	10.12
Newton Investment Management	3,355,119	6.83
Rensburg Sheppards Investment Management	2,910,927	5.92
Asset Value Investors	2,199,879	4.48
Alliance Trust Savings	2,006,377	4.08
Legal & General Investment Management	1,718,165	3.50

6.6.2 All Shareholders have the same voting rights in respect of the share capital of the Company.

6.6.3 The Company and the Directors are not aware of any person, who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

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

6.7 *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 ended 31 March 2007, 31 March 2008 and 31 March 2009 or during the period 1 April 2009 to 6 August 2009 (being the latest practicable date before publication of this document) other than it being a party to the Investment Management Agreement (described in **paragraph 10.2** of this **Part 5**).

6.8 *Other material interests*

The Company is receiving legal and financial advice from Eversheds LLP and Winterflood Securities respectively, in addition to certain administrative services from third parties in connection with the Bonus Issue. The legal and financial advisers act for many other clients, including others in the investment funds sector and, on occasion, the professional advisers may have a conflict of interest as a result of acting for both the Company and such other clients. In the event of a conflict of interest, the legal and financial advisers will take such reasonable steps to ensure it is resolved fairly.

None of the Directors has any conflict of interest between any duties to the Company and his private interests and any other duties. The Investment Manager, its 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 shall 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.

7. **Valuation Policy**

The NAV per Ordinary Share is calculated each Business Day by Frostrow. For the purposes of calculating the NAV per Ordinary Share, the Company's listed investments are valued at bid prices. Where trading in the securities of an invested company is suspended, the investment is valued at the Board's estimate of its net realisable value. Where premiums are payable by foreign investors, the market value, for the purpose of the accounts, includes the premium. Unlisted investments are valued

by the Board. In making their valuations, the Board takes into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors.

The calculation of the NAV per Ordinary Share will only be suspended in exceptional circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

As at 6 August 2009 (being the latest practicable date prior to the publication of this document), the unaudited basic NAV per Ordinary Share (inclusive of current financial year revenue items) was 584.48 pence per Ordinary Share and the unaudited NAV of the Company was £287.3 million.

8. Share options and share scheme arrangements

Subject to the Subscription Share Rights attaching to the Subscription Shares, no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

No Director past or present has any entitlement to pensions, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

9. Investment restrictions

The Company is subject to the UK Listing Rules which apply to closed-ended investment funds.

As required under Listing Rule 15.4.2, the Company will at all times invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy as set out on page 22 of this document.

In accordance with Listing Rule 15.2.3A, the Company (and, if applicable, its subsidiary undertakings) must not conduct any trading activity which is significant in the context of its group as a whole, but this rule does not prevent the businesses forming part of the Company's investment portfolio from conducting trading activities themselves.

In addition, in order to comply with the Listing Rule 15.2.5, 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 closed-ended investment funds admitted to the Official List (save to the extent that those closed-ended investment funds have stated investment policies to invest no more than 15 per cent. of their gross assets in such other closed-ended investment funds).

In order to gain approval as an investment trust under section 842 of the Taxes Act 1988, the Company is required to operate under certain constraints. These include the following limits on investments and operations:

- no single investment may exceed 15 per cent. of the Company's investments at the time of investment;
- no more than 15 per cent. of the Company's total net assets may be invested in open ended funds;
- the Company may not retain more than 15 per cent. of its eligible investment income;
- at least 70 per cent. of income must be eligible investment income, consisting of income deriving from shares and securities or eligible rental income but not bank deposit income; and
- the Company may not distribute capital profits by way of dividend.

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 Investment Manager through an announcement via a Regulatory Information Service.

10. Material contracts

Save as described below, the Company has not (i) entered into any material contracts (other than contracts in the ordinary course of business) within the two years immediately preceding the publication of this document; or (ii) entered into any contracts that contain provisions under which the Company has any obligation or entitlement that is material to the Company as at the date of this document.

10.1 *Management, Administration and Company Secretarial Agreement*

On 10 April 2007 the Company entered into a Management, Administration and Company Secretarial Agreement with Frostrow. Frostrow provides specialist management, administration, company secretarial and marketing services to investment companies and is authorised and regulated in the UK by the Financial Services Authority. A number of the partners of OrbiMed have a minority interest totalling 20 per cent. in Frostrow.

Under the Management, Administration and Company Secretarial Agreement, Frostrow will receive:

- (a) a periodic fee equal to 0.30 per cent. per annum of the Company's market capitalisation up to £150 million of such market capitalisation and 0.20 per cent. per annum on market capitalisation in excess of £150 million, plus a fixed amount equal to £50,000 per annum; and
- (b) a performance fee amounting to 1.5 per cent. of any out-performance of the net asset value over the Benchmark.

The notice period on the Management, Administration and Company Secretarial Agreement will be 12 months (following an initial 12 month period).

Frostrow, under the terms of the agreement, provides, *inter alia*, the following services:

- (a) marketing and shareholder services;
- (b) administrative services;
- (c) advice and guidance in respect of corporate governance requirements;
- (d) maintaining the books of account and record in respect of Company dealing, investments, transactions, dividends and other income, the income account, balance sheet and cash books and statements;
- (e) preparation and despatch of the audited annual and unaudited interim report and accounts and interim management statements; and
- (f) attending to general tax affairs where necessary.

