

THIS DOCUMENT IS IMPORTANT. Prospective investors are recommended to seek their own financial advice from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 ("FSMA") before investing in the Company.

This document comprises a prospectus relating to Polar Capital Global Healthcare Growth and Income Trust plc (the "**Company**") prepared in accordance with the Prospectus Rules. This document has been approved by the FSA and has been filed with the Financial Services Authority in accordance with Rule 3.2 of the Prospectus Rules. This document will be made available to the public in accordance with the Prospectus Rules by being made available at www.polarcapitalhealthcaretrust.com.

Applications will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities ("**Admission**"). It is expected that the Admission will become effective and that dealings in the New Ordinary Shares will commence during the period 30 January 2012 to 29 January 2013.

The Company and each of the Directors, whose names appear on page 21 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the entire Prospectus and, in particular, the section headed "Risk Factors" beginning on page 9 when considering an investment in the Company.

**POLAR CAPITAL GLOBAL HEALTHCARE GROWTH
AND INCOME TRUST PLC**

*(Incorporated in England and Wales with Company No 07251471 and registered as an investment company
under section 833 of the Companies Act 2006)*

Placing of up to 19,579,997 New Ordinary Shares in aggregate

Prior issue of 8,899,999 Tap Shares

Sponsor, Broker and Placing Agent
Matrix Corporate Capital LLP

Matrix Corporate Capital LLP, which is authorised and regulated by the FSA, is acting for the Company and for no-one else in connection with the Placing and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Matrix Corporate Capital LLP or for affording advice in relation to the contents of this document or any matters referred to herein. Aside from the responsibilities and liabilities, if any, which may be imposed on Matrix Corporate Capital LLP by FSMA or the regulatory regime established thereunder, Matrix Corporate Capital LLP is not responsible for the contents of this document.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or Matrix Corporate Capital LLP. The distribution of this document and the offering of New Ordinary Shares in certain jurisdictions may be restricted and, accordingly, persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The New Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). In addition, the Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "**US Investment Company Act**"), and the recipient of this document will not be entitled to the benefits of that act. This document should not be distributed into the United States or to US Persons. No offer nor sale of New Ordinary Shares has been, nor will be, registered under the applicable securities laws of Australia, Canada or Japan. Subject to certain exemptions, New Ordinary Shares may not be offered to or sold within Australia, Canada or Japan or to any national, resident or citizen of Australia, Canada or Japan.

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SUMMARY

This summary section should be read as an introduction to the Prospectus which comprises the whole of this document. Any decision to acquire New Ordinary Shares should be based on a consideration of the Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court, a plaintiff investor might, under national legislation of the European Economic Area states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

The Company and background to the Placing

The Company was incorporated on 12 May 2010 and is a UK investment trust with a fixed life expiring in January 2018, established to generate capital growth and income by investing in a global portfolio of healthcare stocks. At launch on 15 June 2010, 89,000,000 Ordinary Shares of 25p each and 17,800,000 Subscription Shares of 1p each were admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities (the "IPO"). An authority granted to the Directors to allot up to 10 per cent. of the issued share capital after the IPO was fully utilised by the issue of 8,899,999 Ordinary Shares in aggregate during the period 14 February 2011 to 15 August 2011 (the "Tap Shares"). The Prospectus Rules provide that where a company wishes to apply for the admission to trading on a regulated market of shares representing, over a period of 12 months, 10 per cent. or more of that company's shares which are already admitted to trading on that regulated market, then the company concerned is required to issue a prospectus. The inclusion of information on the Tap Shares in this document means that the issue of those Tap Shares will not need to be taken into account on a subsequent issue of Ordinary Shares for the purposes of determining whether or not a prospectus is required in accordance with the test described above. At the Annual General Meeting of the Company held on 25 January 2012, the Directors were authorised to issue up to 10 per cent. of the issued Ordinary Share capital in the Company.

The publication of this document is necessary in order for the Company to issue New Ordinary Shares where demand exceeds supply and to grow the Company. The Board considers that the Company's continuing ability to issue new Ordinary Shares at a small premium to the Net Asset Value should help to achieve the following benefits:

- prevention of a build-up of excessive demand for Shares and reduction of the risk of volatility in the market price of an Ordinary Share relative to its Net Asset Value;
- expansion of the Company should result in the spreading of its annual operating expenses over a larger capital base and therefore a lower total expense ratio;
- improvement to visibility and liquidity in the market for the Ordinary Shares; and
- enhancement of the Net Asset Value of existing Ordinary Shares as a result of the premium at which new Ordinary Shares are issued.

Under the Placing, the Company may issue up to 19,579,997 New Ordinary Shares, which represents up to 20 per cent of the Company's current issued share capital. The Company currently has authority, pursuant to resolutions passed at the Company's most recent Annual General Meeting referred to above, to issue up to 10 per cent. of its current issued Ordinary Share capital. Accordingly, the issue of Ordinary Shares representing in excess of such 10 per cent. limit pursuant to the Placing would be conditional upon further shareholder authority being granted. Allotments under the Placing may be effected on one or more occasions during the period 30 January 2012 to 29 January 2013, each such allotment being conditional upon Admission taking place.

Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for such New

Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

Summary investment objective, policy and strategy

The Company's investment objective is to generate capital growth and income by investing in a global portfolio of healthcare stocks.

The Company seeks to achieve its objective by investing in a diversified global portfolio of companies consisting primarily of listed equities issued by healthcare companies involved in pharmaceuticals, medical services, medical devices and biotechnology, with an emphasis on pharmaceutical stocks. Stocks are selected for inclusion in the portfolio after a due diligence process. The portfolio is diversified by geography, industry sub-sector and investment size with no single investment normally accounting for more than 10 per cent. of the portfolio at the time of investment.

The portfolio has a bias towards large-capitalisation companies, with a market capitalisation in excess of US\$5 billion, and the balance in mid and smaller capitalisation companies. Exposure to companies with a market capitalisation below US\$200 million is not expected to exceed 5 per cent. of gross assets at the time of investment. The Company does not expect to have any material exposure to unlisted companies and, in aggregate, any such investments will not exceed 5 per cent. of gross assets at the time of investment. The portfolio composition is by reference to market capitalisation rather than number of companies.

The Company may invest through equities, index linked, equity linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, forward transactions, index options and other interests including derivative instruments. Forward transactions and derivatives (including puts and call options on individual positions or indices) may be used to gain exposure to the securities of companies falling within the Company's investment policy or to seek to generate income from the Company's position in such securities, as well as for efficient portfolio management. Any use of derivatives for investment purposes is made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described in its investment policy. The Company may hedge exposure to foreign currencies if considered appropriate for efficient portfolio management.

The Manager's investment process is primarily based on bottom-up fundamental analysis. The Manager uses a qualitative filter consisting of six key criteria to build up a watch-list of securities that is monitored on a regular basis. Due diligence is then carried out on the individual securities on the watch-list.

The Company's portfolio comprises a single pool of investments, but for operational purposes there is an income portfolio and a growth portfolio. The majority of the investments in the income portfolio are in the pharmaceutical sector and have a market capitalisation in excess of US\$5 billion. All companies included in the income portfolio are expected to make regular dividend payments. The growth portfolio comprises investments that give exposure to pharmaceutical, medical services, medical devices and biotechnology companies and may include small market capitalisation companies.

Each individual holding is assessed on its own merits in terms of risk/reward. While the Company expects normally to be fully or substantially invested, the Company may hold cash or money market instruments pending deployment in the investment portfolio. In addition it has the flexibility, when the Manager perceives there to be actual or expected adverse equity market conditions, to maintain cash holdings as it deems appropriate.

The Company measures the Manager's performance against the MSCI ACWI/Health Care Index total return, in Sterling. This is used to measure the performance of the Company; but the Manager does not seek to replicate the index in constructing the portfolio. The portfolio may, therefore,

diverge substantially from the constituents of this index. Although the Company has a benchmark, this is neither a target nor an ideal investment strategy. The purpose of the Benchmark is to set a reasonable return for shareholders above which the Manager is entitled to a share of the extra performance it has delivered.

Portfolio

The Company invests in pharmaceuticals, medical services, medical devices and biotechnology companies, with an emphasis on pharmaceutical stocks.

As at 30 December 2011, being the last practicable date before the publication of this document, the emphasis of the portfolio was on pharmaceutical stocks, which constituted around 67.5 per cent. of Gross Assets, and there were 75 holdings, with no single investment accounting for more than 10 per cent of the Portfolio. It is expected that the investment portfolio will continue to be made up of interests in 50-80 companies, with no single investment normally accounting for more than 10 per cent. of the portfolio at the time of investment. By value, around 51.6 per cent. of the companies in the portfolio are US listed and/or headquartered in the US, around 35.5 per cent. of the companies in the portfolio are in Europe. It is intended that the portfolio is diversified by factors such as geography, industry sub-sector and investment size.

The portfolio will be structured to diversify stock-specific risk, both through the number of securities held and a global investment approach. Each individual holding will be assessed on its own merits in terms of risk/reward.

Directors

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of the Manager. All of the Directors are non-executive and are independent of the Manager.

Manager

The Company's manager is Polar Capital LLP, the investment management business of Polar Capital Holdings PLC, a UK-quoted asset management firm. The Manager provides hedge funds and specialist long-only products to a variety of investors and had total funds under management of over US\$ 4.24 billion as at 31 December 2011.

Under the terms of the Management Agreement, the Manager is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The Manager is also entitled to a performance fee, to be paid in cash at the end of the Company's fixed life (except in the case of an earlier termination of the Management Agreement).

The Manager is authorised and regulated by the FSA and as such is subject to the FSA's rules in the conduct of its investment business.

Dividend policy

As an investment trust, the Company is not permitted to retain in excess of 15 per cent. of its income in any financial year. The Company intends to make distributions to Shareholders of substantially all of its income, net of costs, available for distribution in that year.

The Company paid dividends on 30 November 2010, 28 February 2011, 31 May 2011 and 31 August 2011 amounting to a total of 3 pence per Ordinary Share. The Company also distributed a further 0.46 pence per Ordinary Share on 30 November 2011 and declared an interim dividend of 0.46 pence per Ordinary Share on 26 January 2012. Shareholders should recognise that circumstances may arise when the level of dividend must be increased in order to comply with Sections 1158 and 1159 of the Corporation Tax Act 2010. Where this would result in paying a dividend beyond the Board's aim a special dividend will be declared and paid.

The Company intends to pay dividends in February, May, August and November in each year, which will not necessarily be of equal amounts.

The Company's policy will be to increase the dividend (on an annualised basis) progressively, but there is no guarantee that this will be achieved. No forecast is made or should be inferred.

Borrowing powers

The Company does not intend to use bank borrowings to provide long-term structural gearing. The Company may borrow up to 15 per cent. of its Net Asset Value at the time of drawdown, however it is intended that any borrowing would only be used on a tactical basis on such occasions as the Company, as advised by the Manager, believes that gearing will enhance returns to Shareholders.

The Company has neither incurred any borrowings nor entered into any arrangements for any banking loans as at the date of this document.

Principal risk factors

Investment in the Company carries a number of risks. A summary of these risks is set out below.

Risks relating to the Company and its investment strategy

- The Company has a limited operating history and therefore investors have only limited information on the basis of which to assess the prospects of the Company.
- The Company has no employees and is reliant on third party service providers whose performance cannot be entirely controlled by the Company.
- Investor returns will be dependent upon the performance of the portfolio the value of which may fluctuate.
- The target returns set out in this document are based on estimates and projections and the Company cannot guarantee that it will meet or exceed the targets in the future.
- The Company's portfolio diversification strategy may not mitigate portfolio risk and the Company's returns as a whole may be adversely affected by the unfavourable performance of healthcare stocks generally.
- The Company may experience fluctuations in its operating results based on the performance of companies it has invested in.
- The Company may be adversely affected by currency movements as some of the Company's investments are made in currencies other than Sterling.
- Changes in laws or regulations governing the Company's operations may adversely affect the Company's business.
- The Company's investment strategy may involve the use of leverage, which exposes the Company to risks associated with borrowings.

Risks relating to the Manager

- The departure or reassignment of some or all of the Manager's investment professionals could prevent the Company from achieving its investment objectives.
- There can be no assurance that the Directors will be able to find a replacement manager if the Manager resigns.
- The Manager may allocate some of its resources to activities in which the Company is not engaged, which could have a negative impact on the Company's ability to achieve its investment objective.

- The Manager and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest in respect of its activities on behalf of the Company.
- Reputational risk in relation to the Manager may adversely affect the Company and restrict the Manager's ability to deal with the Company's counterparties and pursue its investment policy successfully.
- Performance fees may create incentives for speculative investment by the Manager which carries higher investment risk.
- Operational and reputational risks may disrupt the Manager's businesses, resulting in losses or limit the Company's growth.

Risks relating to the Company's portfolio

- The due diligence process that the Manager undertakes in connection with the Company's investments may not reveal all facts that may be relevant in connection with an investment.
- The Company may use derivative instruments, which exposes the Company to counterparty risks.
- Changes in the debt financing markets may negatively impact the ability of the Company's portfolio companies to obtain financing for their operations and may increase the cost of such financing if it is obtained.

Risks relating to investment in the healthcare sector

- There are significant regulatory risks associated with the healthcare sector which might have a negative effect on the value of the Company's investments.
- There are significant economic risks that may impact on the healthcare sector.
- The profitability of healthcare companies may be affected by failure to comply with applicable regulation.
- Regulatory and legislative changes may affect the profitability of healthcare companies.
- The successful development of healthcare products may be highly uncertain and requires significant expenditures.
- Protecting healthcare proprietary rights is difficult and costly and new products developed by investee companies may not always be possible to protect which might have an adverse effect on the performance of the investee company's shares.
- There are many factors that could adversely affect the performance of investee companies, including regulatory approvals and legislative developments, pricing decisions by investee companies and their competitors, the results of clinical trials, outcomes of patent applications and patent litigation, and product liability claims.
- The stock price of investee companies may be volatile and the value of the assets of the Company may increase or decrease accordingly.

Risks relating to taxation

- Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company.

Risks relating to the Ordinary Shares

- Investing in the New Ordinary Shares may involve a high degree of risk as their market price can fluctuate.

- The Company is not, and does not intend to become, registered in the US as an investment company under the US Investment Company Act and related rules meaning that investors are not protected by that act.
- The ordinary shares of investment trusts have a tendency to trade at a discount to their net asset value per share and the Ordinary Shares may, similarly, trade at a discount to Net Asset Value per Ordinary Share.
- It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares.
- The extent of dilution of the Net Asset Value arising from the exercise of the Subscription Shares by the Subscription Shareholders cannot be predicted.

RISK FACTORS

Investment in the Company should not be regarded as short-term in nature, and involves a high degree of risk. Accordingly, investors should consider carefully all of the information set out in the Prospectus and the risks attaching to an investment in the Company, including, in particular, the risks described below. The Directors believe that the risks described below are the material risks relating to the New Ordinary Shares at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the value of New Ordinary Shares. Investors should review the Prospectus carefully and in its entirety and consult with their professional advisers before making an application for New Ordinary Shares.

Risks relating to the Company and its investment strategy

The Company has a limited operating history

The Company has a limited operating history. The Company was incorporated on 12 May 2010 and its Shares were admitted to trading on 15 June 2010, the date of the IPO. The audited financial statements for the Company, in respect of the period up to 30 September 2011, are available and contained in Part III of the Prospectus. There is a risk that the Company will not maintain its investment objective and that the value of an investment in the Company could decline substantially.

The Company has no employees and is reliant on the performance of third party service providers

The Company has no employees and the Directors have all been appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third party service providers for its executive function. In particular, the Manager, the Administrator (to whom the Manager delegates certain administrative functions), and the Registrar will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company. The Directors are satisfied with the performance of the Company's third party service providers in respect of the period from Admission up until the date of this Prospectus.

Investor returns will be dependent upon the performance of the portfolio

Investors contemplating an investment in the Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the performance of the portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment in the Shares.

The past performance of investments contained within the investment portfolio cannot be relied upon as an indicator of the future performance of the Company. Similarly, the past performance of other investments that are managed or advised by the Manager, but are otherwise unconnected to the Company, cannot be relied upon as an indicator of the future performance of the Company. Investor returns will be dependent upon the Company successfully pursuing its investment policy. The success of the Company will depend inter alia on the Manager's ability to identify, acquire and realise investments in accordance with the Company's investment policy. This, in turn, will depend on the ability of the Manager to apply its investment processes in a way which is capable of identifying suitable investments for the Company to invest in. There can be no assurance that the

Manager will be able to do so or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

An investor may not get back the amount originally invested. The Company can offer no assurance that its investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

The target returns included in this document are based on estimates and projections and the Company cannot guarantee that it will meet or exceed the targets in the future

The target returns for investments in the portfolio included in this document are targets only and are based on estimates and performance projections of the Manager. Such estimates and projections have been made on the basis of the Company's investment policy and strategy, market conditions and economic environment at the time of assessing the proposed targets, and are therefore subject to change. There is no guarantee that the target returns can be achieved at the levels set out in this document, or at all. A variety of factors, including changes in financial market conditions, interest rates, government regulations, the worldwide economic environment, or the occurrence of risks described elsewhere in this section of this document could adversely impact the Company's ability to achieve its target returns. Potential investors should not place any reliance on such target returns in deciding whether to invest in the Company. A failure to achieve such target returns could adversely impact the value of the Company and thereby the Shares.

