

Syncona Limited – Article 23 Disclosures

30 October 2018

Syncona Limited (the “Company”) is an externally managed non-EEA alternative investment fund for the purposes of Directive 2011/61/EU on Alternative Investment Fund Managers (the “AIFMD”).

Syncona Investment Management Limited (the “Investment Manager”) is the investment manager of the Company and its EEA alternative investment fund manager for the purposes of the AIFMD. The Investment Manager does not manage any other AIFs.

This document sets out the information required by Article 23(1) of the AIFMD to be made available to investors before they invest in the Company. The majority of the disclosures are by reference to our Annual Report and Accounts 2018 (Annual Report), which is the principal document through which the required disclosures are made.

Information Requirement	Disclosure
Investment strategy and objectives	The Company’s Investment Policy until 30 October 2018 is set out on pages 64-65 of the Annual Report. On 30 October 2018 the Investment Policy was amended and the revised version is set out in the Appendix to this document. The investment strategy is set out on pages 20-27 of the Annual Report.
Feeder AIFs and fund of funds	Not applicable.
Assets in which the AIF can invest	As set out in the Company’s Investment Policy (see above).
Investment techniques employed and all associated risks	Investment techniques are set out in the Investment Policy and investment strategy (see above). Investment risks are detailed in the “Risk Management” and “Principal Risks and Uncertainties” section of the Annual Report on pages 42-47.
Investment restrictions	As set out in the Company’s Investment Policy (see above).
When can the Company use leverage; types and sources of leverage permitted and any restrictions	As set out in the Company’s Investment Policy (see above).
Any collateral and asset reuse arrangements	With effect from 31 August 2018 a member of the Company’s group has entered into collateral arrangements in relation to its foreign exchange hedging transactions, under which it posts and receives collateral on a title transfer basis.
When can the Company change its investment strategy or policy	The Investment Policy can only be amended by way of a special resolution (requiring three-quarters of the votes cast on the resolution to be in favour) unless, in the reasonable opinion of the Company’s directors, such change is not material.

<p>Legal implications of the form of investment</p>	<p>The Company is incorporated in Guernsey as a non-cellular company limited by shares, pursuant to the Guernsey Companies Law 2008 (as amended). Shareholders are bound by the provisions of the Company's Articles of Incorporation and the Companies Law. A copy of the Company's Articles of Incorporation can be found on the Company's website www.synconaltd.com.</p> <p>The method of enforcing any judgments against the Company would depend on the nature of the judgment or order and the jurisdiction in which it originated. Under Guernsey law certain overseas judgements may be recognised and enforced (either by right or under the inherent jurisdiction of the Guernsey courts) without reconsidering the merits of the judgement.</p>
<p>Identity of the AIFM, a description of its duties and investors' rights</p>	<p>The Investment Manager, Syncona Investment Management Limited. Its duties are to act as the Company's and other group entities' investment manager and to manage the investment of their assets. Investors do not have a direct cause of action against the Investment Manager.</p>
<p>Identity of the Company's depository, a description of its duties and investors' rights</p>	<p>Until 31 August 2018 the Company's depository and custodian was Northern Trust (Guernsey) Limited. This appointment has been terminated and Citco Custody (UK) Limited was appointed as depository and custodian from 1 September 2018. The duties of the depository and custodian are asset safekeeping (including custody of relevant assets), asset safekeeping, general oversight and transaction processing. Investors do not have a direct cause of action against the depository and custodian.</p>
<p>Identity of the auditor, a description of its duties and investors' rights</p>	<p>Deloitte LLP Guernsey. Its duties are to provide audit services to the Company, principally in relation to the audit of the annual accounts and independent review of the interim results. Investors do not have a direct cause of action against the auditors.</p>
<p>Identity of other service providers, a description of their duties and investors' rights</p>	<p>As set out on page 108 of the Annual Report, subject to the following changes:</p> <p>Northern Trust International Fund Administration Services (Guernsey) Limited's appointment as company secretary and administrator terminated on 31 August 2018, and Citco Fund Services (Guernsey) Limited has been appointed to those roles.</p> <p>Northern Trust (Guernsey) Limited's appointment as banker to the Company terminated on 31 August 2018, and Citco Bank Nederland N.V. has been appointed as banker.</p>