10.2 *Investment Management Agreement*

Investment management services are provided by the Investment Manager pursuant to the Investment Management Agreement entered into with the Company on 10 April 2007. The Investment Manager receives a periodic fee equal to 0.65 per cent. per annum of the Company's Net Asset Value.

The Investment Management Agreement may be terminated by either party giving written notice of not less than 12 months. The Investment Manager, under the terms of the agreement provides, *inter alia*, the following services:

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

Dependent on the level of performance achieved, the Investment Manager is also entitled to receive a performance fee. The performance fee is calculated by reference to the amount by which the Company's portfolio has out-performed the Benchmark.

The fee is calculated quarterly by comparing the cumulative performance of the Company's portfolio with the cumulative performance of the Benchmark since the launch of the Company in 1995. The performance fee amounts to 16.5 per cent. of any out-performance of the Net Asset Value over the Benchmark, the Investment Manager receiving 15.0 per cent.

At each quarterly calculation date any performance fee payable is based on the lower of:

- (a) the cumulative out-performance of the portfolio over the Benchmark as at the quarter end date; and
- (b) the cumulative out-performance of the portfolio over the Benchmark as at the corresponding quarter end date in the previous year.

In the year to 31 March 2009 no performance fee was paid. However, a performance fee of £224,000 was accrued as at 31 March 2009.

10.3 *Custody Agreement*

Goldman, Sachs & Co., New York, acts as Custodian pursuant to the Custody Agreement. The Custodian is a company organised under the laws of the State of New York, with limited liability and its main offices in America. It is registered as a U.S. broker-dealer and futures commission merchant, together with its consolidated subsidiaries, and is an indirectly wholly owned subsidiary of The Goldman Sachs Group Inc.

Except as otherwise provided by law, the Custodian is not liable for any expenses, losses, damages, liabilities, demands, charges, claims, penalties, fines or excise taxes of any kind or nature (including legal expenses and reasonable lawyers' fees) by or with respect to any matters relating to any account (cash, margin or otherwise) that the Custodian establishes in the Company's name, or the Company's name together with others, or in which the Company has a beneficial interest, now or in the future. This applies to the extent that such losses are actual losses and are determined by a court of competent jurisdiction or an arbitration panel in a final non-appealable judgment or order to have resulted solely from a Custodian entity's gross negligence or willful misconduct. The Custodian has no liability for, and the Company must indemnify and hold the Custodian harmless from, all losses that result from:

- (a) the Company's or its agent's misrepresentation, act or omission or alleged misrepresentation, act or omission;
- (b) the Custodian following the Company's or its agent's directions or failing to follow the Company's or its agent's unlawful or unreasonable directions;
- (c) any activities or services of the Custodian in connection with the Company's account(s) or otherwise (including, without limitation, any technology services, reporting, trading, research or capital introduction services); and
- (d) the failure by any person not controlled by the Custodian to perform any obligations to the Company.

Either the Company or the Custodian can terminate the Custody Agreement at any time on giving notice to the other.

If the Custodian acts as custodian for the securities and other property in the Company's account(s), the Custodian is authorised to register such securities and other property in its own name, or any nominee, including sub-custodians, or cause such securities and other property to be registered in the name of, or in the name of the nominee of, a recognised depository or clearing organisation.

The Custodian's fees are paid via the interest on the loan facility, repayable on demand, provided by Goldman Sachs. The interest is charged at the Federal effective rate plus one week Overnight

Indexed Swap spread, plus 45 basis points. Collateral in respect of the amount of the facility drawn down is provided by the Company to Goldman Sachs at the rate of 140 per cent. of the amount of the debt.

The applicable sub-custodians who are appointed as at the date of this prospectus and who are relevant for the purposes of holding the Company's investments are set out below:

<i>Country/Market</i>	<i>Subcustodian(s)</i>	<i>Regulatory Bodies</i>
Denmark	Skandinaviska Enskilda Banken AB (publ)	The Danish Financial Supervisory Authority (Finanstilsynet)
Japan	Goldman Sachs Japan Co. Ltd	The Japan Financial Services Agency
Switzerland	Goldman Sachs & Co. Bank Zurich	The Swiss Financial Market Supervisory Authority
United Kingdom	Goldman Sachs International	The Financial Services Authority

11. UK Taxation

11.1 *Introduction*

The following statements are based upon current UK tax law and what is understood to be the current practice of HMRC, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and 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 resident and ordinarily resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Shares.

The information contained in this Prospectus relating to taxation matters is a summary of the taxation matters which the Directors consider should be brought to the attention of Shareholders and is based upon the law and practice currently in force and is subject to changes therein. All Shareholders, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of holding, transferring or otherwise disposing of Subscription Shares or exercising the Subscription Share Rights under the laws of their country and/or state of citizenship, domicile or residence.