Diversification

The portfolio is diversified by factors such as geography, industry sub-sector and investment size. The Company may invest in companies in both mature and emerging markets and in a diverse range of healthcare sectors. Although the diversification of the Company's investments is intended to reduce the Company's exposure to adverse events associated with specific investments, the Company's returns as a whole may be adversely affected by the unfavourable performance of healthcare stocks and general market risk.

The Company may experience fluctuations in its operating results

The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of investments made by the Company, changes in the amount of distributions, dividends or interest paid by companies in the portfolio, changes in the Company's operating expenses and the operating expenses of the Manager, variations in and the timing of the recognition of realised and unrealised gains or losses and general economic and market conditions. Such variability may lead to volatility in the trading price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

The Company may be adversely affected by currency movements

The proceeds of the Placings will be denominated in Sterling and the Directors intend that all monies returned to Shareholders and the reported Net Asset Value will be denominated in Sterling. Investments in the portfolio may be made in currencies other than Sterling and distribution and income from or the proceeds from the disposal of certain investments in the portfolio may be realised in currencies other than the Sterling. In particular, the Company expects that a significant proportion of its investments will be made in US\$. Consequently, the value of investments in the portfolio made in non-Sterling currencies will be affected by currency movements and will fall as the Sterling currency appreciates against the currency in which such investments are denominated. There can be no assurance that any currency hedging undertaken by the Company will be effective and that the Company's financial condition will not be adversely affected by fluctuations in currency exchange rates. The Board has discretion to hedge exposure to foreign currencies, in accordance with the Company's investment policy, but there is no guarantee that it will do so.

Changes in laws or regulations governing the Company's operations may adversely affect the Company's business

The Company is subject to laws and regulations enacted by national and local governments. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed closed ended investment trusts. In addition, the Company is subject to the continuing obligations imposed by the UK Listing Authority on all investment companies whose shares are listed on the Official List.

Any change in the law and regulation affecting the Company may have a material adverse affect on the ability of the Company to carry on its business and successfully pursue its investment policy and on the value of the Company. In such event, the investment returns of the Company may be materially adversely affected.

For regulatory, tax and other purposes, the Company and the Shares may potentially be treated in different ways in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Shares may be treated as more akin to holding units in a collective investment scheme. Furthermore, in certain jurisdictions, the treatment of the Company and/or the Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or disclosure by the Company of that information. While it will continue to comply with all regulatory requirements placed upon it, the Company may be constrained from disclosing or may find it unduly onerous to disclose any or all of such information or to prepare or disclose such information in a form or manner which satisfies the regulatory, tax or other authorities in certain overseas jurisdictions. Failure to disclose or make available information in the prescribed manner or format, or at all, may adversely impact the Company's investments in those jurisdictions.

Alternative Investment Fund Managers Directive

The EU Directive on Alternative Investment Fund Managers ("**AIFM Directive**"), which is due to be transposed by EU Member States into national law in 2013, seeks to regulate investment fund managers (in this paragraph, "**AIFM**") established in the EU and prohibits such managers from managing any alternative investment fund (in this paragraph, "**AIF**") or marketing shares in such funds to investors in the EU unless an AIFM Directive authorisation is granted to the AIFM. In order to obtain such authorisation, and be able to manage the AIF, an AIFM will need to comply with various obligations in relation to the AIF and in relation to the conduct and operations of its own business, which may create significant additional compliance costs that may, where considered appropriate, be passed to investors in the AIFs managed by AIFMs.

Furthermore, if the AIFM does not or cannot obtain authorisation under the AIFM Directive, the marketing of Shares in the Company to investors in the EU may be prohibited or the ability to market Shares in the Company may be impaired. This may adversely impact the Company's ability to raise further capital in future.

The AIFM Directive will likely require the Manager to seek authorisation to provide the services it provides under the Management Agreement to the Company. If the Manager were to fail to, or be unable to, obtain an authorisation, it may be unable to continue to manage the Company or its ability to manage the Company may be impaired.

Any regulatory changes arising from implementation of the AIFM Directive and any derivative legislation or guidance (or otherwise) that impairs the ability of the Manager to manage the investments of the Company, or limit the Company's ability to market its Shares, may materially adversely affect the Company's ability to carry out its investment strategy and achieve its investment objective. Further, following national transposition of the AIFM Directive, it is likely

that the operating costs of the Company would increase, should its application to be authorised under the AIFM Directive be successful.

The Company's investment strategy may involve the use of leverage, which exposes the Company to risks associated with borrowings

The Company may utilise leverage in order to increase its investment exposure with a view to achieving its target returns within certain volatility parameters.

While leverage presents opportunities for increasing total returns, it can also have the opposite effect of increasing losses. If income and capital appreciation on investments made with borrowed funds are less than the costs of the leverage, the Net Asset Value of the Company will decrease. The effect of the use of leverage is to increase the investment exposure, the result of which is that, in a market that moves adversely, the possible resulting loss to investors' capital would be greater than if leverage were not used.

Leverage may be generated through the use of options, futures, options on futures, swaps and other synthetic or derivative financial instruments. Such financial instruments inherently contain much greater leverage than a non-margined purchase of the underlying security or instrument. This is due to the fact that, generally, only a very small portion (and in some cases none) of the value of the underlying security or instrument is required to be paid in order to make such leveraged investments. As a result of any leverage employed by the Company, small changes in the value of the underlying assets may cause a relatively large change in the Net Asset Value of the Company. Many such financial instruments are subject to variation or other interim margin requirements, which may force premature liquidation of investment positions.

In accordance with its investment policy, the Company may borrow up to 15 per cent. of its Net Asset Value at the time of drawdown, and it is intended that any borrowing would only be used on a tactical basis on such occasions as the Company, as advised by the Manager, believes that gearing will enhance returns to Shareholders. As at the date of this document, the Company has made no borrowings nor arrangements for any banking loans.

Risks relating to the Manager

The departure or reassignment of some or all of the Manager's investment professionals could prevent the Company from achieving its investment objectives

The Company depends on the diligence, skill, judgment and business contacts of the Manager's investment professionals and the information and deal flow they generate during the normal course of their activities. The Company's future success depends on the continued service of these individuals, who are not obligated to remain employed with the Manager, and the Manager's ability to strategically recruit, retain and motivate new talented personnel. However, the Manager may not be successful in its efforts to recruit, retain and motivate the required personnel as the market for qualified investment professionals is extremely competitive.

There can be no assurance that the Directors will be able to find a replacement manager if the Manager resigns

Under the terms of the Management Agreement, the Manager may resign by giving the Company not less than 12 months' written notice, not to be given prior to 15 June 2012, the second anniversary of the date of the IPO. The Manager shall, from the date such notice takes effect, cease to make investments on behalf of the Company. The Directors would, in these circumstances, have to find a replacement manager for the Company and there can be no assurance that such a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company. In this event, the Directors would have to formulate and put forward to Shareholders proposals for the future of the Company, which may include its merger with another investment company, reconstruction or winding up.

The Manager may allocate some of its resources to activities in which the Company is not engaged, which could have a negative impact on the Company's ability to achieve its investment objective

The Manager is not required to commit all of its resources to Company affairs. Insofar as the Manager devotes resources to its responsibilities to other business interests, its ability to devote resources and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The Manager and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest in respect of its activities on behalf of the Company

The Manager and its affiliates are involved in other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. In particular, the Manager manages funds other than the Company and may provide investment management, investment advisory or other services in relation to these funds or future funds which may have similar investment policies to that of the Company.

The Manager and its affiliates may carry on investment activities for their own accounts and for other accounts in which the Company has no interest. The Manager and its affiliates also provide management services to other clients, including other collective investment vehicles. The Manager and its affiliates may give advice and recommend securities to other managed accounts or investment funds which may differ from advice given to, or investments recommended or bought for, the Company, even though their investment policies may be the same or similar.

The Manager has established procedures to address any such potential conflicts of interest and pursuant to such procedures, where a conflict arises, the Manager will allocate the opportunity on a fair basis and in accordance with the restrictions set out in its conflict of interest policy (details of which are set out in Part II of this Prospectus).

Reputational risk in relation to the Manager may adversely affect the Company

The Manager may be exposed to reputational risks. In particular, the Manager may be exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid, will harm its reputation. Any damage to the reputation of the Manager could result in potential counterparties and third parties being unwilling to deal with the Manager and by extension the Company. This could have an adverse impact on the ability of the Company to pursue its investment policy successfully.

Performance fees may create incentives for speculative investment by the Manager

The performance fee payable to the Manager may result in substantially higher payments to the Manager than alternative arrangements in other types of investment vehicles. The existence of the performance fee may create an incentive for the Manager to make riskier or more speculative investments than it would otherwise make in the absence of such fee.

Operational and reputational risks may disrupt the Manager's businesses, result in losses or limit the Company's growth

The Company relies heavily on the financial, accounting and other data processing systems of the Manager and the Administrator (to whom the Manager has delegated certain administrative functions). If any of these systems do not operate properly or are disabled, the Company could suffer financial loss, a disruption of the Manager's businesses, regulatory intervention or reputational damage. In addition, the Company may invest in businesses that are highly dependent on information systems and technology. A disaster or a disruption in the infrastructure that supports the Company's portfolio companies, including a disruption involving electronic communications or

other services used by the Manager or third parties with whom the Company conducts business, or directly affecting its principal offices, could have a material adverse impact on its ability to continue to operate the Company's business without interruption. The disaster recovery programs used by the Manager or third parties with whom the Company conducts business may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse the Company for its losses, if at all. It is also possible that, from time to time, the Manager or the Company will be named as parties to litigation, which could cause substantial reputational damage to the Company or disrupt its investment strategy, businesses or potential growth.

The Company may be affected by events connected to the international financial markets

The default by a member of the Eurozone on its government debt may have a material adverse effect on the value of the Euro and on the economies of its member states. As at the date of this Prospectus, it is unclear to what extent the economies and political structure of European states, including the UK, may be affected by the financial crisis within the Eurozone and the measures that may be taken by state and supranational governmental organisations to address that crisis. The continued existence of the Euro as a currency in its current form is not certain. Should any of the foregoing events materialise, it is likely that they would have an adverse impact on the performance of the portfolio companies which, in turn, would have an adverse effect on returns to Shareholders.

Risks relating to the Company's portfolio

The due diligence process that the Manager undertakes in connection with the Company's investments may not reveal all facts that may be relevant in connection with an investment

Before making investments, the Manager conducts such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. There can be no assurance that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating that investment opportunity.

Any failure by the Manager to identify relevant facts through the due diligence process may lead to inappropriate investment decisions, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The Company may use derivative instruments

In pursuing the Company's investment objective and policy, the Manager may arrange for the Company to enter into synthetic and derivative contracts including options, swaps, and repurchase agreements. Where the Company does so the Company is likely to take a credit risk with regard to the parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Accordingly, the Company's use of derivative instruments may expose the Company to greater risk and have a materially adverse effect on the Company's performance.

Changes in the debt financing markets may negatively impact the ability of the Company's portfolio companies to obtain financing for their operations and may increase the cost of such financing if it is obtained

Since the onset of the current financial crisis in the second half of 2007, the markets for debt financing have contracted significantly. Financing has become difficult to obtain and more expensive due to conditions persisting in the credit markets. Such conditions may persist or deteriorate, such that the difficulty and/or expenses associated with obtaining financing become

greater. This may negatively impact the operating performance of the companies within the Company's portfolio and, therefore, the investment returns on the Company's portfolio.

Risks relating to investment in the healthcare sector

Regulatory risks associated with the healthcare sector

Regulation by governmental authorities in the US, the UK and elsewhere is a significant factor in the healthcare sector as a whole, and particularly in research and development and marketing activities. Many healthcare products (particularly pharmaceutical products) require regulatory approval by governmental agencies prior to commercialisation. New drugs are generally subject to rigorous preclinical and clinical testing and other premarket approval requirements. Many jurisdictions also make healthcare companies subject to regulations governing manufacturing, safety, labelling, storage, and record keeping. The process of seeking these approvals and the subsequent compliance with applicable acts and regulations, require the expenditure of substantial resources and the extent of governmental regulation that might result from any legislative or administrative action cannot be accurately predicted. Should any of the Company's portfolio companies become subject to regulation which it is not currently subject to, there is a risk that their performance might be adversely affected and this, in turn, would likely have an adverse impact on returns to Shareholders.

There are significant economic risks that may have an impact on the healthcare sector

The healthcare sector is dependent on utilisation levels and this is in turn dependent on economic factors. In particular, in the United States there is a relationship between utilisation rates of healthcare services and employment levels as most people rely on their employer for health insurance coverage. Levels of employment, and other economic factors, may be subject to economic policy and economic shocks that fall outside the control of the Manager. Furthermore, reductions in expenditure on healthcare by government may also have an adverse impact on the healthcare sector and the portfolio.

The profitability of healthcare companies may be affected by failure to comply with applicable regulation

Any failure by any of the Company's investee companies to obtain or maintain, or any delay by any investee company in obtaining or maintaining, regulatory approvals could adversely affect the business of that investee company and thereby adversely affect the performance of the Company.

No investee company can be sure that it can obtain necessary regulatory approvals on a timely basis, if at all, for any of the products it is developing or manufacturing or that it can maintain necessary regulatory approvals for its existing products. Factors that could have a material adverse effect on the businesses of investee companies and, as a result, on the Company include delays in obtaining or failing to obtain required approvals, the loss of, or changes to, previously obtained approvals, failure to comply with existing or future regulatory requirements, and changes to manufacturing processes or manufacturing process standards following approval or changing interpretations of these factors.

Regulatory and legislative changes may affect the profitability of healthcare companies

The level of revenues and profitability of pharmaceutical companies may be affected by the efforts of governments and regulators to contain or reduce the cost to the public of healthcare through various means. Governments may directly control the cost of drugs and healthcare products or may establish watchdogs to oversee pricing. The adoption of such legislative and regulatory approaches could have an adverse effect on the business and profitability of investee companies and therefore on the performance of the Company.

The successful development of healthcare products may be highly uncertain and requires significant expenditures

Successful development of healthcare products by investee companies, which may substantially affect the Company's performance, may be highly uncertain and is dependent on numerous factors, many of which are beyond the control of investee companies. Products that appear promising in the early phases of development may fail to reach the market for several reasons including the results of preclinical and clinical trials, failure to obtain necessary regulatory approvals, manufacturing and pricing issues, and the proprietary rights of others and their competing products and technologies that may prevent the product from being commercialised.

Protecting healthcare proprietary rights is difficult and costly

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions. Accordingly, it is not possible to predict accurately the breadth of claims allowed in investee companies' patents. Patent disputes are frequent and can preclude the commercialisation of products. Patent litigation is costly in its own right and could subject investee companies to significant liabilities to third parties. In addition, an adverse decision could force investee companies to either obtain third-party licenses at a material cost or cease using the technology or commercialising the product in dispute.

The presence of patents or other proprietary rights belonging to other parties may lead to termination of the research and development of a particular product.

The uncertainty associated with patent positions could have an adverse impact on the performance of the investee companies which, in turn, would likely have an adverse effect on returns to Shareholders.

There are many factors that could adversely affect the performance of investee companies

Factors that could affect the performance of investee companies include the timing of regulatory approval, if any, of competitive products; pricing decisions, including a decision to increase or decrease the price of a product, and the pricing decisions of competitors; government and third-party payer reimbursement and coverage decisions that affect the utilisation of relevant products and services; negative data from new clinical studies could cause the utilisation and sale of relevant products to decrease; the degree of patent protection afforded to relevant products by patents granted to investee companies and by the outcome of litigation involving investee companies' patents; the outcome of litigation involving patents of other companies concerning investee companies' products or processes related to production and formulation of those products or uses of those products; the increasing use and development of alternate therapies; and the rate of market penetration by competing products. The testing and marketing of medical products entail an inherent risk of product liability. Liability exposures for pharmaceutical and other healthcare products could be extremely large and pose a material risk. The value of the Company's investments in a healthcare company may be materially and adversely affected if any of the risks in this paragraph materialises in relation to that investee company.

The stock price of investee companies may be volatile

The market prices for securities of companies in the healthcare sector may be highly volatile. In addition, factors that may have a significant impact on the stock price of investee companies include announcements of technological innovations or new commercial products by investee companies or their competitors; publicity regarding actual or potential test results relating to products under development or being commercialised by investee companies or their competitors; developments or the outcome of litigation, including litigation regarding proprietary and patent rights; regulatory developments or delay; and issues concerning the safety of healthcare products generally.