	Investors do not have a direct cause of action against any of the other service providers.
Compliance with requirements in relation to professional liability risks	The Investment Manager covers professional liability risks through additional own funds at least equal to 0.01 % of the value of the Company's investment portfolio.
Delegated management function by the AIFM, identity of the delegate and any conflicts of interest that may arise	There is no relevant delegation by the Investment Manager.
Delegated safe-keeping function by the depository, identity of the delegate and any conflicts of interest that may arise	It is not expected that the depository will delegate any safe keeping function.
Valuation procedure and pricing methodology	In accordance with the Company's valuation policy as set out on pages 80-82 of the Annual Report.
Liquidity risk management	Liquidity risks are detailed in the "Principal Risks and Uncertainties" section of the Annual Report on pages 43-47, in particular page 47.
Redemption arrangements	Shareholders of the Company are not entitled to redeem their investments in the Company.
Fees, charges and expenses borne by investors	Shareholders in the Company do not directly incur fees, charges and expenses as a result of their shareholding. The Company and its group incurs operating costs associated with its investment and corporate activities. These costs are set out on pages 31 and 88 of the Annual Report. In addition, further details of the amounts payable to the Investment Manager are set out on page 63 of the Annual Report.
Fair treatment of investors	In accordance with the Listing Rules, the Company is required to treat all holders of the same class of its listed equity shares that are in the same proportion equally in respect of the rights attaching to such listed equity shares.
Preferential treatment received by any investor	The Company has entered into a relationship agreement with Wellcome Ventures, which owns 36.9% of the Company's issued shares. The agreement entitles Wellcome Ventures to appoint two or one directors (for as long as it holds at least 25% or 10%, respectively, of the Company's issued share capital) and provides certain rights to information, together with other provisions. Further details of the agreement were set out in the circular to the Company's shareholders dated 28 November 2016, a copy of which can be found on the Company's website www.synconaltd.com .

Procedures for issue of shares	Any issue of shares by the Company would be subject to, among other things, the Company's Articles of Incorporation, the Listing Rules and the Guernsey Companies Law 2008.
Net asset value of the AIF or market price of a share of the AIF	<p>The latest net asset value of the Company is found in the most recently published Annual Report, interim results or quarterly update, copies of which can be found on the Company's website www.synconaltd.com.</p> <p>The market price of a share is publicly available and is also available on the Company's website www.synconaltd.com.</p>
Annual report	The Annual Report is publicly available on the Company's website www.synconaltd.com .
The historical performance of the AIF	<p>Historical performance information is set out on page 26 of the Annual Report.</p> <p>Further information about performance for historical financial years can be found in the relevant Annual Reports and Accounts, which are available on the Company's website www.synconaltd.com.</p>
Details of the prime broker, any material arrangements, any conflicts of interest and any transfer of liability	The Company does not have a prime broker.
Provisions in contract with the depository on transfer and re-use of AIF assets	None.
Percentage of AIF's assets subject to special arrangements arising from their illiquid nature	No such arrangements exist and so no disclosure has been made.
Any new arrangements for managing the liquidity of the AIF	See above under "Liquidity risk management". This will be updated in each Annual Report.
Current risk profile of the AIF and risk management systems used by the AIFM	See above under "Investment techniques employed and all associated risks". This will be updated in each Annual Report.
Changes to the maximum level of leverage	Any change to the maximum level of leverage would require an amendment to the Company's Investment Policy which would, in turn, require approval of shareholders by a special resolution.
Changes to right of reuse of collateral, asset reuse or guarantee under the leverage arrangement	See above under "Any collateral and asset reuse arrangements". This document will be updated in the event of any change.
Changes to total leverage employed	Updated in each Annual Report and interim results.
Arrangement made by the depository to contractually discharge itself of liability	Not applicable to a non-EEA AIF.

Appendix

Investment Objective and Policy

The Company's investment objective is to achieve superior long-term capital appreciation from its investments. The Company may invest in:

- life science businesses (including private and quoted companies) and single or multi-asset projects ('Life Science Investments'); and
- leading long-only and alternative investment funds and managed accounts across multiple asset classes ('Fund Investments').

The Company will target an annualised return per share across its investment portfolio of 15 per cent per annum over the long-term.

The Company is not required to allocate a specific percentage of its assets to Life Science Investments or Fund Investments although it is intended that the Company should invest the significant majority of its assets in Life Science Investments. The Company anticipates that it will, in general, invest available cash in Fund Investments and realise those investments as and when finance is required for its Life Science Investments.

Life Science Investments

Life Science Investments will principally be privately owned businesses or single or multi-asset opportunities, together with the Company's investment in the CRT Pioneer Fund.