11.2 *The Company*

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies and continues to satisfy the conditions necessary for it to be approved by HMRC as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988. However, neither the Investment Manager nor the Directors can guarantee that this approval will be maintained. One of the conditions for a company to qualify as an investment trust is that it is not a close company. The Directors consider that the Company should not be a close company immediately following the issue of the Subscription Shares pursuant to the Bonus Issue. 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. 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.

11.3 *Shareholders*

11.3.1 For the purposes of United Kingdom capital gains tax and corporation tax on chargeable gains, it is expected that the receipt of the Subscription Shares arising from the Bonus Issue should be a re-organisation of the share capital of the Company. On that basis, the Subscription Shares will be treated as the same asset as the Shareholder's holding of

Ordinary Shares and as having been acquired at the same time as the Shareholder's holding of Ordinary Shares was acquired. As a result of the Bonus Issue, the Shareholder's original base cost in his or her Ordinary Shares will be apportioned between his or her Ordinary Shares and the Subscription Shares by reference to their respective market values on the day on which the Subscription Shares are admitted to trading on the London Stock Exchange's market for listed securities. That is to say, the base cost of such a Shareholder's Ordinary Shares is deemed to be the actual base cost to the Shareholder of those Ordinary Shares multiplied by a fraction whose numerator is A and whose denominator is (A + B), where A is the market value of the Ordinary Shares on the day on which the Subscription Shares are admitted to trading and B is the market value of the Subscription Shares on the same date. The base cost of the Subscription Shares is deemed to be the actual base cost of the Ordinary Shares less the deemed base cost of the Ordinary Shares calculated as described above.

On the exercise of the right to convert any Subscription Shares into Ordinary Shares, the Ordinary Shares issued pursuant to the Subscription Share Rights will be treated as the same asset as the Subscription Shares in respect of which the Subscription Share Rights are exercised. The base cost of each such Ordinary Share will be the deemed base cost of the Subscription Share that it replaces, calculated as described above, plus the applicable Subscription Price.

11.3.2 *Taxation of capital gains*

Individual Shareholders who are resident or ordinarily resident in the UK for tax purposes will generally be subject to capital gains tax at the flat rate of 18 per cent. in respect of any gain arising on a disposal or deemed disposal of their Ordinary Shares or Subscription Shares. No indexation allowance will be available to such Shareholders. However, each individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £10,100 for the tax year 2009-2010.

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 any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax on chargeable gains arising on a disposal of their Shares. The indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

Capital losses realised on a disposal of Ordinary Shares or Subscription Shares must be set as far as possible against chargeable gains for the same tax year (or accounting period in the case of a Corporate Shareholder), even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of his death.

11.3.3 *Taxation of dividends*

Under current tax law, the Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company should generally be entitled to a tax credit which may be set off to the appropriate extent against the Shareholder's total income tax liability on the dividend. An individual UK resident Shareholder will be liable to income tax on the sum of the tax credit and the dividend (the gross dividend) which will be treated as the top slice of the individual's income for UK income tax purposes. The tax credit equals 10 per cent. of the gross dividend. The tax credit therefore also equals one-ninth of the cash dividend received.

A UK 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. This means that the tax credit will satisfy in full such a Shareholder's liability to income tax on the dividend.

The rate of income tax applied to dividends received by a UK resident individual Shareholder liable to income tax at the higher rate will be 32.5 per cent. to the extent that such dividends, when treated as the top slice of the Shareholder's income, fall above the threshold for higher rate income tax. In the case of such Shareholder's liability, the tax credit will be set against, but will not fully match, the tax liability on the gross dividend. After taking account of the 10 per cent. tax credit, such Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which equals 25 per cent. of the cash dividend received) to the extent that it falls above the threshold for higher rate income tax.

The Government has announced proposals to introduce, with effect from 6 April 2010, a new tax rate of 50 per cent. for taxable non-savings and savings income above £150,000. On and after the date on which the new rate takes effect, if and to the extent that the gross dividend received by a UK resident individual falls above the threshold for income tax at the new 50 per cent. rate, that individual will be subject to tax on the gross dividend at the rate of 42.5 per cent. Assuming that the new rate of tax is applied in the same way as the existing rates, that individual would be able to set the tax credit off against part of this liability and the effect of that set-off of the tax credit would be that such an individual would have to account for additional tax equal to 32.5 per cent. of the gross dividend (which is also equal to approximately 36 per cent. of the cash dividend received), to the extent that the gross dividend fell above the threshold for the new 50 per cent. rate of income tax.

There will be no repayment of all or part of the tax credit to an individual Shareholder whose liability to income tax on all or part of the gross dividend is less than the amount of the tax credit. This will include a Shareholder who holds the Ordinary Shares or the Subscription Shares through an ISA.

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

UK resident corporate Shareholders will generally not be subject to corporation tax on dividends paid by the Company but will not be able to claim a repayment of the tax credit attaching to the dividends.