Risks relating to taxation

Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company

Any change in the Company's tax status, or in taxation legislation or practice in the UK or elsewhere, could affect the value of the investments in the Company's portfolio and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders.

Existing and potential investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

Risks relating to the Ordinary Shares

Investing in the Ordinary Shares may involve a high degree of risk

There can be no guarantee that the Company will be successful in pursuing its investment policy. The Company's ability to do so may be adversely affected in the event of significant or sustained changes in market conditions. Potential investors should not regard an investment in the Ordinary Shares as short-term in nature. Investors may not recover the full amount initially invested, or any amount at all.

The market price of the Ordinary Shares may fluctuate significantly and Shareholders may not be able to resell their Ordinary Shares at or above the price at which they purchased them. Factors that may cause the price of the Ordinary Shares to vary include changes in the Company's financial performance and prospects or in the financial performance and prospects of companies within the Company's portfolio or those which are engaged in businesses that are similar to the Company's business; the termination of the Management Agreement or the departure of some or all of the Manager's investment professionals; changes in laws or regulations, or new interpretations or applications of laws and regulations, that are applicable to the Company's business or to the companies in which the Company makes investments; sales of Ordinary Shares by Shareholders; general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events; poor performance in any of the Manager's other activities or any event that affects the Manager's reputation; and speculation in the press or investment community regarding the Company's business or investments or factors or events that may directly or indirectly affect the Company's business or investments.

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. Any broad market fluctuations may adversely affect the trading price of the Ordinary Shares. Furthermore, investors should be aware that a liquid secondary market in the Ordinary Shares cannot be assured.

As with any investment, the Company's investments may fall in value with the maximum loss on such investments being equal to or greater than the value of the initial investment and, where relevant, any gains or subsequent investments made.

The Company is not, and does not intend to become, registered in the US as an investment company under the US Investment Company Act and related rules

The Company has not, does not intend to, and may be unable to, become registered in the United States as an investment company under the US Investment Company Act. The US Investment Company Act provides certain protections to US investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, and does not intend to register, none of these protections or restrictions is or will be applicable to the Company.

The Ordinary Shares may trade at a discount to Net Asset Value per Ordinary Share

The ordinary shares of investment trusts have a tendency to trade at a discount to net asset value per share and the Ordinary Shares could in future trade at a discount to Net Asset Value per Ordinary Share for a variety of reasons, including due to market conditions or an imbalance between supply and demand for the Ordinary Shares. The price at which the Ordinary Shares trade is not the same as their Net Asset Value per Ordinary Share (although they are related) and therefore investors may realise returns that are lower or higher than the change in NAV.

It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally.

The Company has been established as a listed closed-ended vehicle. Accordingly, Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of Ordinary Shares in the manner described in this document, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company will therefore be required to dispose of their Shares on the market. There can be no guarantee that a liquid market in the Ordinary Shares will develop or that the Ordinary Shares will trade at prices close to their underlying Net Asset Value per Ordinary Share. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value per Ordinary Share or at all.

The extent of dilution of the Net Asset Value arising from the exercise of the Subscription Shares by the Subscription Shareholders cannot be predicted

The Company intends to buy back its Ordinary Shares and Subscription Shares where appropriate opportunities arise. The Directors do not intend to maintain any particular ratio between the number of Ordinary Shares and Subscription Shares in issue. In addition, the Subscription Shares are exercisable in January 2014 at a fixed price of 100p per Share. Accordingly the extent of Net Asset Value dilution arising from the exercise of Subscription Shares cannot be predicted.

IMPORTANT NOTICES

General

The distribution of this document in jurisdictions other than the UK may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment, or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption, or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investments 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.

The New Ordinary Shares are being issued outside the United States in reliance on Regulation S. The New Ordinary Shares have not been nor will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States. In addition, the Company has not registered and will not register under the US Investment Company Act. The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the issue of the Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and the re-offer or resale of any of the Shares in the United States may constitute a violation of US law.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), no Shares have been offered or will be offered pursuant to the Placing to the public in that Relevant Member State prior to the publication of a Prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined hereafter), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a Prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any offer of Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and the amendments thereto, including Directive 2010/73/EU (the "**2010 PD Amending Directive**")), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

Forward-looking statements

This document 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 variation or similar expressions. Such forward-looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from future results, financial condition, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations, the Company expressly disclaims any obligation to update or revise any forward-looking statement contained herein to reflect changes in expectations with regard thereto or any change in events, conditions, or circumstances on which any statement is based, unless required to do so by law or any appropriate regulatory authority, including FSMA, the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules.

Tap Shares

This document relates not only to the Placing of New Ordinary Shares, but also to the Tap Shares, which were issued pursuant to a series of issues between 14 February 2011 and 15 August 2011. Tap Shares were issued in this period to pursue the Board's premium control policy as well as to grow the Company. The gross proceeds of the issue of the Tap Shares were £9,607,855.26 and the net proceeds were £9,583,027.50. The net proceeds of the issue of the Tap Shares were used to pursue the Company's investment objective.

The expenses of issuing the Tap Shares amounted to £24,827.76.

DIRECTORS, MANAGER AND ADVISERS

Directors

James Robinson (*Chairman*)
John Aston, OBE
Anthony Brampton
Antony Milford

Registered Office

4 Matthew Parker Street
London SW1H 9NP

Manager

Polar Capital LLP
4 Matthew Parker Street
London SW1H 9NP

Sponsor, Broker and Placing Agent

Matrix Corporate Capital LLP
One Vine Street
London W1J 0AH

Legal advisers to the Company

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS

Auditors

Pricewaterhouse Coopers LLP
Erskine House
68-73 Queen Street
Edinburgh EH2 4NH

Custodian

HSBC Bank plc
Hay's Galleria
8 Canada Square
London E14 5HQ

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

PART I - INFORMATION ON THE COMPANY AND THE PLACING

Introduction

The Company was incorporated on 12 May 2010 and is a UK investment trust with a fixed life expiring in January 2018. It was established to generate capital growth and income by investing in a global portfolio of healthcare stocks. The Placing may consist of a number of separate allotments in order to provide the Company with the ability to issue New Ordinary Shares over a period of time. The Placing is intended partially to satisfy market demand for Ordinary Shares and to raise further money for investment in accordance with the Company's investment policy.

The Company's manager is Polar Capital LLP, the investment management business of Polar Capital Holdings PLC, a UK-quoted asset management firm. The Manager provides hedge funds and specialist long-only products to a variety of investors and has total funds under management of over US\$ 4.24 billion as at 31 December 2011.

Background to and details of the Placing and the Tap Shares

At launch on 15 June 2010, 89,000,000 Ordinary Shares of 25p each and 17,800,000 Subscription Shares of 1p each were admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities (the "**IPO**"). Pursuant to a special resolution of the Company passed on 25 May 2010, the Directors were authorised to issue up to 10 per cent. of the issued share capital immediately following completion of the IPO.

Since launch, the Ordinary Shares have tended to trade consistently at a premium to their Net Asset Value, indicating to the Board that there has been a good level of demand for them in the market. Accordingly, partially to satisfy the market demand for Ordinary Shares and to raise further money for investment in accordance with the Company's investment policy, the Company issued 8,899,999 Ordinary Shares by way of tap issues between the period 14 February 2011 to 15 August 2011 (the "**Tap Shares**") all of which were issued at a premium to Net Asset Value at the time of issue. At the Annual General Meeting of the Company held on 25 January 2012, the Directors were authorised to issue up to 10 per cent. of the issued Ordinary Share capital in the Company.

The Prospectus Rules provide that where a company wishes to apply for the admission to trading on a regulated market of shares representing, over a period of 12 months, 10 per cent. or more of that company's shares which are already admitted to trading on that regulated market, then the company concerned is required to issue a prospectus. The inclusion of the Tap Shares in this document means that the issue of those Tap Shares will not need to be taken into account on a subsequent issue of Ordinary Shares for the purposes of determining whether or not a prospectus is required in accordance with the test described above.

The publication of this document is necessary in order for the Company to issue New Ordinary Shares where demand exceeds supply and to grow the Company. The Board considers that the Company's continuing ability to issue new Ordinary Shares at a small premium to the Net Asset Value should help to achieve the following benefits:

- prevention of a build-up of excessive demand for Shares and reduction of the risk of volatility in the market price of an Ordinary Share relative to its Net Asset Value;
- expansion of the Company should result in the spreading of its annual operating expenses over a larger capital base and therefore a lower total expense ratio;
- improvement to visibility and liquidity in the market for the Ordinary Shares, and
- enhancement of the Net Asset Value of existing Ordinary Shares as a result of the premium at which new Ordinary Shares are issued.

Under the Placing, the Company may issue up to 19,579,997 New Ordinary Shares, which represents up to 20 per cent of the Company's current issued share capital. The Company currently has authority, pursuant to resolutions passed at the Company's most recent Annual General Meeting referred to above, to issue up to 10 per cent. of its current issued Ordinary Share capital. Accordingly, the issue of Ordinary Shares representing in excess of such 10 per cent. limit pursuant to the Placing would be conditional upon further shareholder authority being granted. Allotments under the Placing may be effected on one or more occasions during the period 30 January 2012 to 29 January 2013, each such allotment being conditional upon Admission taking place. Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for such New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

The price of the New Ordinary Shares issued on each occasion will be determined by the Directors at the time the allotment is agreed and at a premium to the prevailing Net Asset Value, such premium being set having regard to the need to cover the expenses of the Placing and thereby avoid Net Asset Value dilution for existing Shareholders. The Directors will determine the issue price by reference to the market price of the Ordinary Shares at the time of the allotment and the then prevailing Net Asset Value per Share. There is no maximum issue price. The price will be published on a Regulatory Information Service. The net proceeds of each allotment will be invested in accordance with the Company's investment policy.

Investment objective

The Company's investment objective is to generate capital growth and income by investing in a global portfolio of healthcare stocks.

Investment policy

The Company seeks to achieve its objective by investing in a diversified global portfolio of companies consisting primarily of listed equities issued by healthcare companies involved in pharmaceuticals, medical services, medical devices and biotechnology, with an emphasis on pharmaceutical stocks. Stocks are selected for inclusion in the portfolio after a due diligence process. The portfolio is diversified by geography, industry sub-sector and investment size.

The portfolio has a bias towards large-capitalisation companies, with a market capitalisation in excess of US\$5 billion, and the balance in mid and smaller capitalisation companies. Exposure to companies with a market capitalisation below US\$200 million is not expected to exceed 5 per cent. of gross assets at the time of investment. The Company does not expect to have any material exposure to unlisted companies and, in aggregate, any such investments will not exceed 5 per cent. of Gross Assets at the time of investment.

The investment portfolio is made up of interests in 50-80 companies, with no single investment normally accounting for more than 10 per cent. of the portfolio at the time of investment.

The Company does not look to use bank borrowings to provide long term structural gearing.

The Company may borrow up to 15 per cent. of its Net Asset Value at the time of drawdown, and it is intended that any borrowing would only be used on a tactical basis on such occasions as the Company, as advised by the Manager, believes that gearing will enhance returns to Shareholders.

The Company may invest through equities, index linked, equity linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, forward transactions, index options and other interests including derivative instruments. Forward transactions and derivatives (including puts and call options on individual positions or indices) may be used to gain exposure to the securities of companies falling within the Company's investment policy or to seek to generate income from the Company's position in such securities, as well as for efficient portfolio management. Any use of derivatives for investment purposes is made on the

basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described in its investment policy. The Company may hedge exposure to foreign currencies if considered appropriate for efficient portfolio management.

Investment strategy

The Manager's investment process is primarily based on bottom-up fundamental analysis. The Manager uses a qualitative filter consisting of six key criteria to build up a watch-list of securities that is monitored on a regular basis. Due diligence is then carried out on the individual securities on the watch-list.

The Company's portfolio comprises a single pool of investments, but for operational purposes there is an income portfolio and a growth portfolio. The majority of the investments in the income portfolio are in the pharmaceutical sector and have a market capitalisation in excess of US\$5 billion. All companies included in the income portfolio are expected to make regular dividend payments. The growth portfolio comprises investments that give exposure to pharmaceutical, medical services, medical devices and biotechnology companies and may include small market capitalisation companies.

Each individual holding is assessed on its own merits in terms of risk and reward. While the Company expects normally to be fully or substantially invested, the Company may hold cash or money market instruments pending deployment in the investment portfolio. In addition it has the flexibility, when the Manager perceives there to be actual or expected adverse equity market conditions, to maintain cash holdings as it deems appropriate.

The Company measures the Manager's performance against the MSCI ACWI/Health Care Index (total return, in Sterling, with dividends reinvested (the "**Benchmark Index**")). The Benchmark Index is used to measure the performance of the Company, which does not seek to replicate the index in constructing its portfolio. The portfolio may, therefore, diverge substantially from the constituents of the Benchmark Index. Although the Company has a benchmark, this is neither a target nor an ideal investment strategy. The purpose of the Benchmark Index is to set a reasonable return for shareholders above which the Manager is entitled to a share of the extra performance it has delivered.

The Company's Portfolio

This section sets out a comprehensive analysis of the Company's investment portfolio up to the date of this document. The Company's portfolio consists of 75 investments. The top ten investments account for approximately 60 per cent. of the invested portfolio.

The following tables summarise the Company's portfolio:

Sector Exposure (per cent.) as at 30 December 2011

Pharmaceuticals	67.5
Healthcare Equipment	10.9
Specialised REITS	5.1
Biotechnology	3.5
Health Care Services	3.2
Health Care Facilities	2.0
Health Care Distributors	1.5
Health Care Suppliers	1.4
Managed Health Care	1.3
Health Care Technology	0.5
Life & Health Insurance	0.4
Life Sciences Tools & Services	0.4
Multi-line Insurance	0.1
Total	97.9

Geographic Exposure (per cent.) as at 30 December 2011

United States	51.6
United Kingdom	16.5
Switzerland	13.1
Japan	6.0
France	3.7
Australia	2.0
Canada	1.6
Ireland	1.2
Israel	0.9
Germany	0.8
China	0.3
Denmark	0.2
Brazil	0.1
Total	98.0

¹Real Estate Investment Trusts

Top 10 Holdings (per cent.) as at 30 December 2011

Stock	Country	Market Value (£'000)	per cent. of total net assets
Pfizer	United States	10,095	9.2
GlaxoSmithKline	United Kingdom	9,105	8.3
Merck & Co	United States	8,488	7.8
Eli Lilly	United States	7,486	6.8
Roche Holding	Switzerland	7,116	6.5
Novartis	Switzerland	6,651	6.1
Bristol Myers Squibb	United States	4,759	4.4
Astellas Pharma	Japan	4,450	4.1
AstraZeneca	United Kingdom	4,304	3.9
Sanofi	France	3,791	3.5
	Total	66,245	60.6

The unaudited Net Asset Value per Share published on 27 January 2012, being the most recent prior to publication of this prospectus, was 110.20 pence as at close of business on 26 January 2012.

Dividend policy

As an investment trust, the Company is not permitted to retain in excess of 15 per cent. of its income in any financial year. The Company intends to make distributions to Shareholders of substantially all of its income, net of costs, available for distribution in that year.

The Company paid dividends on 30 November 2010, 28 February, 31 May and 31 August 2011 amounting to an aggregate distribution of 3 pence per Ordinary Share, which was the amount targeted in the prospectus relating to the IPO. Subsequent to the period ended 30 September 2011, the Company distributed a further 0.46 pence per Ordinary Share by way of a fifth interim dividend on 30 November 2011 and declared an interim dividend of 0.46 pence per Ordinary Share on 26 January 2012. Shareholders should recognise that circumstances may arise when the level of dividend must be increased in order to comply with Sections 1158 and 1159 of the Corporation Tax Act 2010. Where this would result in paying a dividend beyond the Board's aim a special dividend will be declared and paid.

The Company intends to pay dividends in February, May, August and November in each year. The policy is to increase the dividend (on an annual basis) progressively, but there is no guarantee that this will be achieved.

Investment trends and outlook

As at 30 December 2011, the Company held £2.35m in cash which represents 2.15 per cent. of net assets. Although only 5.76 per cent. of the Company's portfolio is directly exposed to the Euro, this figure significantly understates the potential impact of a full blown Eurozone crisis on the rest of the world given that it could potentially spark a global banking crisis.

The Company's portfolio is unlikely to be immune from these problems. However a combination of a conservative capital structure and the absence of structural gearing mean that the Company and its portfolio may be regarded as conservatively constructed. The Company's ten largest investments which are all large-cap pharmaceuticals comprise 60.6 per cent. of the portfolio while the largest country exposures are to the United States, the United Kingdom and Switzerland which together represent 81.2 per cent. of our assets.

The Manager's view is that healthcare is undervalued and, based on a number of financial metrics (including price to earnings multiples), the industry is still in the early stages of a re-rating process.