The Company anticipates that its Life Science Investment businesses will primarily be headquartered in the United Kingdom and, to a lesser extent, continental Europe, although some may have operations elsewhere in the world and may market and commercialise their products on a global basis.

The Company anticipates that, over time, its Life Science Investments portfolio will consist of around 15 to 20 life science opportunities, of which three to five are likely to become significant core holdings. The Company will invest further in its existing portfolio of Life Science Investments and will seek to create further opportunities by founding new businesses to commercialise academic science.

The Company will seek to create and invest in new or existing Life Science Investment businesses or opportunities with a view to long-term ownership, to support the building of companies that are capable of taking their products to market on an independent basis and therefore to build sustainable, revenue-generating businesses. However, the Company may selectively divest companies in part or in full where such divestment delivers a financial return beyond the value that the Company could create alone.

The Company will commit at least 25 per cent of the assets that it commits to Life Science Investments to oncology projects or Life Science Investment businesses with a sole or dominant focus on oncology.

The Life Science Investment portfolio is subject to the following diversification requirements, each of which is measured only at the time of an investment and with respect to the impact of that investment:

- no more than 35 per cent of the Company's gross assets may be invested in any single Life Science Investment;
- no more than 60 per cent of the Company's gross assets may be invested in the largest two Life Science Investments;
- no more than 75 per cent of the Company's gross assets may be invested in the largest three Life Science Investments; and
- no more than 15 per cent of the Company's gross assets may be invested in quoted companies, disregarding for these purposes any investments which have become quoted companies during their ownership by the Company.

Fund Investments

The Company may make Fund Investments in long-only funds, hedge funds, private equity funds, infrastructure funds, credit and fixed income and real estate funds. The Company may make Fund Investments on a global basis, including in funds that invest in emerging markets. The Company may also make short-term investments in short-term deposits or investments that are readily realisable pending investment in longer-term opportunities.

The composition of the Fund Investments portfolio will vary over time, depending on the aggregate amount of the Company's gross assets that are allocated to it.

The Fund Investments portfolio is subject to the following diversification requirements, measured at the time of investment:

- no more than 20 per cent of the Company's gross assets may be invested in any single fund or managed account;
- no more than 30 per cent of the Company's gross assets may be invested with a single investment manager;
- no more than 50 per cent of the Company's gross assets may be invested in funds or managed accounts pursuing any single investment strategy; and
- no more than 80 per cent of the Company's gross assets may be invested in any single asset class.

Fund Investments may follow a wide range of investment policies and strategies and may be permitted to borrow and invest in long and short positions in quoted and unquoted equities, fixed income securities, options, warrants, futures, commodities, currency forwards, over the counter derivative instruments (such as swaps), securities that lack active public markets, private securities, repurchase agreements, preferred stocks, convertible bonds and other financial instruments or real estate as well as cash and cash equivalents.

Investment restrictions

The Company will not make any direct investment in any tobacco company and has agreed with (a) The Institute of Cancer Research (the 'ICR') not knowingly to make any investment which contravenes the tobacco restriction contained in the investment policy of the ICR and (b) Cancer Research UK not knowingly to make or continue to hold any investments in the Fund Investment



portfolio which would result in exposure to tobacco companies exceeding 1 per cent of the aggregate value of the Fund Investment portfolio from time to time.

Annual charitable donation

The Company is required to make a charitable donation, in arrears, equal to one-twelfth of 0.3 per cent of its total net asset value at each month-end during the relevant financial year. Half is donated to the ICR and half donated to The Syncona Foundation for onward distribution among other charities in proportions which are determined each year by shareholders.

Indebtedness and other investment limitations

The Group may incur indebtedness for the purpose of financing share repurchases or redemptions, satisfying working capital requirements or to assist in payment of the annual charitable donation, up to a maximum of 20 per cent of the Company's net asset value at the time of incurrence.

Any decision to incur indebtedness for the purpose of servicing any awards under the Group's Long-Term Incentive Plan must be approved by the Board. Any other decision to incur indebtedness may be taken by the Investment Manager within such parameters as are approved by the Board from time to time. There are no limitations on indebtedness being incurred at the level of the Company's underlying investments.

The Company does not propose to enter into any securities or derivative hedging or other derivative arrangements other than those that may from time to time be considered appropriate for the purposes of efficient portfolio management and will not enter into such arrangements for investment purposes, although there are no limitations on such arrangements being entered into at the level of the Company's underlying investments.