The Government has published draft legislation in this year's Finance Bill which would, if passed in its current form, significantly change the tax treatment of dividends paid on or after 1 July 2009 to shareholders within the charge to UK corporation tax. The draft legislation would, amongst other things, remove the current blanket exemption from corporation tax which generally applies to a dividend paid by one UK resident company to another. However, dividends paid on the Ordinary Shares or Subscription Shares to UK resident corporate shareholders will generally continue to qualify for exemption from UK corporation tax. It should be noted that the draft legislation may change before being passed and Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers in relation to the implications of the legislation, once finally enacted (which is expected to be towards the end of July 2009).

Non-UK 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 UK may also be subject to foreign taxation on dividend income under local law. It is particularly important that Shareholders who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

11.3.4 *Stamp duty and stamp duty reserve tax*

Transfers on sale of Ordinary Shares or Subscription Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer. The purchaser normally pays the stamp duty.

An agreement to transfer Ordinary Shares or Subscription Shares 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 or Subscription Shares 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. Euroclear 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.

Where Ordinary Shares or Subscription Shares are issued or transferred (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the Ordinary Shares or the Subscription Shares. This liability for stamp duty or SDRT will strictly be payable by the clearance service or depositary receipt operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt scheme.

11.3.5 *ISAs*

The Subscription Shares and the Ordinary Shares arising on the exercise of the Subscription Share Rights should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£7,200 for the 2009-2010 tax year (except for those aged 50 or over, for whom it is £10,200 from October 2009) and £10,200 for the 2010-2011 tax year). Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Subscription Shares or Ordinary Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. The Subscription Price paid upon any exercise of the right to convert Subscription Shares into Ordinary Shares would contribute towards the annual subscription limit in the year in which the Subscription Share Right was exercised, unless the Subscription Price were paid out of cash already within the Shareholder's stocks and shares ISA, or with cash subscribed in the same tax year to a cash ISA held by the Shareholder and transferred to the Shareholder's stocks and shares ISA.

Sums received by a Shareholder on a disposal of Subscription Shares or Ordinary Shares would not count towards the Shareholder's annual ISA subscription limit. However, a disposal of Subscription Shares or Ordinary Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

Individuals wishing to invest in Subscription Shares through an ISA should contact their professional advisers regarding their eligibility.

11.3.6 *Self-Invested Personal Pensions (SIPPs)*

The Ordinary Shares and Subscription Shares in the Company will constitute permitted investments for SIPPs.

12. Corporate governance

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company complies with the best practice provisions of the Combined Code, except with regard to the fact that the Chairman of the Company is Chairman of the Remuneration Committee and as set out below.

The Combined Code includes provision relating to:

- the role of the chief executive (section A.2);
- executive directors' remuneration (section B.1); and
- the need for an internal audit function (section C.3).

For the reasons set out in the AIC Corporate Governance Guide for Investment Companies, and in the preamble to the AIC Code of Corporate Governance ("AIC Code"), the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company.

Board independence, composition and tenure

The Board, chaired by Mr. Smith, currently consists of seven non-executive Directors. The Directors' biographical details, set out on pages 23 and 24, demonstrate a breadth of investment, commercial and professional experience. Professor Geddes has been designated as the Senior Independent Director. The Directors review their independence annually. The Directors retire by rotation at every third annual general meeting and any Directors appointed to the Board since the previous annual general meeting also retire and stand for election. Any Director who has served on the Board for more than nine years is subject to annual re-election. Mr. Gaunt is a Director of The Biotech Growth Trust PLC for which OrbiMed also acts as Investment Manager; he has also served on the Board for over nine years. He is therefore not considered to be an Independent Director. Mr. Isaly is Managing Partner of OrbiMed, the Company's Investment Manager, and has also served on the Board for over nine years. Mr Isaly is therefore not considered to be an Independent Director. Professor Geddes and Mr Townsend have both also served on the Board for over nine years. However, the Board considers them to be independent in character and judgement and, in accordance with the AIC Code, does not believe that the criterion of length of service should necessarily preclude them from being considered independent; they also have no other links to the Investment Manager and have a wide range of other interests.

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 Frostrow. 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 Frostrow and the Investment Manager in order to learn more about their processes and procedures. The Board also receives regular briefings from, amongst others, the Auditors and Frostrow regarding any proposed developments or changes in laws or regulations that could affect the Company and/or the Directors.

The Board's responsibilities

The Board is responsible for efficient and effective leadership of the Company and regularly reviews the schedule of matters reserved for its decision. The Board meets at least on a quarterly basis and at other times as necessary. The Board is responsible for all aspects of the Company's affairs, including the setting of parameters for and the monitoring of investment strategy, the review of investment performance (including peer group performance) and investment policy. It also has responsibility for all corporate strategy issues, dividend policy, share buy-back policy, gearing, share price and discount/premium monitoring and corporate governance matters. To enable them to discharge their responsibilities, prior to each meeting the Directors are provided, in a timely manner, with a comprehensive set of papers giving detailed information on the Company's transactions, financial position and performance. Representatives of Frostrow and the Investment Manager attend each Board meeting, enabling the Directors to seek clarification on specific issues or to probe further on matters of concern; a full written report is also received from Frostrow and the Investment Manager at

each quarterly meeting. In light of these reports, the Board gives direction to the Investment Manager with regard to the Company's investment objectives and guidelines. Within these established guidelines, the Investment Manager takes decisions as to the purchase and sale of individual investments.