Discount and premium management

It is generally recognised that it is undesirable for the share price of investment trusts to be at a significant discount or premium to its net asset value per share and for any such discount or premium to be volatile. With this in mind, the Directors intend to issue New Ordinary Shares at a premium to the Net Asset Value per Ordinary Share where there is sufficient demand for the Ordinary Shares, with the objective of ensuring that the Ordinary Shares trade at a price close to their Net Asset Value per Ordinary Share.

Notwithstanding that the Ordinary Shares have tended to trade at a premium to their Net Asset Value since launch, the shares of investment trusts generally have a tendency to trade at a discount to the underlying net asset value per share. Whilst the rating which the market applies to the Ordinary Shares is not in the control of the Company itself, the Directors believe that, subject always to wider market conditions, the rating will tend to benefit from strong investment performance coupled with active marketing of the Company. The Directors also believe that the fixed life of the Company and its dividend yield should assist in providing support for the rating of the Ordinary Shares.

The Directors will consider deploying share repurchases to assist in limiting discount volatility and potentially providing an additional source of liquidity when the Ordinary Shares trade at a level which makes their repurchase attractive. Shares will only be repurchased at a discount to the diluted Net Asset Value per Share. Repurchased Shares will be cancelled or may alternatively be held in treasury. Shares may only be re-issued from treasury at a price which represents not less than the diluted Net Asset Value per Share at the relevant time. All share repurchases will be conducted in accordance with the Listing Rules applicable from time to time and will be announced to the market on the same or the following day. The exercise by the Directors of the Company's powers to repurchase Shares and the timing and structure of any such purchases is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion.

Capital structure

The New Ordinary Shares are Ordinary Shares and, accordingly, the Company's issued share capital on Admission will continue to comprise Ordinary Shares and Subscription Shares. The Ordinary Shares and the Subscription Shares will be traded on the main market of the London Stock Exchange.

Further details of each class of share are set out below.

Characteristics of the Ordinary Shares

The Ordinary Shares carry the right to receive all dividends declared by the Company.

On a winding up, provided the Company has satisfied all of its liabilities and subject to the participation in the winding up of any outstanding Subscription Shares, the Ordinary Shares are entitled to all of the surplus assets of the Company.

Ordinary Shareholders will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.

Characteristics of the Subscription Shares

The Company issued Subscription Shares in June 2010 to all subscribers in the IPO on the basis of one Subscription Share for every five Ordinary Shares subscribed. Each Subscription Share confers the right (but not the obligation) to subscribe for one Ordinary Share upon exercise of the Subscription Rights and on payment of the Subscription Price of 100 pence.

Notice to exercise the Subscription Rights may be given by Subscription Shareholders during the 30 days prior to the Subscription Date of 31 January 2014, after which the Subscription Rights will lapse. The Articles provide that the Subscription Price is subject to adjustment upon the occurrence of certain events affecting the Company before 31 January 2014. The relevant events include consolidations or sub-divisions of share capital, pre-emptive offers of securities to Ordinary Shareholders, takeover offers and the liquidation of the Company. Such adjustments serve to protect either the intrinsic value or the time value of the Subscription Shares, or both.

If there are Subscription Shares outstanding on any winding up of the Company, they will participate in any surplus assets of the Company as set out in paragraph 3(i) of Part V of this document.

Holders of Subscription Shares are not entitled to attend and vote at general meetings of the Company. Certain corporate actions that may affect the rights or interests of the holders of Subscription Shares do, however, require their consent by special resolution, as set out in Part V of this document.

The Company intends to buy back its Ordinary Shares and Subscription Shares where appropriate opportunities arise. The Directors do not intend to maintain any particular ratio between the number of Ordinary Shares and Subscription Shares in issue and accordingly the extent of Net Asset Value dilution arising from the exercise of Subscription Shares cannot be predicted.

Life of the Company

The Articles require the Directors to put forward at the seventh Annual General Meeting a resolution to place the Company into liquidation. The Articles provide that voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed. In light of this the Company is referred to in this document as having a fixed life.

Profile of typical investor

The Company is designed to be suitable for institutional investors and professionally-advised private investors seeking exposure to global healthcare related equities as well as investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Shares. The Placing is not intended for retail investors.

Net Asset Value publication

The Net Asset Value per Ordinary Share will be calculated in Sterling by the Manager on a daily basis as described below, and released on the next working day to the London Stock Exchange. Such calculations will be notified daily through a Regulatory Information Service and be available through the Company's website.

The undiluted net asset value per Ordinary Share is published on a daily basis and the diluted net asset value per Ordinary Share is published from time to time when the Manager considers it appropriate. The Net Asset Value will be the value of all assets of the Company less liabilities to creditors (including provisions for such liabilities) determined in accordance with the Association of Investment Companies' valuation guidelines and in accordance with applicable accounting standards. Publicly traded securities will be valued by reference to their bid prices on the relevant exchange.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case, or generally, they may adopt such other valuation procedures as they consider reasonable in the circumstances.

The Directors may temporarily suspend the calculation of Net Asset Value during a period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, disposal or valuation of investments of the Company or other transactions in the ordinary course of the Company's business is not reasonably practicable without this being materially detrimental to the interests of Shareholders or if, in the opinion of the Board, the Net Asset Value cannot be fairly calculated; there is a breakdown of the means of communication normally employed in determining the calculation of Net Asset Value; or it is not reasonably practicable to determine the Net Asset Value on an accurate and timely basis. Any suspension in the calculation of the Net Asset Value, to the extent required under the Articles or by the Listing Rules will be notified through a Regulatory Information Service as soon as practicable after any such suspension occurs.

Meetings, reports and accounts

The Company held its first Annual General Meeting on 25 January 2012 and will then hold an annual general meeting each year thereafter. The annual report and accounts of the Company will be made up to 30 September in each year with copies expected to be sent to Shareholders within the following four months. The Company will also publish unaudited interim reports to 31 March. In addition, the Company will publish interim management statements in respect of the other two quarters. These reports are supplemented by the publication by the Manager of a monthly factsheet.

Taxation

Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately.

Risk factors

The Company's business is dependent on many factors and potential investors should read the whole of this prospectus and in particular the section entitled "Risk Factors" on pages 9 to 18.

PART II - DIRECTORS AND MANAGEMENT

Directors

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the Manager. All of the Directors are non-executive and are independent of the Manager.

The Directors meet at least four times per annum, the Audit Committee meets at least twice per annum and the Management and Engagement Committee will meet at least once per annum.

The Directors are as follows:

James Robinson (Chairman), aged 58

James was chief investment officer, investment trusts and director of hedge funds at Henderson Global Investors prior to his retirement in 2005. A chartered accountant, he has 30 years' investment experience and is currently a director of Aberdeen New Thai Investment Trust PLC, Invesco Asia Trust plc and Fidelity European Values PLC. James is also a Council member and Chairman of the Investment Committee of the British Heart Foundation and an adviser to BOCM Pauls Ltd. He was recently appointed a director of J P Morgan Elect plc with effect from 1 April 2012.

John Aston, OBE, aged 57

John was chief financial officer at Astex Therapeutics Ltd between January 2007 and May 2010. Before joining Astex, John was chief financial officer of Cambridge Antibody Technology for ten years, where he played a central role in its development into one of Europe's most important biotechnology companies. Prior to this, John was a director in investment banking with Schroders in London and previously worked for British Technology Group and Price Waterhouse. John is also a director of International Biotechnology Trust plc. He is a qualified Chartered Accountant and has a degree in Mathematics from Cambridge University.

Anthony Brampton, aged 54

Tony has a BA and a MSc in Biochemistry from Oxford University. He joined Fielding, Newson-Smith & Co. as an analyst in 1985, then worked at Wood Mackenzie & Co. and Morgan Stanley International. In 1989 he joined Cazenove & Co. and became a partner in 1999. He was managing director, corporate finance at JPMorgan Cazenove, with responsibility for healthcare, prior to his retirement in June 2006. He is currently a partner at Sudbrook Associates LLP and is a non-executive director of Polytherics Limited and Domainex Limited.

Antony Milford, aged 70

After studying classics at Oxford and graduating with an honours degree, Antony joined the stockbroking firm Laurence Keen & Gardner as an analyst in 1967. He started managing funds for Framlington in 1971 where, for many years, he managed the Health Fund and the Biotechnology Fund.

Management Team

The Company's manager is Polar Capital LLP, the investment management business of Polar Capital Holdings PLC, a UK-quoted asset management firm. The Manager provides hedge funds and specialist long-only products to a variety of investors and had total funds under management of over US\$ 4.24 billion as at 31 December 2011.

The Manager is authorised and regulated by the FSA and as such is subject to its rules in the conduct of its investment business.

The management team for the Company's portfolio, is:

Gareth Powell, CFA – Fund Manager

Gareth has 12 years investment experience in the Healthcare sector, with 8 years as a Portfolio Manager. Gareth studied Biochemistry at Oxford from 1995 to 1999 and during that time worked at Astellas, the Sir William Dunn School of Pathology, the Wolfson Institute for Biomedical Research and the Oxford Business School.

Dr Daniel Mahony, PhD – Fund Manager

Dan has more than 13 years investment experience in the healthcare sector. Prior to joining Polar Capital, he was head of the European healthcare research team at Morgan Stanley. Before working in the investment field, Dan worked as a research scientist for 7 years with the majority of his time at Schering Plough Corporation in California. Dan received his PhD from Cambridge University in 1995 and a first class honours degree in biochemistry from Oxford University in 1991.

Anna Sizova, MBA – Analyst

Anna joined the Polar Capital Healthcare team in February 2008 as a specialist analyst covering the medical technology and medical services sectors. She has more than five years' investment experience in the healthcare sector. Anna holds an MBA degree from the London Business School and a degree in Theoretical and Applied Linguistics from Moscow State University.

Management Agreement

The Company and the Manager have entered into a Management Agreement, a summary of which is set out in paragraph 8.3 of Part VI of this document, under which the Manager has been given sole responsibility for the discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment policy, subject to the overall control and supervision of the Directors.

Details of the fees and expenses payable to the Manager are set out in paragraph 8.3 of Part VI below.

Administration of the Company

The Manager has procured or provides the day to day administration of the Company and general secretarial functions required by the Act. The Manager is also responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting and statutory records. The Manager has, with the consent of the Directors, delegated the provision of certain of these administrative functions to the Administrator and to Polar Capital Secretarial Services Limited, but will remain liable for the acts of any such third party. The fees of the Administrator and Polar Capital Secretarial Services in providing such services will be for the account of the Company. However, to the extent that payment of the Administrator's fees by the Company would result in the Company being unable to pay aggregate dividends in the relevant year of at least 3 pence per Ordinary Share out of its net income, such excess fees will be borne by the Manager.

Conflicts of interest

The Manager and its officers and employees may from time to time act for other clients or manage other funds, which may have a similar investment objective and policy to that of the Company. Circumstances may arise where investment opportunities will be available to the Company and which are also suitable for one or more such clients of the Manager or funds. The Directors have satisfied themselves that the Manager has procedures in place to address potential conflicts of interest and that, where a conflict arises, the Manager will allocate the opportunity on a fair basis and in accordance with the contractual provisions described in this document.

The Manager is required to consult and discuss with the Board, prior to launch by the Manager, the likely impact on the Company of any new products or funds with the same or a similar investment objective and policy to that of the Company.

In accordance with FSA Rules, the Manager has a conflicts of interest policy pursuant to which it is the policy of the Manager to identify all potential material conflicts inherent in its business and have adequate systems and controls to avoid or mitigate the impact of such policies on customers, including disclosure to customers where appropriate. Allocation or reallocation issues are avoided because transactions are not traded on an aggregated basis. The exception is that where aggregated orders are not wholly filled, they must be allocated on a demonstrably fair basis, in accordance with the Manager's allocation policy. This must be documented on a case by case basis with reference to the client's investment objectives, likely future liquidity of the stock and likely administrative costs relating to small holdings.

Corporate governance

In May 2010, the UK Financial Reporting Council (the "**FRC**") published the new UK Corporate Governance Code which is effective for accounting periods commencing on or after 29 June 2010. The AIC updated its Corporate Governance Code in October 2010 which the FRC has endorsed. Neither of the FRC's UK Corporate Governance Code nor the AIC's updated Corporate Governance Code was therefore applicable in respect of the first accounting period of the Company ended 30 September 2011.

Accordingly, in respect of the period ended 30 September 2011, the Board considered the principles and recommendations of the AIC Code of Corporate Governance (the "**AIC Code**"), by reference to the AIC Corporate Governance Guide for Investment Companies (the "**AIC Guide**"). The AIC Code incorporated the provisions of the 2008 Combined Code (the "**Combined Code**") as published by the Financial Reporting Council and the Board considered the AIC Code as opposed to the Combined Code because many of the provisions of the Combined Code did not directly apply to the Company. For example, the Company is an investment company, most of whose day-to-day activities are delegated to outside parties, with no employees and non-executive Directors. Furthermore, in 2009, the FRC confirmed that by following the AIC Code and the AIC Guide, boards of investment companies should fully meet their obligations in relation to the Combined Code and Listing Rules. The Company currently complies and intends to comply in respect of accounting periods following the period ending on 30 September 2011 with the updated AIC Code.

The Listing Rules now require that the Company must 'comply' or 'explain' against the UK Corporate Governance Code. In addition, the Disclosure and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies, and (ii) describe its internal control and risk management arrangements.

The Directors recognise the value of the UK Corporate Governance Code and have taken appropriate measures to ensure that the Company complies, so far as possible, given the Company's size and nature of business, with the UK Corporate Governance Code. The Company does not comply with the UK Corporate Governance Code to the extent that there is no chief executive position within the Company, which is not in accordance with provision A.2.1 of the UK Corporate Governance Code. However, as an investment company all the Directors are non-executive and the Company has no employees. As such, there is no requirement for the Company to have a chief executive. There are no other instances of non-compliance with the UK Corporate Governance Code by the Company.

The Company's Audit Committee is currently chaired by John Aston and consists of all the Directors and will continue to meet at least twice a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the

Audit Committee. The Audit Committee examines the effectiveness of the Company's control systems. It will review the half-yearly and annual reports and also receives information from the Manager. It will review the scope, results, cost effectiveness, independence and objectivity of the external auditor.

The Company established a Management Engagement Committee which will be chaired by John Aston and consist of all the Directors. The Management Engagement Committee will meet at least once a year or more often if required. Its principal duties will be to consider the terms of appointment of the Manager and it will annually review that appointment and the terms of the Management Agreement.

The Board acting as the Nomination Committee will, when considering new or further appointments of directors, consider the balance of skills, knowledge and experience as well as gender diversity of the whole Board and also consider the use of external consultants when drawing up a list of candidates. The Board also creates and has Committees from time to time to enact or approve policies or actions agreed in principle by the whole Board. Copies of the terms of reference for each of the standing committees are available on the Company's website.

PART III - FINANCIAL INFORMATION

Published annual report and accounts for the financial period ended 30 September 2011

The Company has published its annual statutory accounts for the financial year ended 30 September 2011 on which the auditors, Pricewaterhouse Coopers LLP, Registered Auditor, of Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH have reported without qualification and without statements under sections 495 to 497A of the Act. The accounts were prepared in accordance with International Financial Reporting Standards.

The annual report contains a description of the Company's financial condition, changes in financial condition and results of operation for the financial year and is being incorporated by reference into this document.

Where the annual report makes reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. The two tables below comprise a cross-referenced list of information incorporated by reference. The parts of these documents which are not being incorporated by reference are either not relevant for an investor or are covered elsewhere in the Prospectus.

Historical Financial Information

The published annual report and audited accounts of the Company for the financial year ended 30 September 2011 include, on the pages specified in the table below, the following information:

	<i>Page number</i>
<i>Independent Auditors' Report</i>	30 to 31
<i>Consolidated Statement of Comprehensive Income</i>	32
<i>Consolidated and Company Statement of Changes in Equity</i>	33
<i>Consolidated and Company Balance Sheet</i>	34
<i>Consolidated and Company Cash Flow Statement</i>	35
<i>Notes to the Financial Statements</i>	36 to 53

Operating and Financial Review

The published annual reports and audited accounts of the Company for the period ended 30 September 2011 include on the pages specified in the table below, descriptions of the Company's financial condition, changes in its financial condition and details of the Company's portfolio of investments for that period as follows:

	<i>Page number</i>
<i>Chairman's Statement</i>	2 to 3
<i>Manager's review</i>	4 to 6
<i>Investment portfolio</i>	7 to 9

Selected Financial Information

The key audited figures that summarise the financial condition of the Company in respect of the period ended 30 September 2011, which have been extracted without material adjustment from the historical financial information referred to in the paragraph 'Historical Financial Information' above are set out in the following table:

<i>Net Asset Value (£'000)</i>	100,424
<i>Net Asset Value per Ordinary Share (undiluted) (pence)</i>	102.58
<i>Net Asset Value per Ordinary Share (diluted) (pence)</i>	102.18
<i>Earnings per Ordinary Share (undiluted) (pence)</i>	7.05
<i>Earnings per Ordinary Share (diluted) (pence)</i>	7.00
<i>Dividends per Ordinary Share (pence)</i>	3.00

Availability of annual reports and audited accounts for inspection

Copies of the published annual reports and audited accounts of the Company for the financial year ended 30 September 2011 are available online at: <http://www.polarcapitalhealthcaretrust.co.uk/> (although none of the other information on such website is incorporated by reference in this document or is being made available other than to existing Shareholders or should be relied upon in making any investment decision) and also for inspection at the addresses set out in paragraph 1 of Part VI of this document.