There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the Frostrow, through its appointed representative, who is responsible to the Board for ensuring that Board procedures are followed.

Board Committees

The Board delegates certain responsibilities and functions to committees. Copies of the full terms of reference, which clearly define the responsibilities of each Committee, can be obtained from Frostrow and can be found at the Company's website at www.finsburywp.com. Following a review by the Board in 2008, it was agreed that due to the size of the Board, the membership of the Remuneration and Nominations Committees should comprise the whole Board, both under the chairmanship of the Chairman of the Company (provided that a majority of the Directors present are independent). It was further agreed that the membership of the Audit Committee comprise the following independent Directors: Ms Dixon (Chairman), Dr Holbrook, Professor Geddes and Mr Townsend. Directors who are not members of the Audit Committee may attend at the invitation of the Chairman.

During the year to 31 March 2009 there were five Board meetings, two Audit Committee meetings, one meeting of the Nominations Committee and one meeting of the Remuneration Committee.

The Nominations Committee is chaired by Mr Smith and consists of all the Directors. 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.

Mr Smith is Chairman of the Remuneration Committee, which consists of all of the Directors. The level of Directors' fees is reviewed on a regular basis relative to other comparable investment companies and in the light of Directors' responsibilities. Neither the Chairman nor individual Directors participate in discussions involving personal remuneration.

The Audit Committee is chaired by Ms Dixon and consists of all the Directors except Mr Isaly, Mr Smith and Mr Gaunt. The Audit 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. The Audit Committee meets representatives of Frostrow and the 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, Frostrow and the Investment Manager operate. The Company's external 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 Frostrow or the Investment Manager being present. The Audit Committee reviews the need for non-audit services and authorises such on a case-by-case basis, having consideration to the cost effectiveness of the services and the independence and objectivity of the Auditors.

13. Litigation

There have been no governmental, legal or arbitration proceedings (and no such proceedings are pending or threatened of which the Company is aware) in the previous 12 months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

14. Significant change

Save for the rise in the audited value of the Company's net assets from £263.0 million as at 31 March 2009 to £287.3 million (unaudited) as at 6 August 2009 (being the latest practicable date prior to the publication of this document) and a fall in the basic NAV per Ordinary Share (inclusive of

accumulated income) from 635.90p pence per Ordinary Share to 584.48 pence per Ordinary Share (unaudited) over the same period, there has been no significant change in the financial or trading position of the Company since 31 March 2009, being the date to which the latest audited results of the Company were published.

15. Third party information

Where information has been sourced from third parties, the Company confirms that this information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16. General

- 16.1 The Company does not conduct any significant trading activity.
- 16.2 Winterflood Securities, which is authorised and regulated by the FSA, has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 16.3 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.
- 16.4 The ISIN for the Subscription Shares is GB00B3VMCB07, the SEDOL Code is B3VMCB0, and the ticker is FWPS.
- 16.5 The most recent annual fees of the auditors for audit services were £22,500 (excluding VAT). Apart from these fees and the fees payable to Frostrow, the Investment Manager and the Custodian as disclosed in **paragraphs 10.1, 10.2 and 10.3** of this **Part 5** there are no other material fees payable by the Company.
- 16.6 Where Subscription Shares are converted into Ordinary Shares, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Subscription Price. It is not expected that there will be any material impact on the earnings and liabilities per Ordinary Share as the net proceeds resulting from any conversion are expected to be invested in investments consistent with the investment objective and policy of the Company.
- 16.7 The typical investors for whom an investment in the Company is intended are professionally advised private investors, or institutional investors, seeking capital growth from investment worldwide in pharmaceutical, biotechnology and related companies in the healthcare sector. An investment in the Company may also be suitable for financially sophisticated private investors who are not professionally advised but 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.
- 16.8 The Investment Manager (or its associates) may provide investment management, investment advisory and other services to other clients (including investment companies), including clients which may invest in the securities in which the Company may invest and, in providing such services, may use information obtained by them which is used in advising on the Company's investments. Neither the Investment Manager nor any of its associates will be liable to account to the Company for any profit, commission or remuneration earned as a result of such conflict. However, in the event of a conflict of interest arising, the Investment Manager will take reasonable steps to ensure fair treatment for the Company in accordance with the FSA's Conduct of Business Sourcebook.

17. Costs and Expenses

The costs of the Bonus Issue and the preparation of this Prospectus (including all advisers' fees, printing and other ancillary costs) are expected to be approximately £226,000 (including VAT), which will be borne by the Company.

18. Auditors

The auditors to the Company for the three financial years ended 31 March 2007, 2008 and 2009 were Ernst & Young LLP of 1 More London Place, London SE1 2AF.

19. 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 Eversheds LLP, One Wood Street, London EC2V 7WS, for so long as this document remains valid:

- 19.1 this prospectus;
- 19.2 the Memorandum of Association, the Articles and the New Articles; and
- 19.3 the audited accounts of the Company for the financial years ended 31 March 2007, 31 March 2008 and 31 March 2009 respectively.

Dated: 11 August 2009

PART 6

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“1985 Act”	the Companies Act 1985, as amended
“2006 Act”	the Companies Act 2006, as amended
“Admission”	the admission of the Subscription Shares to the Official List and to trading on the London Stock Exchange’s Main Market becoming effective in accordance with, respectively, the Listing Rules and the Admission Disclosure Standards
“Admission Standards”	the Admission and Disclosure Standards issued by the London Stock Exchange
“admission to listing”	an admission of the Subscription Shares to the Official List becoming effective, in accordance with the Listing Rules
“admission to trading”	the admission of the Subscription Shares to trading on the London Stock Exchange’s market for listed securities becoming effective in accordance with the Admission Standards
“AGM”	the annual general meeting of the Company at 12 noon on 17 July 2009
“AIC”	Association of Investment Companies
“Articles”	the articles of association of the Company as at the date of this document
“Benchmark”	the Datastream World Pharmaceutical and Biotechnology index (total return, sterling adjusted)
“Board” or “Directors”	the board of directors of the Company
“Bonus Issue”	the issue to Qualifying Shareholders of one Subscription Share for every five Ordinary Shares held by such shareholder on the Record Date
“Calculation Date”	5.00 p.m. on 3 September 2009, being the date immediately preceding the General Meeting, at which the Subscription Prices of the Subscription Shares will be calculated
“Capita Registrars”	a trading name of Capita Registrars Limited
“certificated” or “in certificated form”	not in uncertificated form (that is, not in CREST)
“Combined Code”	the UK Combined code on Corporate Governance dated June 2008, as amended from time to time
“Companies Acts”	the 1985 Act and/or the 2006 Act
“Company” or “Finsbury Worldwide Pharmaceutical Trust PLC”	Finsbury Worldwide Pharmaceutical Trust PLC whose registered office is One Wood Street, London EC2V 7WS

“CREST”	the computerised settlement system operated by Euroclear which facilitates the transfer of shares
“CREST Manual”	the rules governing the operation of CREST as published by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI2001/3755)
“Custodian”	Goldman, Sachs & Co. New York, 85 Broad Street, New York, NY 10004, USA
“Custody Agreement”	the custody agreement between the Company and the Custodian, details of which are set out in paragraph 10.3 of Part 5 of this document
“EEA”	the European Economic Area
“EEA State”	a member state of the EEA
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Frostrow”	Frostrow Capital LLP of 25 Southampton Buildings, London WC2A 1AL
“Financial Services Authority” or “FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company to be held on 4 September 2009, notice of which is set out at the end of this document
“Goldman Sachs”	Goldman, Sachs & Co. New York, 85 Broad Street, New York, NY 10004, USA
“HMRC”	H.M. Revenue & Customs
“Investment Manager”	the investment manager, OrbiMed Capital LLC
“Investment Management Agreement”	the investment management agreement between the Company and the Investment Manager, details of which are set out in paragraph 10.2 of Part 5 of this document
“ISA”	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)
“Listing Rules”	the rules and regulations made by the FSA under Part VI FSMA
“London Stock Exchange”	London Stock Exchange plc
“Management, Administration and Secretarial Agreement”	the management, administration and company secretarial agreement between the Company and Frostrow, details of which are set out in paragraph 10.1 of Part 5 of the document
“Memorandum of Association”	the memorandum of association of the Company
“Net Asset Value” or “NAV”	the net asset value of the Company calculated in accordance with its applicable accounting policies in all prior charges and other creditors at that fair value (including the cost of the Bonus Issue)

“New Articles”	the new articles of association of the Company proposed to be adopted at the General Meeting
“Notice of General Meeting”	the notice of the General Meeting set out in Part 8 of this document.
“Official List”	the official list of the UKLA
“OrbiMed”	OrbiMed Capital LLC
“Ordinary Shares”	ordinary shares of 25 pence each in the capital of the Company, ISIN no. GB0003385308
“Overseas Shareholders”	holders of Ordinary Shares who are resident in, or citizens of, countries outside the EEA and who have not supplied an address in the United Kingdom for the service of notices
“Proposals”	the Bonus Issue and such related proposals
“Prospectus”	this document
“Prospectus Rules”	the prospectus rules made under Part VI of FSMA
“Qualifying Shareholders”	holders of Ordinary Shares on the register of members of the Company on the Record Date, other than certain Overseas Shareholders as referred to in Part 4 of this document
“Record Date”	the close of business at 5.00 p.m. on 3 September 2009
“Regulatory Information Service”	one of the regulatory information services authorised by the FSA to receive, process and disseminate regulatory information in respect of listed companies
“Resolution”	the special resolution set out in the notice of General Meeting at the end of this document
“Share”	the Ordinary Shares and/or the Subscription Shares, as the context requires
“Shareholders”	holders of Ordinary Shares
“SIPP”	self invested personal pensions
“Sterling”	the lawful currency of the United Kingdom
“stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
“Subscription Date(s)”	each of 31 October, 31 January, 30 April and 31 July between 31 October 2009 and 31 July 2014 (or if such date is not a Business Day, the next following Business Day)
“Subscription Price”	the price at which the Subscription Share Rights may be exercised in accordance with the rights attaching to the Subscription Shares (and subject to adjustment in accordance with those rights)