PART IV – TAXATION

UK Taxation

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 document relating to taxation matters is a summary of the taxation matters which the Directors consider should be brought to the attention of prospective investors and is based upon the law and published practice currently in force and is subject to changes therein. All potential investors, 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 subscribing for, purchasing, holding or selling Shares under the laws of their country and/or state of citizenship, domicile or residence.

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 sections 1158 and 1159 (and regulations made thereunder) of the Corporation Tax Act 2010 (and, in respect of accounting periods beginning prior to 1 January 2012, under the legislation as it applied to such periods). However, neither the Manager nor the Directors can guarantee that this approval will be maintained. 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, (subject to what follows) be liable to UK corporation tax on its income in the normal way.

Since 1 September 2009 an investment trust approved under section 1158 of the Corporation Tax Act 2010, or one that intends to seek such approval, has been able to elect to take advantage of modified UK tax treatment in respect of its "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). Under regulations made pursuant to the Finance Act 2009, the Company may, if it so chooses, designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period.

As a result of further changes introduced by Finance Act 2009, the Company should in practice be exempt from UK corporation tax on dividend income received, provided that such dividends (whether from UK or non-UK companies) fall within one of the "exempt classes" in Part 9A of the Corporation Tax Act 2009.

Shareholders

Taxation of chargeable gains

Individual Shareholders who are resident or ordinarily resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gain arising on a disposal of their New

Ordinary Shares. Each such 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 £10,600 for the tax year 2011–2012. Capital gains tax at the rate of 18 per cent. (for basic rate taxpayers) and 28 per cent. (for higher and additional rate taxpayers) will apply to any gain realised.

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 New Ordinary 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 New Ordinary 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.

Taxation of dividends

(A) Non "interest distributions"

In the event that the Directors do not elect for the new "streaming" regime to apply to any dividends paid by the Company, the following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends from the Company. The following statements would also apply to any dividends not treated as "interest distributions" were the Directors to elect for the streaming regime to apply.

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 notional tax credit which may be set off 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 current 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 liable to income tax at the current 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 current higher rate income tax. In the case of such Shareholder's liability, the tax credit will be set against, but will not fully match, their 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 current higher rate income tax.

A dividend tax rate of 42.5 per cent. applies to UK resident individual Shareholders liable to income tax at the current additional rate (i.e. such Shareholders with income over £150,000), to the extent that dividends, when treated as the top slice of the Shareholder's income, fall above the threshold. After taking into account the 10 per cent. tax credit, such Shareholders will have an effective dividend tax rate of 36.11 per cent. of the cash dividend received.

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 New Ordinary Shares through an ISA.

(B) "Interest distributions"

Should the Directors elect to apply the new "streaming" regime to any dividends paid by the Company, were the Company to designate any dividends paid as an "interest distribution", a UK resident Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Such a Shareholder would be subject to UK income tax at the current rates of 20 per cent., 40 per cent. or 50 per cent., depending on the level of the Shareholder's income. Such distributions would be paid to the individual Shareholder after the deduction of 20 per cent. income tax.

(C) Other Shareholders

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 not generally in practice (as a result of rules in effect from 1 July 2009) 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. If, however, the Directors did elect for the "streaming" rules to apply, and such corporate Shareholders were to receive dividends designated by the Company as "interest distributions", they would be subject to corporation tax on any such amounts received.

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 prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

Stamp duty and stamp duty reserve tax

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

Historically, where shares have been 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 has been 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 shares. This liability for stamp duty or SDRT has strictly been payable by the clearance service or depositary receipt operator or their nominee, as the case may be, but has, in practice, been payable by the participants in the clearance service or depositary receipt scheme.

With effect from 1 October 2009, HMRC announced that this 1.5 per cent. SDRT charge on the issue of shares into a clearance service within the European Union was to be suspended. Whether the wider 1.5 per cent. charge remains compatible with European Union law is uncertain.

ISAs, SIPPs and SSASs

New Ordinary Shares acquired by a UK resident individual Shareholder on the secondary market (but not pursuant to the Placing) should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£10,680 in the tax year 2011 – 2012).

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

The Directors have been advised that the New Ordinary Shares should be eligible for inclusion in a SIPP or a SSAS, subject to the discretion of the trustees of the SIPP or the SSAS, as the case may be.

PART V - THE SUBSCRIPTION SHARES

The Subscription Shares carry the rights described below which are contained in the Articles.

1. Subscription Rights

- (a) A registered holder for the time being of a Subscription Share (a "**Subscription Shareholder**") shall have a right (a "**Subscription Right**") to subscribe in cash for one Ordinary Share on 31 January in 2014 (the "**Subscription Date**") at the Subscription Price (as defined in paragraph 2 below). The Subscription Price payable on the Subscription Date shall be 100 pence. The Subscription Price shall be payable in full upon subscription.
- (b) Each Subscription Share has a Subscription Right to one Ordinary Share, but the Subscription Price will be subject to adjustment as provided in paragraph 2 below. No fraction of an Ordinary Share will be issued on the exercise of Subscription Rights and no refund will be made to a Subscription Shareholder in respect of any part of the Subscription Price paid by that Subscription Shareholder which represents such a fraction (if any) provided that if the Subscription Rights represented by more than one Subscription Share are exercised by the same Subscription Shareholder on the Subscription Date then the number of Ordinary Shares to be issued to such Subscription Shareholder in relation to all such Subscription Shares exercised shall be aggregated and whether any fractions then arise shall be determined accordingly.
- (c) The Subscription Shares registered in a holder's name will be evidenced by a Subscription Share certificate issued by the Company and, in the case of Subscription Shares in uncertificated form, by means of any relevant computer-based system enabling title to units of a security to be evidenced and transferred without a written instrument (the "**Relevant Electronic System**"). The Company shall be under no obligation to issue a Subscription Share certificate to any person holding Subscription Shares in uncertificated form.
- (d) In order to exercise the Subscription Rights, in whole or in part, which are conferred by any Subscription Shares that are in certificated form, the Subscription Shareholder must lodge the relevant Subscription Share certificate(s) (or such other document as the Company may, in its discretion, accept) (a "**Certificated Subscription Notice**") at the office of the registrars for the time being of the Company (the "**Company's Registrars**") during the period of 30 days up to and including and by not later than 5.00p.m. on the Business Day before the Subscription Date, having completed the notice of exercise of Subscription Rights thereon (or by giving such other notice of exercise of Subscription Rights as the Company may, in its discretion, accept), accompanied by a remittance for the Subscription Price for the Ordinary Shares in respect of which the Subscription Rights are exercised. Once lodged, a Certificated Subscription Notice shall be irrevocable save with the consent of the Directors. Compliance must also be made with any statutory and regulatory requirements for the time being applicable.
- (e) The Subscription Rights which are conferred by any Subscription Shares that are in uncertificated form on the Subscription Date shall be exercisable, in whole or in part, (and treated by the Company as exercised) on the Subscription Date if during the period of 30 days up to and including and by not later than 5.00p.m. on the Business Day before the Subscription Date, (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 Rights are being exercised is 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 facilities and requirements of the Relevant Electronic System concerned). 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 facilities 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. Compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- (f) Ordinary Shares to be issued pursuant to the exercise of Subscription Rights which are conferred by any Subscription Shares that are in certificated form will be allotted not later than 14 days after and with effect from the Subscription Date and certificates in respect of such Ordinary Shares will be despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the Subscription 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 like tax as may be applicable) to such other persons (not being more than four in number) as may be named in the form of nomination available for the purpose from the Company's Registrars (and, if more than one, to the first-named, which shall be sufficient despatch for all).
- (g) Ordinary Shares to be issued pursuant to the exercise of Subscription Rights which are conferred by Subscription Shares that are in uncertificated form will be allotted not later than 14 days after and with effect from the Subscription Date and the Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be evidenced by means of the Relevant Electronic System as a holding of the person(s) in whose name(s) the Subscription Shares in respect of which Subscription 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 like tax as may be applicable, to such terms and conditions as the Directors may from time to time prescribe for this purpose and to the facilities 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 or requirements of the Relevant Electronic System otherwise require, the Ordinary Shares issued on the exercise of any Subscription Rights shall be issued in certificated form where such Subscription Rights were conferred by Subscription Shares which were held in certificated form or in uncertificated form where such Subscription Rights were conferred by Subscription Shares which were held in uncertificated form.
- (i) Ordinary Shares allotted pursuant to the exercise of Subscription 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 Subscription 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

Subscription Date, provided that, on any allotment falling to be made pursuant to paragraph 3(g) below, the Ordinary Shares to be allotted shall not rank for any dividend or other distribution declared, paid or made by reference to a record date prior to the date of actual allotment.

- (j) For so long as the Ordinary Shares are admitted to listing on the Official List and to trading on the London Stock Exchange, it is the intention of the Company to apply to the UK Listing Authority and to the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of Subscription Rights to be admitted to the Official List and to trading on the London Stock Exchange respectively and, if such an application is made the Company, will use all reasonable endeavours to obtain the admissions pursuant thereto not later than 28 days after the Subscription Date.
- (k) The Subscription Shares and the Ordinary Shares arising on the exercise of Subscription Rights have not been and will not be registered under the Securities Act and the relevant exemptions have not been and will not be obtained from the securities commission or similar regulatory authority of any province of Canada. The Ordinary Shares and Subscription Shares may not be offered, sold, renounced, transferred or delivered, directly or indirectly, in Canada or the United States or to any citizen or resident of Canada (a "**Canadian Person**") or to any US Person or to or for the benefit of any such person. Persons subscribing for Ordinary Shares in connection with the exercise of Subscription Rights shall (unless the relevant Ordinary Shares can lawfully be allotted to them) be deemed to represent and warrant to the Company that they are not Canadian Persons or US Persons and that they are not subscribing for such Ordinary Shares for the account of any such person and are not subscribing with a view to the re-offer or re-sale of such Ordinary Shares, directly or indirectly, in Canada or the United States and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such Ordinary Shares in Canada or the United States or to or for the benefit of any Canadian Person or US Person.
- (l) The exercise of Subscription Rights by any Subscription Shareholder who is a US Person or a Canadian Person or the right of such a Subscription Shareholder to receive the Ordinary Shares falling to be issued to them following the exercise of their Subscription Rights, will be subject to such other requirements, conditions, restrictions, limitations or prohibitions as the Company may at any time impose, in its sole discretion, for the purpose of complying with the securities laws of the United States (including, without limitation, the Securities Act, the US Investment Company Act and any rules or regulations promulgated under the Securities Act or the US Investment Company Act).

2. Adjustments of Subscription Rights

The Subscription Price shall from time to time be adjusted in accordance with the provisions of this paragraph 2 and the Company shall not take any of the actions which would require such an adjustment unless there shall be available for issue sufficient Subscription Share and Ordinary Share capital to implement such adjustment and to satisfy in full all Subscription Rights remaining exercisable without the need for passing any further resolutions of Shareholders provided that in no event shall the Subscription Price be lower than the nominal value of an Ordinary Share:

- (a) if and whenever there shall be an alteration 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 the numerator shall be the nominal amount of one such Share immediately after such alteration and the denominator shall be the nominal amount of one such 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), the Subscription Price in force immediately prior to such allotment shall be adjusted by multiplying it by a fraction of which the numerator shall be the aggregate nominal amount of the issued Ordinary Shares immediately before such allotment and 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 Subscription Date, the Company makes any offer or invitation (whether by way of rights issue or otherwise but not being an offer to which paragraph 3(i) below applies or an offer made in connection with scrip dividend arrangements) to the holders of the 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 Rights had been exercisable and 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 Ordinary Shares for subscription by way of rights (a "**Rights Offer**") at a price less than the market price of an Ordinary Share at the date of announcement of the terms of the offer, by multiplying the Subscription Price by a fraction of which the numerator is the number of Ordinary Shares in issue on the date of such announcement plus the number of Ordinary Shares which the aggregate amount payable for the total number of Ordinary Shares comprised in such rights issue would purchase at such market price and the denominator is the number of Ordinary Shares in issue on the date of such announcement plus the aggregate number of Ordinary Shares offered for subscription; (ii) in the case of a Rights Offer at a price less than the net asset value of an Ordinary Share at the date of announcement of the terms of the offer, or such other date as may be specified for this purpose by the Board, the formula in (i) shall apply save that the references to market price shall be substituted by references to net asset value and (iii) in any other case, in such manner as the independent financial advisers appointed by the Board shall report in writing to be fair and reasonable. Any such adjustments shall become effective, in the case of (i) and (ii) above, as at the date of allotment of the Ordinary Shares which are the subject of the offer or invitation and, in the case of (iii) above, as at the date determined by the independent financial advisers appointed by the Board. For the purposes of this paragraph 2, paragraph 3 and paragraph 4 below "**market price**" shall mean the average of the middle market quotations (as derived from the Official List) for one Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the day on which the market price is to be ascertained, making an appropriate adjustment if the Ordinary Shares to be issued pursuant to the offer or invitation do not rank, on some or all of the relevant dealing days, *pari passu* as to dividends or other distributions with the Ordinary Shares in issue on those days and "**net asset value**" shall mean the value of the Company's

assets (excluding revenue items for the current financial year) minus all prior charges at their par value and the costs of the Rights Offer;

- (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 a consolidation of Ordinary Shares as referred to in paragraph 2(a) above), the Company shall issue, for no payment, additional Subscription Shares, registered as fully paid, to each Subscription Shareholder at the same time as such adjustment takes effect. The number of additional Subscription Shares to which a Subscription Shareholder will be entitled shall be the number of existing Subscription Shares held by them multiplied by the fraction $(A-B)/B$ where A = the Subscription Price which would have been payable if the Subscription Rights had been exercisable and had been exercised immediately prior to the relevant adjustment pursuant to paragraph 2(a) to (d) above and B = the Subscription Price as adjusted pursuant to paragraph 2(a) to (d) above. 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 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 the adjustment to be made to the Subscription Shareholder's holding of Subscription Shares in the Relevant Electronic System. The Directors shall, and are hereby authorised 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 the additional Subscription Shares so created and to be issued as provided in this paragraph 2(e). Any restrictions and limitations in the Articles relating to capitalisation issues generally shall not apply to any capitalisation or creation or issue of shares pursuant to this paragraph;
- (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; and
- (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, which will be notified through a Regulatory Information Service;

- (h) if a holder of Subscription Shares shall become entitled to exercise their Subscription 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 independent financial advisers appointed by the Board 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 (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above) if the Subscription Rights were exercisable 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 Official List) for one Subscription Share for the 5 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 Official List) for one Ordinary Share for the 5 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) if the application of the above formula 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 into which a Subscription Share may convert pursuant to paragraph 3(g) below shall be adjusted in such manner as the independent financial advisers appointed by the Board 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) for the purpose of determining whether paragraph 3(i) below shall apply and accordingly whether each holder of a Subscription Share is to be treated as if their Subscription Rights had been exercisable and had been exercised as therein provided, the Subscription Price which would have been payable on such exercise shall be reduced by an amount determined by the independent financial advisers appointed by the Board 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(i), be applicable (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above) if the Subscription Rights were exercisable on the date on which the order or the effective resolution referred to in that paragraph shall be made or passed (as the case may be);
- C = the average of the middle market quotations (as derived from the Official List) for one Subscription Share for the 5 consecutive dealing days ending on the dealing day immediately preceding the earliest of the following dates: (i) the date of an announcement by the Board of their intention to convene a general meeting for the purpose of passing a resolution, or to present a petition for a court order, to wind-up the Company, (ii) the date of the notice of a general meeting convened for the purpose of passing a resolution to wind up the Company, (iii) the date of commencement of the winding-up of the Company by the court; and (iv) the date of suspension by the Relevant Exchange of dealings in the Subscription Shares prior to the making of any such announcement by the Board; and
- D = the amount (as determined by the independent financial advisers appointed by the Board) of the assets available for distribution in the liquidation of the Company in respect of each Ordinary Share, taking into account for this purpose the Ordinary Shares which would arise on exercise of all the Subscription Rights and the Subscription Price which would be payable on the exercise of such Subscription Rights (subject to any adjustments previously made pursuant to paragraphs 2(a) to (f) above but ignoring any adjustment to be made pursuant to this paragraph 2(i)),

provided that 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; and

- (j) where an event which gives or may give rise to an adjustment to the Subscription Price occurs whether in such proximity in time to another such event or otherwise in circumstances such that the Company in its absolute discretion determines that the foregoing provisions need to be operated subject to some modification in order to give a result which is fair and reasonable in all the circumstances such modification shall be made in the operation of the foregoing provisions as may be advised by the independent financial advisers appointed by the Board to be in their opinion appropriate in order to give such a result.