“Subscription Share Rights”	the rights attaching to the Subscription Shares entitling the holder thereof to subscribe for Ordinary Shares upon each of the Subscription Dates upon payment of the Subscription Price, such rights being set out in full in the New Articles
“Subscription Shares”	subscription shares of 1p each in the capital of the Company
“UKLA” or “UK Listing Authority”	the Financial Services Authority in its capacity as competent authority under Part IV of FSMA
“uncertificated” or “in uncertificated form”	recorded on the relevant register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“Uncertificated Securities Regulations”	Uncertificated Securities Regulations 2001 (SI 2001 No.3755)
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland (including the Channel Islands and the Isle of Man)
“UK GAAP”	UK generally accepted accounting practice
“Winterflood Securities”	Winterflood Securities Limited trading through its division Winterflood Investment Trust

PART 7

CHECKLIST OF DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Prospectus Rules and to ensure that investors in Subscription Shares and others are aware of all information which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company:

<i>Information incorporated by reference</i>	<i>Document reference</i>	<i>Page nos.</i>
Chairman's Statement	Annual Report and Accounts for the year ended 31 March 2007 (pages 1 to 2)	28
Review of Investments	Annual Report and Accounts for the year ended 31 March 2007 (pages 6 to 8)	28
Investment Portfolio	Annual Report and Accounts for the year ended 31 March 2007 (page 12)	28
Independent Auditors' Report	Annual Report and Accounts for the year ended 31 March 2007 (pages 29 to 30)	27
Financial Statements and notes to the Accounts	Annual Report and Accounts for the year ended 31 March 2007 (pages 31 to 45)	27
<i>Information incorporated by reference</i>	<i>Document reference</i>	<i>Page nos.</i>
Chairman's Statement	Annual Report and Accounts for the year ended 31 March 2008 (pages 2 to 3)	28
Review of Investments	Annual Report and Accounts for the year ended 31 March 2008 (pages 7 to 10)	28
Investment Portfolio	Annual Report and Accounts for the year ended 31 March 2008 (page 12)	28
Independent Auditors' Report	Annual Report and Accounts for the year ended 31 March 2008 (pages 27 to 28)	27
Financial Statements and notes to the Accounts	Annual Report and Accounts for the year ended 31 March 2008 (pages 29 to 46)	27
<i>Information incorporated by reference</i>	<i>Document reference</i>	<i>Page nos.</i>
Chairman's Statement	Annual Report and Accounts for the year ended 31 March 2009 (pages 2 to 3)	28
Review of Investments	Annual Report and Accounts for the year ended 31 March 2009 (pages 7 to 9)	28
Investment Portfolio	Annual Report and Accounts for the year ended 31 March 2009 (page 12)	28
Independent Auditors' Report	Annual Report and Accounts for the year ended 31 March 2009 (pages 31 to 32)	27
Financial Statements and notes to the Accounts	Annual Report and Accounts for the year ended 31 March 2009 (pages 33 to 50)	27

PART 8

NOTICE OF GENERAL MEETING

Finsbury Worldwide Pharmaceutical Trust PLC

(Registered in England and Wales with the registered number 03023689)

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at 10.30 a.m. at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS, on 4 September 2009 for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution.

SPECIAL RESOLUTION

THAT:

1. subject to the UK Listing Authority agreeing to admit to the Official List the subscription shares of one penny each in the capital of the Company (the “**Subscription Shares**”) to be issued pursuant to the bonus issue described in the circular of the Company dated 11 August 2009 (the “**Bonus Issue**”) and London Stock Exchange plc agreeing to admit such Subscription Shares to trading on its market for listed securities:
 - (a) the articles of association produced to the meeting and signed by the Chairman of the Meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for the existing articles of association of the Company;
 - (b) 392,437 ordinary shares of 25p each in the authorised share capital of the Company (“**Ordinary Shares**”) be subdivided into 9,810,925 Ordinary shares of 1p each and immediately redesignated as Subscription Shares, each having rights and being subject to the conditions contained in the articles of association of the Company as adopted pursuant to sub-paragraph (a) of this resolution;
 - (c) in addition to any existing authority under section 80 of the Companies Act 1985 (the “**1985 Act**”) granted to the Directors at any annual general meeting held before the passing of this resolution, for the purposes of section 80 of the 1985 Act (and so that expressions used in this resolution shall bear the same meanings as in the said section 80) the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities in connection with and for the purpose of (i) the issue of Subscription Shares pursuant to the Bonus Issue up to an aggregate nominal amount of £98,109 of Subscription Shares and (ii) the grant of the right to subscribe for ordinary shares in the capital of the Company (“**Ordinary Shares**”) pursuant to the rights attaching to the Subscription Shares to subscribe for such shares (the “**Subscription Share Rights**”) as set out in the articles of association to be adopted pursuant to sub-paragraph (a) of this Resolution, up to a maximum aggregate nominal amount of £2,452,732 of Ordinary Shares provided that such authority shall expire either at the conclusion of the Company’s annual general meeting to be held in 2014 or 14 days after the final subscription date (being 31 July 2014), whichever is later save that the Company may prior to the expiry of such period make any offer or agreement which would or might require such Subscription Shares, Subscription Share Rights and/or Ordinary Shares to be allotted after such expiry and the Directors may allot such Subscription Shares, Subscription Share Rights and/or Ordinary Shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired;
 - (d) in addition to any existing authority under section 95 of the 1985 Act granted to the Directors at any Annual General Meeting of the Company held before the passing of this Resolution, the Directors be and are empowered in accordance with section 95 of the 1985 Act to allot equity securities for cash, pursuant to the authority conferred on them by sub paragraph (c) of this Resolution, as if section 89(1) of the 1985 Act did not apply to the allotment, provided that:
 - (i) this power shall be limited to the allotment of Subscription Share Rights and Ordinary Shares in connection with and for the purposes of the exercise of the Subscription Shares and Subscription Share Rights in respect of the Ordinary Shares and the