3. Other Provisions

So long as any Subscription Rights remain capable of exercise:

- (a) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders):
- (i) subject to paragraph 3(j) below make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares;
 - (ii) subject to paragraph 4 below, issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its

Ordinary Shares pro rata to their existing holdings or at the election of the holders of Ordinary Shares instead of cash in respect of all or part of a dividend or dividends; or

- (iii) on or by reference to a record date falling within the period of six weeks ending on the 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(c) above (except by extending to the Subscription Shareholders any such offer or invitation);
- (b) subject to paragraph 4 below, 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 548 of the Act as applicable) except for Ordinary 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 new Ordinary 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;
- (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 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 for a reduction not involving any payment to Shareholders) reduce any of its share capital, any uncalled or unpaid liability in respect of any of its share capital or any of its non-distributable reserves provided that the Company shall not be restricted by this paragraph 3(d) from reducing its share capital and from cancelling or reducing any other non-distributable reserve in connection with, or from making, any purchase of (i) Ordinary Shares at prices below the net asset value per Ordinary Share as envisaged by paragraph 3(j) below or (ii) Subscription Shares as envisaged by paragraph 6 below;
- (e) the Company shall not (except with the sanction of a special resolution of the holders of the Subscription Shares) change its financial year end from 30 September (except to a date falling within seven days before or after 30 September);
- (f) the Company shall not grant (or agree to grant) any option in respect of, or create any rights of conversion for, any Ordinary Shares, the nominal amount of which, together with the aggregate nominal amount of any Ordinary Shares over which options or rights of 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 conversion 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 holders of Ordinary Shares (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 share capital of the Company and the Company becomes aware on or before the 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 their Subscription Rights on the terms (subject to any adjustments pursuant to paragraphs 2(a) to (f) and subject to paragraph 2(h) above) on which the same could have been exercised if they had been exercisable and had been exercised on the date on which the Company shall become aware as aforesaid. The publication of a scheme of arrangement under sections 895 to 901 of the Act providing for the acquisition by any person of the whole or any part of the issued 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 to Subscription Shareholders an offer of securities to subscribe for Ordinary Shares in the offeror in exchange for the Subscription Shares, which the independent financial advisers appointed by the Board shall consider to be fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to such independent financial advisers to be relevant), then a Subscription Shareholder shall not have the right to exercise their Subscription Rights on the basis referred to in paragraph 3(g) above and, subject to the offer 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 share capital of the Company not already owned by it or its associates, any Director shall be irrevocably authorised as attorney for the holders of Subscription Shares who have not accepted the offer of Subscription Shares to subscribe for Ordinary Shares in the offeror in exchange for the relevant securities:
- (i) to execute a transfer of the Subscription Shares held by such holders in favour of the offeror in respect of Subscription Shares which are in certificated form (or to take or procure the taking of such action as shall be required in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned, in respect of Subscription Shares which are in uncertificated form) in consideration of the issue of securities to subscribe for Ordinary Shares in the offeror as aforesaid whereupon all the Subscription Shares shall lapse; and
 - (ii) to do such acts and things as may be necessary or appropriate in connection therewith including to take account of the fact that Subscription Shares may be held in uncertificated form;
- (i) if:
- (i) 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); and

- (ii) if in such winding-up and on the basis that all Subscription Rights then unexercised had been exercised in full and the Subscription Price in respect thereof at the Subscription Date had been received in full by the Company there would be a surplus available for distribution amongst the holders of the Ordinary Shares, including for this purpose the Ordinary Shares which would arise on exercise of all the Subscription Rights (taking into account any adjustments pursuant to paragraphs 2(a) to (f) and 2(i) above), which surplus would, on such basis, exceed in respect of each Share a sum equal to such Subscription Price,

each Subscription Shareholder shall be treated as if immediately before the date of such order or resolution (as the case may be) his Subscription Rights had been exercisable and had been exercised in full on the terms (subject to any adjustments pursuant to paragraphs 2(a) to (f) and 2(i) above) on which the same could have been exercised if they had been exercisable and had been exercised in full but at any reduced Subscription Price immediately before the date of such order or resolution (as the case may be), and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of the Ordinary Shares such sum as they would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per Share equal to the Subscription Price (subject to any adjustments pursuant to paragraphs 2(a) to (f) and 2(i) above). Subject to the foregoing, all Subscription Rights shall lapse on liquidation of the Company; and

- (j) notwithstanding paragraphs 3(a) to (i) above, the Company may, without the sanction of a 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 unless prohibited by paragraph 3(d) above.

4. Issue of C Shares

- (a) Notwithstanding the provisions of paragraph 3 above, a Qualifying C Share Issue (as defined in paragraph 4(b) below) shall not constitute a modification, 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 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 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

(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, subdivision, 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 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

The Company and its subsidiaries (if any) 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 the maximum price per Subscription Share in the Listing Rules from time to time applicable to equity securities; 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 Subscription Shares held in certificated form, 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 Subscription Shares held in uncertificated form, 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 holder of Subscription Shares (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 these conditions, "**special resolution of the Subscription Shareholders**" means a resolution proposed at a meeting of the Subscription Shareholders duly convened and quorate 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) Subject as provided in paragraph 7, the provisions of the Articles relating to notice of meetings, untraced members, lost certificates and the registration, transfer and transmission of Ordinary Shares shall, mutatis mutandis, apply to the Subscription Shares as if they were Ordinary Shares.

- (d) Any determination or adjustment made pursuant to these terms and conditions by the independent financial advisers appointed by the Board 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.
- (e) Any references in these particulars to a statutory provision shall include that provision as from time to time modified or re-enacted.
- (f) Subject 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(k) 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 Shareholders and, save as provided in paragraph 3(i) above, 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 conversion rights have not been exercised) held (which rights rank immediately after the rights of the Shareholders to be repaid the nominal value of 25 pence for each Share).
- (g) Within seven days following the Subscription Date the Company shall appoint a trustee (the "**Subscription Trustee**") who, provided that in such trustee's opinion the net proceeds of sale after deduction of all costs and expenses incurred by such trustee will exceed the costs of exercising the Subscription Rights, shall within the period of 14 days following the Subscription Date, either:
 - (i) exercise all the Subscription Rights which shall not have been exercised on the terms on which the same could have been exercised on the Subscription Date and sell in the market the Ordinary Shares resulting from such exercise; or
 - (ii) (if it appears to the 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 Subscription Trustee shall distribute pro rata the proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Rights and such other 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 Subscription Trustee shall not exercise the Subscription 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, in the absence of unreasonableness, be final and binding on all holders of outstanding Subscription Shares), all Subscription Rights shall lapse.

- (h) The Company shall, in its discretion, as an alternative to the procedures in paragraph 8(g) have the right to make a payment to the holder of each outstanding Subscription Share of an amount equal to the Board's best estimate of the amount which would be received by Subscription Shareholders were such procedures to be followed and upon making such payment the Subscription Shares shall lapse.
- (i) The Subscription Trustee 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.

- (j) The Company shall give effect to Subscription Rights in accordance with this paragraph 8(j) or in such other manner as may be authorised by law. For the purposes of this paragraph 8(j) the "**Relevant Shares**" shall mean those Subscription Shares in respect of which Subscription Rights are exercised.
- (i) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on the Subscription Date out of profits of the Company which would otherwise be available for dividend. In the event that the Directors determine to redeem the same at par out of such profits, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and shall authorise 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:
- (a) the Subscription Price; and
- (b) the amount of the redemption moneys to which the holder is entitled,
- and, in any such case, the Certificated Subscription Notice or Uncertificated Subscription Notice (as the case may be, a "**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 the 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 shall authorise 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 Share at such price as shall represent the aggregate of:
- (a) the Subscription Price; and
- (b) the amount of the redemption moneys to which the holder is entitled,
- 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 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 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 Ordinary Shares allotted to such holder or joint holder pursuant to paragraph 8(j)(v) and converting (and, if necessary, sub-dividing) such consolidated share into Ordinary 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 Share being disregarded) and the balance (if any) of such consolidated share shall be deferred ordinary shares ("**Deferred Shares**") which shall carry the limited rights set out in the Articles and paragraph 9 but in particular will be capable of being redeemed by the Company without further authorisation.

- (iv) In relation to any Relevant Shares that are to be redeemed in accordance with paragraph 8(j)(i) or 8(j)(ii) and that are, on the Subscription Date, 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 facilities 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 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 Subscription Date.
 - (v) To enable any subscription to be effected in accordance with this paragraph 8(k) the Directors are authorised 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 Rights in accordance with their respective entitlements. Any restrictions and limitations in the Articles relating to capitalisation issues generally shall not apply to any capitalisation or creation or issue of shares pursuant to this paragraph 8(j).
 - (vi) Where the Subscription Rights attaching to any Subscription Shares have lapsed in accordance with the provisions of the Articles, such Subscription Shares will be reclassified as Deferred Shares.
- (k) The Directors may make such arrangements or regulations (if any) as they may from time to time in their absolute discretion think fit in relation to the evidencing, issue, conversion and transfer of uncertificated Subscription Shares, the payment of any monies in respect of uncertificated Subscription Shares and otherwise for the purpose of implementing and/or supplementing the provisions of the Articles and the CREST Regulations and the facilities and requirements of the relevant system concerned; and such arrangements and regulations (as the case may be) shall have the same effect as if set out in the Articles.

9. Deferred Shares

- (a) In the case of a conversion effected by means of consolidation and sub-division as provided in paragraph 8(j)(iii), the Deferred Shares arising as a result thereof, or

otherwise on the lapse of Subscription Rights, shall on a return of assets in a winding-up entitle the holder only to the repayment of the amounts paid up on such shares after repayment of the capital paid up on the Ordinary Shares, the capital paid up on the Subscription Shares plus the payment of £5,000 on each Ordinary Share and shall not entitle the holder to the payment of any dividend nor to receive notice of or to attend or vote at any general meeting of the Company and such conversion shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof, to such person as the Company may determine as custodian thereof and to cancel and/or purchase the same (in accordance with the provisions of the Act) without making any payment to or obtaining the sanction of the holder thereof and pending such transfer and/or cancellation and/or purchase to retain the certificate for such Ordinary Shares.

- (b) The Company may at its option at any time after the creation of any Deferred Shares redeem all or any of the Deferred Shares then in issue, at a price not exceeding 1p for all the Deferred Shares redeemed, at any time upon giving the registered holder(s) of such share or shares not less than 28 days' previous notice in writing of its intention so to do, fixing a time and place for their redemption.
- (c) If and whenever the Company shall determine to redeem pursuant to the foregoing paragraph less than the total of the Deferred Shares then outstanding, those to be redeemed shall be selected by the drawing of lots. At the time and place so fixed, each such registered holder shall be bound to surrender to the Company the certificate for their Deferred Share or Ordinary Shares which are to be redeemed in order that such shares may be cancelled.

PART VI - ADDITIONAL INFORMATION

1. The Company and the Manager

Incorporation

The Company was incorporated in England and Wales as a public limited company on 12 May 2010. The Company is registered as an investment company under section 833 of the Act with registered number 07251471. The Company has received a certificate under section 761 of the Act entitling it to commence business and to exercise its borrowing powers.

The Company is the holding company of a group consisting of the Company and Polar Capital Global Healthcare Finance Limited, which was incorporated in England and Wales as a private limited company on 18 May 2010 with registered number 07257529. This subsidiary has the same registered office and Directors as the Company. All of its issued share capital, which is fully paid, is held by the Company. The Company has no reserves. The principal activity of the Company and the Group is to invest in accordance with the investment policy in Part I of this document.

The Company operates under the Act and is not regulated as a collective investment scheme by the FSA. Its registered office and principal place of business is at 4 Matthew Parker Street, London SW1H 9NP. The Company's telephone number is +44 20 7227 2700.

Principal activities of the Company

The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of sections 1158 and 1159 (and regulations made thereunder) of the Corporation Tax Act 2010. In summary, the conditions that must be met for approval as an investment trust in respect of accounting periods beginning on or after 1 January 2012 are that:

- the Company is not a close company at any time during any accounting period for which approval as an investment trust is sought;
- each class of the Company's ordinary share capital is admitted to trading on a regulated market;
- the Company must not retain in respect of any accounting period an amount greater than 15 per cent. of its income;
- the business of the Company must consist of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving Shareholders the benefit of the results of the management of its funds; and
- the Company must not be a venture capital trust or a UK REIT.

In respect of accounting periods commencing before 1 January 2012, the Directors sought to conduct the affairs of the Company so that the conditions for approval as an investment trust as applicable to such periods were satisfied.

The Manager

The Manager is a limited liability partnership incorporated in England and Wales with registered number OC314700. The Manager is authorised and regulated by the FSA. The address of the registered office of the Manager is 4 Matthew Parker Street, London, SW1H 9NP and its telephone number is +44 20 7227 2700.

2. Share Capital

The Shares

The par value of the Ordinary Shares is 25 pence each. The ISIN of the Ordinary Shares is GB00B6832P16. The ISIN of the Subscription Shares is GB00B68VXC96.

On incorporation, 200,000 Ordinary Shares were allotted to Polar Capital Partners Limited at par to enable the Company to commence business and to exercise its borrowing powers under section 761 of the Act. Pursuant to a special resolution of the Company passed on 25 May 2010, these Ordinary Shares were reclassified as deferred subscriber shares with effect from the date of allotment of Shares under the IPO and, following the approval of the courts, cancellation of the deferred subscriber shares was registered by the Registrar of Companies on 19 August 2010.

Pursuant to the IPO, 89,000,000 Ordinary Shares of 17p each and 17,800,000 Subscription Shares of 1p each were admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities. The Tap Shares were issued pursuant to a series of tap issues, comprising:

- 2,000,000 Ordinary Shares on 14 February 2011 at a price per share of 102.25p;
- 4,275,000 Ordinary Shares on 27 May 2011 at a price per share of 110.55p;
- 2,200,000 Ordinary Shares on 29 July 2011 at a price per share of 109.75p; and
- 424,999 Ordinary Shares on 15 August 2011 at a price per share of 99.375p.

The issued share capital of the Company as at the date of this document is accordingly 97,899,999 Ordinary Shares and 17,800,000 Subscription Shares. The Ordinary Shares in existence before the issue of Tap Shares described above represent approximately 90.1 per cent. of the Ordinary Shares in issue at the date of this document.

The Company has not bought back any Ordinary or Subscription Shares for cancellation as of the date of this document.

The New Ordinary Shares will be in registered form and, subject to the New Ordinary Shares being admitted to and accordingly enabled for settlement in CREST, the New Ordinary Shares will be capable of being held in uncertificated form as well as in certificated form. No temporary documents of title will be issued.

Shares are freely transferable and Shareholders are entitled to participate (in accordance with the rights specified in the Articles) in the assets of the Company attributable to their Shares in a winding up of the Company or a winding up of the business of the Company.

Save as disclosed in this document, since the date of its incorporation, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, either for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

Issue and Repurchases of Shares

At the first Annual General Meeting of the Company, the Directors were granted authority to make market purchases of up to 14.99 per cent. of the Company's Ordinary Share capital and up to 14.99 per cent. of the Company's Subscription Share capital. These authorities will expire at the conclusion of the next Annual General Meeting of the Company and the Company shall thereafter seek annual renewal of such authorities.

3. Articles of Association

In addition to the rights attaching to the Subscription Shares, which are set out in Part V above, the Articles contain (among others) provisions to the following effect:

Life

The Company is expected to be wound up at its seventh annual general meeting (expected to be in January 2018).

The Articles contain a provision requiring the Directors to propose a resolution at the Company's seventh annual general meeting for the appointment of a liquidator and for the liquidation of the Company. Shareholders' voting rights in relation to this resolution will be enhanced such that one vote in favour by any Shareholder entitled to attend and vote at the annual general meeting in person, by proxy or by corporate representative is sufficient to pass the resolution.

Issue of Shares

Subject to the provisions of the Act and without prejudice to any rights attaching to any existing Shares, any Share may be issued with such rights or restrictions as the Company may by ordinary resolution determine (or if the Company has not so determined, as the Directors may determine).

Alteration to Share capital

The Company may by ordinary resolution consolidate and divide all or any of its Share capital into Shares of larger amount than its existing Shares or sub-divide its Shares, or any of them, into Shares of smaller amount than its existing Shares and determine that, as between the Shares arising from that sub-division, any of the Shares have any preference or advantage as compared with the others.