exercise of the Subscription Share Rights up to a maximum nominal amount of £2,550,841; and

- (ii) this power, unless renewed, shall expire in fifteen months from the date of this Resolution, but shall extend to the making, before such expiry, of an offer or agreement which would or might require any Subscription Share Rights or Ordinary Shares to be allotted after such expiry and the Directors may allot Subscription Share Rights or Ordinary Shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
- (e) the Directors be and are hereby empowered to capitalise any part of the amount then standing to the credit of any of the share premium account, the capital redemption reserve, the other reserve or any reserve (other than the profit and loss account) otherwise available for the purpose of paying up in full at par up to 9,810,903 Subscription Shares to be issued pursuant to the Bonus Issue, such shares to be allotted and distributed credited as fully paid up to and among such holders in the proportion of one new Subscription Share for every 5 Ordinary Shares held (fractions of a Subscription Share being ignored) and, to the extent necessary, paying up in full any Ordinary Shares to be allotted in accordance with the provisions of the articles of association of the Company as adopted by sub-paragraph (A) of this resolution relating to the exercise of rights attaching to the Subscription Shares and any additional Subscription Shares required to be issued to holders of Subscription Shares in accordance with the rights attaching to the Subscription Shares;
- (f) any consolidation, sub-division or redemption of share capital required in the opinion of the Directors to give effect to the rights of the holders of Subscription Shares be hereby approved;
- (g) in addition to any existing authority under section 166 of the 1985 Act granted to the Company at any annual general meeting held before the passing of this resolution, the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 166 of the 1985 Act to make market purchases (within the meaning of section 163 of the 1985 Act) of its issued Subscription Shares, provided that:
 - (i) the maximum number of Subscription Shares hereby authorised to be purchased shall be 1,470,654 or, if less, that number of Subscription Shares which is equal to 14.99 per cent. of the Company's issued Subscription Share capital immediately following Admission (as defined in the circular of the Company dated 11 August 2009);
 - (ii) the minimum price which may be paid for a Subscription Share is one pence;
 - (iii) the maximum price which may be paid for a Subscription Share will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Subscription Shares on the trading venue where the purchase is carried out;
 - (iv) the authority hereby conferred shall expire on the date falling 18 months following the date of the passing of the resolution unless the authority is renewed at the Company's annual general meeting in 2010 or at any other general meeting prior to such time; and
 - (v) the Company may make a contract to purchase Subscription Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Subscription Shares pursuant to any such contract notwithstanding such expiry.

Dated: 11 August 2009

Registered Office:

One Wood Street
London
EC2V 7WS

By order of the Board

Frostrow Capital LLP
Company Secretary

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled (unless they have, pursuant to article 93 of the Company's articles of association, nominated someone else to enjoy such a right, in which case only the person so nominated may exercise the right) to appoint one or more proxies (who need not be a member of the Company) to attend and to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.
2. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("Nominated Persons"). Nominated Persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if Nominated Persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
3. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
4. In order to be valid, any form of proxy and a power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, in order to be valid, must reach the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than 48 hours (excluding any part of a day which is a non-working day) before the time of the meeting or of any adjournment of the meeting.
5. As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold their shares in uncertificated form must be entered on the Company's share register at 6.00 p.m. on 2 September 2009 in order to be entitled to attend and vote at the meeting. Such shareholders may only cast votes in respect of shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by following the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (RA10) by not later than 10.30 a.m. on 2 September 2009. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.
9. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
10. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate

representatives at www.icsa.org.uk for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes that are the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
12. As at 6 August 2009 being the latest practicable date prior to the publication of this Notice, the Company's issued capital consisted of 49,837,519 Ordinary Shares. The Company holds 688,000 Ordinary Shares in treasury, which do not have voting rights. Therefore, the total voting rights in the Company as at 6 August 2009 are 49,149,519.
13. The New Articles of the Company are available for inspection at the registered office of the Company, One Wood Street, London EC2V 7WS, during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the General Meeting and will be available for inspection at the place of the Meeting for at least 15 minutes prior to and during the General Meeting.