Redemption of Shares

Any Share may be issued which is or is to be liable to be redeemed at the option of the Company or the holder, and the Directors may determine the terms, conditions and manner of redemption of any such Share.

Dividends

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the Shareholders but no dividends shall exceed the amount recommended by the Directors. Subject to the provisions of the Act, the Directors may pay interim dividends, or dividends payable at a fixed rate, if it appears to them that they are justified by the profits of the Company available for distribution. If the Directors act in good faith they shall not incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any Shares having deferred or non-preferred rights.

Subject to the provisions of the Act and except as otherwise provided by the Articles or the rights attached to Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares on which the dividend is paid. If any Share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amount paid up on the Shares during any portion(s) of the period in respect of which the dividend is paid.

Notwithstanding any other provision of the Articles, but without prejudice to the rights attached to any Shares, the Company or the Directors may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made. No dividends or other money payable in respect of a Share shall bear interest against the Company, unless otherwise provided by the rights attached to the Share.

Voting rights

Subject to any rights or restrictions attached to any Shares, on a show of hands every Shareholder present in person has one vote and every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote, and on a poll every Shareholder (whether present in person or by proxy) has one vote for every Share of which he is the holder. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register.

No Shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of Shares, either in person or by proxy, in respect of any Share held by him unless all amounts presently payable by him in respect of that Share have been paid.

Transfer of Shares

A Share in certificated form may be transferred by an instrument of transfer, which may be in any usual form or in any other form approved by the Directors, executed by or on behalf of the transferor and, where the Share is not fully paid, by or on behalf of the transferee. A Share in uncertificated form may be transferred by means of the relevant system concerned.

In their absolute discretion and without giving any reasons, the Directors may refuse to register the transfer of a Share in certificated form which is not fully paid, provided that if the Share is listed on the Official List such refusal does not prevent dealings in the Shares from taking place on an open and proper basis. The Directors may also refuse to register a transfer of a Share in certificated form unless the instrument of transfer:

- is lodged, duly stamped, at the registered office of the Company or such other place as the Directors may appoint and is accompanied by the certificate for the Share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- is in respect of only one class of Share; and
- is not in favour of more than four transferees.

The Directors may refuse to register a transfer of a Share in uncertificated form to a person who is to hold it thereafter in certificated form in any case where the Company is entitled to refuse to register the transfer under the CREST Regulations.

If the Directors refuse to register a transfer of a Share, they shall send the transferee notice of that refusal with reasons for the refusal within two months after the date on which the transfer was lodged with the Company (for the transfer of a Share in certificated form) or the date the operator-instruction was received by the Company (for the transfer of Share in uncertificated form which will be held thereafter in certificated form).

No fee shall be charged for the registration of any instrument of transfer of other document or instruction relating to or affecting the title to any Share.

Distribution of assets on a winding up

If the Company is wound up, with the sanction of a special resolution and any other sanction required by law and subject to the Act, the liquidator may divide among the Shareholders in specie the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. With the like sanction, the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he may with the like sanction

determine, but no Shareholder shall be compelled to accept any assets upon which there is a liability.

Restrictions on rights: failure to respond to a section 793 notice

If a Shareholder, or any other person appearing to be interested in Shares held by that Shareholder, fails to provide the information requested in a notice given to him under section 793 of the Act by the Company in relation his interest in Shares (the "default Shares") within 14 days of the notice, sanctions shall apply unless the Directors determine otherwise. The sanctions available are the suspension of the right to attend or vote (whether in person or by representative or proxy) at any general meeting or any separate meeting of the holders of any class or on any poll and, where the default Shares represent at least 0.25 per cent. of their class (excluding treasury Shares), the withholding of any dividend payable in respect of those Shares and the restriction of the transfer of any Shares (subject to certain exceptions).

Untraced Shareholders

Subject to various notice requirements, the Company may sell any of a Shareholder's Shares if, during a period of 12 years, at least three dividends (either interim or final) on such Shares have become payable and no cheque for amounts payable in respect of such Shares has been presented and no warrant or other method of payment has been effected and no communication has been received by the Company from the Shareholder or person concerned.

Appointment of Directors

Unless the Company determines otherwise by ordinary resolution, the number of Directors (other than alternate Directors) shall not be subject to any maximum but shall not be less than two.

Subject to the Articles, the Company may by ordinary resolution appoint a person who is willing to act as, and is permitted by law to do so, to be a Director either to fill a vacancy or as an additional Director. The Directors may appoint a person who is willing to act, and is permitted by law to do so, to be a Director, either to fill a vacancy or as an additional Director. A person appointed as a Director by the other Directors is required to retire at the Company's next annual general meeting and shall then be eligible for reappointment.

Powers of Directors

The business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company.

The Directors may appoint one or more of their number to the office of managing Director or to any other executive office of the Company and, subject to the provisions of the Act, any such appointment may be made for such term, at such remuneration and on such other conditions as the Directors think fit.

Any Director (other than an alternate Director) may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director and may remove such an alternate Director from office.

Borrowing powers

The Directors shall restrict the borrowings of the Company so as to secure (insofar as they can) that the aggregate principal amount (including any premium payable on final repayment) outstanding of all money borrowed by the Company and any subsidiary undertakings shall not at any time when any borrowing is drawn down, save with the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 15 per cent. of NAV.

Voting at board meetings

No business shall be transacted in any meeting of the Directors unless a quorum is present and the quorum may be fixed by the Directors; unless so fixed at any other number the quorum shall be two. A Director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate Director who is not himself a Director shall, if his appointor is not present, be counted in the quorum.

Questions arising at a meeting of the Directors shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

Restrictions on voting

Subject to any other provision of the Articles, a Director shall not vote at a meeting of the Directors on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in Shares, debentures or other securities of, or otherwise in or through, the Company) unless his interest arises only because the case falls within certain limited categories specified in the Articles.

Directors' interests

Subject to the provisions of the Act and provided that the Director has disclosed to the other Directors the nature and extent of any material interest of his, a Director, notwithstanding his office, may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, anybody corporate in which the Company is interested.

Indemnity

Subject to the provisions of the Act, the Company may indemnify any person who is or was a Director, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any loss or liability whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise in relation to the Company or any associated company; and purchase and maintain insurance for any person who is or was a Director, or a Director of any associated company, against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company.

General Meetings

Meetings may be called by the Directors. If there are not sufficient Directors to form a quorum in order to call a general meeting, any Director may call a general meeting. If there is no Director, any Shareholder may call a general meeting.

Subject to the provisions of the Act, an annual general meeting and all other general meetings of the company shall be called by at least such minimum period of notice as is prescribed under the Act.

No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a Shareholder or a proxy for a Shareholder or a duly authorised representative of a corporation which is a Shareholder (including for this purpose two persons who are proxies or corporate representatives of the same Shareholder), shall be a quorum.

A Shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. A Shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights

attached to a different Share or Shares held by him. Subject to the provisions of the Act, any corporation (other than the Company itself) which is a Shareholder may, by resolution of its directors or other governing body, authorise such person(s) to act as its representative(s) at any meeting of the Company, or at any separate meeting of the holders of any class of Shares. Delivery of an appointment of proxy shall not preclude a Shareholder from attending and voting at the meeting or at any adjournment of it.

Directors may attend and speak at general meetings and at any separate meeting of the holders of any class of Shares, whether or not they are Shareholders.

A poll on a resolution may be demanded at a general meeting either before a vote on a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

4. City Code on Takeovers and Mergers

Mandatory bid

The City Code applies to the Company. Under Rule 9 of the City Code, if:

- (i) a person acquires an interest in Ordinary Shares which, when taken together with Ordinary 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
- (ii) a person who, together with persons acting in concert with him, is interested in not less than a 30 per cent. and not more than 50 per cent. of the voting rights in the Company, acquires additional interests in Ordinary Shares which increase the percentage of Ordinary Shares carrying voting rights in which that person is interested, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months.

Compulsory Acquisition

Under sections 974 to 991 of the 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 Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the 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. Such 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 their rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

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

Directors' interests

The interests of the Directors in the Ordinary Shares and Subscription Shares of the Company as at the date of this document are as follows:

<i>Name</i>	<i>Ordinary Shares</i>	<i>Subscription Shares</i>
James Robinson	25,000	5,000
John Aston	10,000	2,000
Anthony Brampton	20,000	4,000
Antony Milford	10,000	2,000

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

Directors' contracts with the Company and remuneration

No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The Directors are subject to retirement by rotation in accordance with the Articles.

There is no notice period specified in the letters of appointment or Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairman of the Board and the Chairman of the Audit Committee, the fees are £20,000 for each Director per annum. The Chairman's fee is £30,000 per annum and the Chairman of the Audit Committee and Management Engagement Committee receives £5,000 per annum in addition to his basic remuneration.

All of the Directors will also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

Accordingly, in respect of the period up until 30 September 2011, the Directors' fees were as follows: James Robinson (Chairman of the Board) received £41,654, John Aston (Chairman of the Audit Committee and Management Engagement Committee) received £34,711, Anthony Brampton received £27,077 and Antony Milford received £27,692. No pension contributions or other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors.

All of the Directors will also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are

requested by the Board to perform extra or special services on behalf of the Company. 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.

Other interests

Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships and administrative, management or supervisory bodies and/or partnerships:

John Aston:

Current: The Perse School Limited,
Regenerative Medicine Assets Limited (formerly Intercytex Group plc)
(put into members' voluntary liquidation on 11 April 2011),
Grafham Water Sailing Club Limited (re-appointed 14 July 2010),
International Biotechnology Trust plc, and IBT Securities Limited

Previous: Astex Therapeutics Limited, and
Grafham Water Sailing Club Limited (retired 12 July 2009)

Antony Milford:

Current: None.

Previous: None.

James Robinson:

Current: Aberdeen New Thai Investment Trust PLC, BOCM Pauls Ltd (advisor),
British Heart Foundation (Council Member, Member of Audit and
Investment Committees), Fidelity European Values PLC, Gore Browne
Investment Management LLP (Investment Advisory Committee), and
Invesco Asia Trust plc

Previous: Basingstoke Citizens Advice Bureau Limited

Anthony Brampton:

Current: Brody House Management Limited, Sudbrook Associates LLP,
Polytherics Limited and Domainex Limited

Previous: None

The Directors in the five years before the date of this document:

- do not have any convictions in relation to fraudulent offences;
- have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a

court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

Major shareholders

As at 30 January 2012, being the last practicable date prior to publication of this document, notices for the purposes of part 5 of the FSA's Disclosure and Transparency Rules had been received of the following major interests in the voting rights of the Company:

	Number of Ordinary Shares	Number of Subscription Shares	Percentage of voting rights
Brewin Dolphin Limited	18,699,809	2,313,533	19.1% Indirect
Investec Wealth & Investment Limited	12,694,632	-	12.97% Indirect
Cazenove Capital Management Limited	7,789,270	1,465,174	7.95% Indirect
Rathbone Brothers PLC	7,312,600	-	7.46% Indirect
Charles Stanley & Co Ltd	4,899,580	-	5.00% Indirect
Cheviot Asset Management	4,805,275	-	4.90% Indirect

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

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.

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

Related party transactions

Related party transactions in the period from incorporation to 30 September 2011 are set out in Note 24 on page 48 of the audited financial statements for the period ended 30 September 2011, which is incorporated by reference. Apart from continuing remuneration payments made to the Directors described above under the heading '*Directors' contracts with the Company and remuneration*' on page 63, the Company has not entered into any related party transactions within the meaning of IFRS since 30 September 2011.

Other material interests

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

6. Share options and share scheme arrangements

No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

7. Investment restrictions

The Company will at all times invest and manage its assets with the objective of spreading risk and in accordance with its published investment policy as set out in Part I of this document.

In order to comply with the current Listing Rules the Company will not invest more than 10 per cent. of its Gross Assets in other listed investment funds, whether managed by the Manager or not. In the event of any material breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Manager through an announcement via a Regulatory Information Service.

The Company intends to conduct its affairs so as to qualify as an investment trust for the purposes of sections 1158 and 1159 (and regulations made thereunder) of the Corporation Tax Act 2010, and its investment activities will therefore be subject to the restrictions set out under '*Principal activities of the Company*' on page 56 above.

The Company must not conduct any trading activity which is significant in the context of its group as a whole.

8. Material contracts

Save as described below, no member of the Group has (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.

8.1 Sponsor's Letter of Engagement

The Sponsor's Letter of Engagement dated 25 January 2012, pursuant to which Matrix has agreed to (i) act as sponsor to the Company in connection with this Prospectus and (ii) use all reasonable endeavours to procure subscribers for New Ordinary Shares, pursuant to an instruction, if any, by the Board.

In consideration for its services, Matrix will be paid a fee calculated as either (i) a combined sponsorship and brokerage fee equal to 0.50 per cent. of the value of the New Ordinary Shares issued by Matrix, or (ii) a sponsorship fee of 0.25 per cent of the value of New Ordinary Shares issued by another broker, in both cases payable on each allotment.

8.2 Placing Agreement

The Placing and Offer Agreement dated 26 May 2010 between the Company, the Manager, Matrix and Religare Capital Markets, pursuant to which, subject to certain conditions, Matrix agreed to use all reasonable endeavours to procure subscribers for Ordinary Shares (with Subscription Shares attached) at the Issue Price.

The Company appointed Matrix as bookrunner, placing agent and corporate broker to the Company in connection with the Issue. Religare Capital Markets were appointed as UKLA sponsor to the Issue.

The obligation of the Company to issue the Ordinary Shares (with Subscription Shares attached) and the obligation of Matrix to use its reasonable endeavours to procure subscribers for Ordinary

Shares (with Subscription Shares attached) was conditional upon certain conditions that are typical for an agreement of this nature. These conditions included, among others: (i) Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 15 June 2010 (or such later time and/or date, not being later than 30 July 2010, as the Company and Matrix may agree); and (ii) the Placing and Offer Agreement becoming otherwise unconditional in all respects and not having been terminated on or before 15 June 2010 (or such later time and/or date, not being later than 30 July 2010 as the Company and Matrix may agree).

In consideration for its services in relation to the Issue and conditional upon completion of the Issue, Matrix was paid (a) a fee calculated as a percentage of the gross proceeds of the Issue based on the following scale: 1.0 per cent. for the first £75 million raised, 1.25 per cent. for the next £25 million, 1.50 per cent. for the next £25 million and 1.75 per cent. for everything over £125 million; (b) a corporate finance fee of 0.1 per cent. of the gross proceeds of the Issue. Matrix agreed to waive the corporate finance fee if the gross proceeds of the Issue are equal to or exceed £125 million and to pay Religare Capital Markets out of its own fee.

Pursuant to the Placing and Offer Agreement, the Company was to bear the formation and initial expenses of the Issue up to a sum equal to 2 per cent. of the gross proceeds of the Issue. In the event that such expenses exceed 2 per cent. of such gross proceeds, the Manager was to pay the excess. In the event that such expenses were less than 2 per cent. of the gross proceeds the Manager should, at its discretion, be entitled to be paid for its benefit a sum equal to the difference between 2 per cent. of the gross proceeds and the actual expenses incurred.

Under the Placing and Offer Agreement, Matrix was to retain agents and could pay commissions in respect of the Placing to any of those agents out of its own resources.

The Company and the Manager gave warranties and indemnities to Matrix and Religare Capital Markets concerning, inter alia, the accuracy of the information contained in the prospectus. The warranties and indemnities given by the Company and the Manager are standard for an agreement of this nature.

The Placing and Offer Agreement was governed by the laws of England and Wales.

8.3 Management Agreement

The Management Agreement dated 26 May 2010 between the Company and the Manager, whereby the Manager is appointed to act as investment manager of the Company with responsibility to manage the assets of the Company and to advise the Company on a day to day basis in accordance with the investment policy of the Company and subject to the overall control and supervision of the Board. Under the terms of the Management Agreement, the Manager has discretion to buy, sell, retain, exchange or otherwise deal in investment assets for the account of the Company.

The Manager will procure or provide the day to day administration of the Company and general secretarial functions required by the Act. The Manager will also be responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value per Share and maintenance of the Company's accounting and statutory records. The Manager has, with the consent of the Directors, delegated the provision of certain of these administrative functions to the Administrator and to Polar Capital Secretarial Services Limited, but will remain liable for the acts of any such third party. The fees of the Administrator and Polar Capital Secretarial Services in providing such services will be for the account of the Company. However, to the extent that payment of the Administrator's fees by the Company would result in the Company being unable to pay aggregate dividends in the relevant year of at least 3 pence per Ordinary Share out of its net income such excess fees will be borne by the Manager.

Under the terms of the Management Agreement, the Manager will be entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

The management fee is payable monthly in arrear and will be calculated daily at the rate of 0.85 per cent. per annum of the lower of the Company's Market Capitalisation and the Company's Net Asset Value on the relevant day. In accordance with the Directors' policy on the allocation of expenses between income and capital, in each financial year 80 per cent. of the management fee payable is expected to be charged to capital and the remaining 20 per cent. to income.

The Manager may be entitled to a performance fee. The performance fee will be paid in cash at the end of the Company's fixed life (except in the case of an earlier termination of the Management Agreement) and will be an amount equal to 10 per cent. of excess return (based on the Adjusted Net Asset Value (as defined below) per Ordinary Share at that time) over the performance fee hurdle. The performance fee hurdle will be 100 pence, increased or decreased (as the case may be) by reference to the return on the Benchmark Index plus 15 pence (the 15 pence equating approximately to a simple 2 per cent. per annum return on the opening net assets per Share over the period from Admission to the expiry of the Company's fixed life).

There is one further important proviso. If at the end of the Company's fixed life the amount available for distribution of Shareholders is less than 100 pence per Share, no performance fee will be payable. If the amount is more than 100 pence per Share but payment of the performance fee in full would reduce it below that level, then the performance fee will be reduced (but not to less than nil) such that Shareholders receive exactly 100 pence per Share.

For the purposes of calculating the performance fee, the Company's Net Asset Value shall be adjusted as follows (the "**Adjusted Net Asset Value**"):

- (A) the amount of any dividends paid by the Company shall be deemed to have been reinvested on the date of payment in Ordinary Shares at their Net Asset Value (on such date) and the resulting amount added to the Company's Net Asset Value; and
- (B) any dilutive effect caused by the exercise by Shareholders of Subscription Rights in relation to Subscription Shares shall be deemed to have been added back to the Company's Net Asset Value at the time of issue of the Ordinary Shares resulting from such exercise, so as to negate the effect of the dilution,

provided, for the avoidance of doubt, that no adjustment to the Company's Net Asset Value per Ordinary Share will be made in respect of (i) any repurchase of Ordinary Shares at a discount to the Net Asset Value per Ordinary Share prevailing at the time of such repurchase since Admission or (ii) any issue of Ordinary Shares at a premium to the Net Asset Value per Ordinary Share prevailing at the time of such issue since Admission.

The Management Agreement is terminable by either the Manager or the Company giving to the other not less than 12 months' written notice, such notice not to be served earlier than the second anniversary of Admission. The Management Agreement may be terminated earlier by the Company with immediate effect on the occurrence of certain events, including: (i) if an order has been made or an effective resolution passed for the liquidation of the Manager; (ii) if the Manager ceases or threatens to cease to carry on its business; (iii) where the Company is required to do so by a relevant regulatory authority; (iv) on the liquidation of the Company; or (v) subject to certain conditions, where the Manager commits a material breach of the Management Agreement.

In the event the Management Agreement is terminated before the expiry of the Company's fixed life then, except in the event of termination by the Company for certain specified causes, the base fee and the performance fee will be calculated pro rata for the period up to and including the date of termination. The performance fee payable will be calculated as if the date on which the Management Agreement is terminated is the end of the Company's fixed life, with the 15 pence hurdle added to the Benchmark Index reduced pro rata according to the portion of the Company's fixed life from Admission that has elapsed at the date of termination. The Net Asset Value used for the purposes of calculating the performance fee in these circumstances shall be the Net Asset Value

of the Company on the date of termination (adjusted as described above). For the avoidance of doubt, the performance fee will be reduced to the extent that payment thereof would reduce the Net Asset Value per share to less than 100 pence.

The Company has given certain market standard indemnities in favour of the Manager in respect of the Manager's potential losses in carrying on its responsibilities under the Management Agreement.

The Management Agreement is governed by the laws of England and Wales.

8.4 *Receiving Agent Agreement*

The Receiving Agent Agreement between the Company and Equiniti Limited dated 26 May 2010, pursuant to which the Receiving Agent has agreed to provide receiving agent duties and services to the Company in respect of the IPO.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to a management fee of £4,000, plus a processing fee of £3.00 per application. The Receiving Agent will also be entitled to reimbursement of all out of pocket expenses reasonably and properly incurred by it in connection with its duties. These fees will be for the account of the Company.

The Receiving Agent Agreement also contains terms including:

- a provision whereby the Company indemnifies the Receiving Agent for and holds it harmless against any loss, liability or expense including the costs and expenses of defending any claim or liability incurred save where due to fraud, wilful default, negligence or bad faith on the Receiving Agent's part arising out of or in connection with the Receiving Agent's activities pursuant to the Receiving Agent Agreement; and
- a provision whereby the Receiving Agent indemnifies and holds the Company harmless against any direct loss, liability or expense, including the costs and expenses of investigating, preparing for or defending any, or any threatened or pending, claims or liability incurred arising out of a breach by the Receiving Agent of its obligations in connection with the Receiving Agent Agreement or its wilful default, fraud, negligence or bad faith or material breach of the Receiving Agent Agreement, provided that (save in the case of fraud) the Receiving Agent's maximum liability under the Receiving Agent Agreement is capped at four times the total charges payable for provision of services under the Receiving Agent Agreement (whether such liability arises under any express or implied terms of the Receiving Agent Agreement, in tort, for misrepresentation, for breach of contract, or in any other way).

The Receiving Agent Agreement is governed by the laws of England and Wales.

8.5 *Registrar Agreement*

The Registrar Agreement between the Company and Equiniti Limited dated 26 May 2010, pursuant to which the Registrar has been appointed as registrar to the Company. The Registrar shall be entitled to receive an annual registration fee from the Company based on activity and subject to an annual minimum charge of £3,250. The Registrar shall also be entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.

Any party may terminate the Registrar Agreement on not less than twelve months' notice in writing to the other parties, provided that such termination shall not be effective prior to the third anniversary of the date of Admission. Any party may terminate the Registrar Agreement with immediate effect if (amongst others):

- the other party/parties commit a material breach of its obligations under the Registrar Agreement and which, if capable of remedy, that party has failed to remedy within 45 calendar days' notice in writing to remedy the breach; or

- the other party/parties are declared insolvent, have a receiver or manager appointed over the whole or a substantial part of their business, or cease or threaten to cease trading.

The Registrar Agreement limits the Registrar's liability thereunder to four times the charges paid by the Company to the Registrar in the relevant calendar year pursuant to the Receiving Agent Agreement, save in the case of fraud or wilful default on the part of the Registrar. The Company indemnifies the Registrar against all claims arising out of or connected to the Registrar Agreement, save in the case of fraud, wilful default or negligence on the part of the Registrar or breach by the Registrar of the terms of the Registrar Agreement.

8.6 Global Custody Agreement

The Global Custody Agreement, dated 26 May 2010, between the Company and HSBC Bank plc, pursuant to which the Custodian is appointed to provide global custody services to the Company, including establishing and maintaining the Company's securities records and cash accounts, keeping safe custody of the Company's investments, processing corporate actions and Shareholder votes, and collecting and processing the Company's income.

Under the terms of the Global Custody Agreement, the Custodian is entitled to a range of fees calculated as a percentage of the Company's Net Asset Value and dependent on the geographical location of the Company's assets. For example, US securities are subject to a fee of 0.01 per cent. per annum and UK securities eligible for CREST are subject to a fee of 0.004 per cent. per annum. The Custodian is also entitled to certain transaction charges. The Custodian is entitled to reimbursement of all reasonable out of pocket expenses incurred in connection with its duties. These fees will be for the account of the Company.

The Company agrees to ratify all acts carried out by the Custodian in its performance of the Global Custody Agreement and to indemnify the Custodian against all losses suffered by the Custodian (and, where applicable its delegates) in connection with the Company's portfolio or the performance by the Custodian of its duties under the Global Custody Agreement. This indemnity does not cover any losses due to the negligence, fraud or wilful default of the Custodian (or any of its delegates), other than where such delegate is a clearing system.

The Global Custody Agreement may only be terminated by either party giving 90 days' notice to the other party, unless:

- a party has committed a material breach or is in persistent breach of the terms of the Global Custody Agreement and has not remedied the specified breach which is capable of being remedied within 30 days of notice served on it by the non-defaulting party specifying the breach which must be remedied;
- an insolvency event has occurred in relation to a party; or
- the Custodian assigns the Global Custody Agreement to a third party,

in which case the party may terminate the Global Custody Agreement by notice with immediate effect.

9. Overseas Persons

The attention of potential investors who are not resident in, or who are not citizens of, the UK is drawn to the paragraphs below.

The Placing of New Ordinary Shares to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain New Ordinary Shares. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for New Ordinary Shares under the Placing to

satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send it to any US Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the US Investment Company Act and the offer, issue and sale of the Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States. Accordingly, the Shares are only being offered and sold outside the United States to non-US Persons in reliance on the exemption from registration provided by Regulation S. The Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any US Person.

Investors should additionally consider the provisions set out under the heading '*Important Notices*' on page 19 of this document.

10. United States transfer restrictions

Matrix has acknowledged and warranted in the Sponsorship and Placing Agreement that it will not offer or sell or procure the offer or sale of the Shares except in compliance with Regulation S. The Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States. Accordingly, investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, within the United States, or to, or for the account or benefit of, any US Person except in transactions that are exempt from registration under the Securities Act and under circumstances which will not require the Company to register as an investment company under the US Investment Company Act.

11. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), in respect of the period 12 months prior to the date of this Prospectus, which may have, or have had in the recent past significant effects on the financial position or profitability of the Company's and/or the Group.

12. Significant change

As at the date of this document, and save as disclosed herein there has been no significant change in the financial or trading position of the Group since 30 September 2011.

13. Working capital

The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months from the date of this document.

14. Capitalisation and Indebtedness

As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness and the Company's issued share capital consists of 97,899,999 Ordinary Shares and 17,800,000 Subscription Shares with no legal reserve or other reserves.

15. General

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.

In accordance with the Prospectus Rules, the Company will file with the FSA, and make available for inspection by the public, details of the number and issue price of Ordinary Shares issued under this document. The Company will also notify such issue through a Regulatory Information Service.

16. Changes to capital of the Company

To the extent that New Ordinary Shares are issued under the Placing, there will be a corresponding increase in the net assets of the Company and the impact on earnings should be accretive to the extent that income earned on the proceeds will exceed expenses. If the maximum number of New Ordinary Shares available for the issue are issued under the Placing, the existing issued Ordinary Shares would represent 83.33 per cent. of the enlarged issued Ordinary Shares.

On the assumption that the maximum number of New Ordinary Shares available for issue are issued under the Placing and the issue price is 112.404 pence (representing a premium of two per cent. to the Net Asset Value per Ordinary Share calculated as at the close of business on 26 January 2012), £22,008,699.83 in aggregate would be raised under the Placing and, if the maximum number of New Ordinary Shares available for issue are issued as one issue under the Placing, the total costs and expenses of and incidental to the Placing payable by the Company would be approximately £182,291 (exclusive of VAT), being approximately 0.83 per cent. of the total proceeds of the Placing.

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

17. Auditors

The auditors to the Company are PricewaterhouseCoopers LLP of Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales.

18. 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 4 Matthew Parker Street, London SW1H 9NP until 29 January 2013:

- this document;
- the Articles;
- the audited accounts of the Company for the financial year ended 30 September 2011;
- the letters of appointment referred to in paragraph 5 above;
- the material contracts referred to in paragraph 8 above; and
- the letters of consent referred to in paragraph 15 above.

Dated: 30 January 2012

PART VII – DEFINITIONS

"Act"	the Companies Act 2006, as amended from time to time
"Adjusted Net Asset Value"	means as defined in paragraph 8.3 of Part VI of this document
"Administrator"	HSBC Bank plc
"Admission"	the admission, as the context requires, of the New Ordinary Shares: (i) to the premium segment of the Official List; and (ii) to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
"AIC Code"	the Association of Investment Companies Code of Corporate Governance, as amended from time to time
"AIC Guide"	the Association of Investment Companies Corporate Governance Guide for Investment Companies, as amended from time to time
"Articles"	the articles of association of the Company as at the date of this document
"Benchmark Index"	the MSCI ACWI/Health Care Index (total return, in Sterling, with dividends reinvested)
"Business Day"	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal business
"certificated" or in "certificated form"	not in uncertificated form
"City Code"	the City Code on Takeovers and Mergers
"Combined Code"	the Combined Code on Corporate Governance as published by the UK Financial Reporting Council
"Company"	Polar Capital Global Healthcare Growth and Income Trust plc
"CREST"	the relevant system as defined in the CREST Regulations in respect of which Euroclear UK and Ireland Limited is operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
"CREST Account"	an account in CREST

"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
"Custodian"	means HSBC Bank plc
"Deferred Shares"	the meaning given to it in paragraph 8(j)(iii) of Part V of this document
"Directors" or "Board"	the board of directors of the Company
"Disclosure and Transparency Rules"	the disclosure and transparency rules made by the FSA under Part VI of the FSMA
"FRC"	the UK Financial Reporting Council
"FSA"	the Financial Services Authority, being the single regulatory authority for the UK financial services industry
"FSA Rules"	means the rules and guidance from time to time set out in the FSA Handbook of Rules and Guidance
"FSMA"	the UK Financial Services and Markets Act 2000, as amended
"Gross Assets"	the gross assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time
"Group"	the Company and its subsidiary undertaking, Polar Capital Global Healthcare Finance Limited
"HMRC"	HM Revenue & Customs
"IPO"	means the initial public offering of the shares of the Company on 15 June 2010
"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 listing rules made by the UK Listing Authority under section 73A of FSMA
"London Stock Exchange"	London Stock Exchange plc
"Management Agreement"	the management agreement dated 26 May 2010, between the Manager and the Company summarised in paragraph 8.3 of Part VI of this document
"Manager"	Polar Capital LLP
"Market Capitalisation"	the aggregate market value of all the Shares in issue on the relevant calculation day, being (i) the closing middle market price of the Ordinary Shares and the Subscription

	Shares as derived from the Official List on the relevant calculation day (or, if such calculation day is not a Business Day, on the Business Day immediately preceding the relevant calculation day), multiplied by (ii) the number of Shares in issue on such calculation day
"Matrix"	Matrix Corporate Capital LLP
"Member State"	any member state of the European Economic Area
"NAV" or "Net Asset Value"	the value of the assets of the Company less its liabilities, determined on a diluted basis in accordance with the accounting principles adopted by the Company from time to time and the Articles
"New Ordinary Shares"	means up to 19,579,997 new Ordinary Shares to be issued pursuant to the Placing
"Official List"	the official list maintained by the UK Listing Authority
"Ordinary Shares"	ordinary shares of 25 pence each in the capital of the Company
"Overseas Persons"	persons who are resident in, or who are citizens of, or who have registered addresses in, territories other than the UK
"Placing"	the placing of the New Ordinary Shares as described in this document
"Prospectus"	this document
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council of the European Union and the amendments thereto (including Directive 2010/73/EU) and any relevant implementing measure in each Relevant Member State
"Prospectus Rules"	the rules and regulations made by the FSA under Part VI of the FSMA
"Register"	the register of members of the Company
"Registrar"	Equiniti Limited and Equiniti Financial Services Limited
"Regulation S"	Regulation S under the Securities Act
"Regulatory Information Service" or "RIS"	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange
"Relevant Electronic System"	the meaning given to it in paragraph 1(c) of Part V of this document

"Relevant Member State"	each Member State of the European Economic Area which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator
"Relevant Shares"	the meaning given to it in paragraph 8 (j) of Part V of this document
"Rights Offer"	the meaning given to it in paragraph 2(c) of Part V of this document
"Securities Act"	the United States Securities Act of 1933, as amended
"Shareholder"	a holder of Ordinary Shares
"Shares"	the Ordinary Shares and/or the Subscription Shares, as the context may require
"SIPP"	a self-invested personal pension
"SSAS"	a small self-administered scheme
"Sterling" or "£"	pounds sterling, the lawful currency of the UK
"Subscription Date"	the meaning given to it in paragraph 1(a) of Part V of this document
"Subscription Notice"	the meaning given to it in paragraph 8(j)(i) of Part V of this document
"Subscription Price"	the meaning given to it in paragraph 2 of Part V of this document
"Subscription Right"	the meaning given to it in paragraph 1(a) of Part V of this document
"Subscription Shareholder"	the meaning given to it in paragraph 1(a) of Part V of this document
"Subscription Shares"	redeemable subscription shares of 1 penny each in the capital of the Company allocated pursuant to the IPO
"Subscription Trustee"	the meaning given to it in paragraph 8(g) of Part V of this document
"Tap Shares"	the 8,899,999 Ordinary Shares issued by way of tap issues between 14 February 2011 and 15 August 2011, as described in Part I of this document
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	the FSA acting in its capacity as the competent authority for the purposes of admissions to the Official List

"uncertificated" or in "uncertificated form"	a Share recorded on the Register 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 Subscription Notice"	the meaning given to it in paragraph 1(e) of Part V of this document
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"US Investment Company Act"	the United States Investment Company Act of 1940, as amended
"US Person"	a US Person as defined for the purposes of Regulation S
"US\$"	United States dollars, the lawful currency of the United States