

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek immediately your own personal financial advice from your independent financial adviser, stockbroker, bank manager, solicitor, accountant, or from another appropriately qualified and duly authorised independent adviser.

If you have sold or otherwise transferred all of your shares in BACIT Limited please send this document and the accompanying documents at once to the purchaser or transferee or to the stockbroker, banker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove, is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the PRA and the Financial Conduct Authority (“FCA”) and is acting for the Company and no-one else in connection with the Firm Placing and Placing and Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in connection with the Firm Placing and Placing and Open Offer.

J.P. Morgan Limited is authorised and regulated by the FCA and is acting for the Company and no-one else in connection with the Waiver Resolution and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in connection with the Waiver Resolution.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Securities plc or J.P. Morgan Limited by the Financial Services and Markets Act 2000 (“FSMA”), the Financial Services Act 2012 (“FS Act”), or the regulatory regimes established thereunder, neither J.P. Morgan Securities plc nor J.P. Morgan Limited accepts any responsibility whatsoever for the contents of this document and disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document.

EPL Advisory LLP is authorised and regulated by the FCA and is acting for the Company and no-one else in connection with the Waiver Resolution and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in connection with the Waiver Resolution.

Apart from the responsibilities and liabilities, if any, which may be imposed on EPL Advisory LLP by FSMA, the FS Act, or the regulatory regimes established thereunder, EPL Advisory LLP does not accept any responsibility whatsoever for the contents of this document and disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document.

Each of The Institute of Cancer Research, the Wellcome Trust and Cancer Research UK accept no responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it or on its behalf in connection with the Company or the Ordinary Shares.

BACIT Limited

(a registered closed-ended collective investment scheme incorporated as a non-cellular company limited by shares under the laws of Guernsey with registration number 55514)

Notice of Extraordinary General Meeting

Expansion of investment policy, capital raising and related matters

Notice of an Extraordinary General Meeting to be held at 11 a.m. on 14 December 2016 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL is set out at the end of this document.

Shareholders are requested to return the Form of Proxy accompanying this document for use at the Extraordinary General Meeting. To be valid, the Form of Proxy must be completed and returned in accordance with the instructions printed thereon so as to be received by Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, not later than 11 a.m. on 12 December 2016. Alternatively, Shareholders may submit proxies electronically not later than 11 a.m. on 12 December 2016 using the Capita Share Portal Service at www.capitashareportal.com.

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which recommends that you vote FOR the Implementation Resolutions and the Related Party Share Subscription and AGAINST the Discontinuation Resolution. Your attention is also drawn to the section entitled “Action to be Taken” on page 10 of this document.

PART I
LETTER FROM THE CHAIRMAN
BACIT Limited (the “Company”)

(a registered closed-ended collective investment scheme incorporated as a non-cellular company limited by shares under the laws of Guernsey with registration number 55514)

Directors:

Jeremy Tigue (Chairman)
Arabella Cecil
Peter Hames
Thomas Henderson
Nicholas Moss

Registered office:

PO Box 255
Trafalgar Court,
Les Banques,
St Peter Port, Guernsey
GY1 3QL

28 November 2016

EXTRAORDINARY GENERAL MEETING

Expansion of investment policy, capital raising and related matters

Dear Shareholder,

Introduction

This document describes the proposed expansion of the Company (the “**Proposals**”). It includes notice of an extraordinary general meeting of the Company (the “**EGM**”) to be held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL at 11 a.m. on 14 December 2016.

You are also being sent a prospectus (the “**Prospectus**”) in respect of a proposed capital raising by the Company which forms part of the Proposals, as described further below, and a Deed of Election in respect of a share liquidity facility (the “**Liquidity Facility**”) that the Company proposes to offer Shareholders who wish to sell some or all of their shares in the Company in the event that the Proposals are implemented.

Shareholders should note that, if implemented, the Proposals will result in very significant changes to the Company’s investment policy and strategy, its investment exposure and its investment management team. Accordingly, Shareholders are urged to give this document their full attention. In particular, those Shareholders who would not wish to remain invested in the Company should the Proposals be implemented should pay particular attention to the terms of the Liquidity Facility.

The principal elements of the Proposals are as follows:

- The expansion of the Company’s investment policy to permit it to make life science investments in addition to its existing commitment to the CRT Pioneer Fund (the “**Pioneer Fund**”) and alongside its existing portfolio of alternative fund investments.
- The indirect acquisition by the Company from Wellcome Trust of Syncona LLP (“**Syncona**”), an independent subsidiary of Wellcome Trust that operates as a self-managed evergreen investment company, which owns a portfolio of life science investments, and the limited partnership interest in the Pioneer Fund from Cancer Research Technology Limited (“**Cancer Research Technology**”) taking the Company’s aggregate percentage interest in the Pioneer Fund to 64.11 per cent.
- Revisions to the Company’s investment management arrangements, including the expansion, and future internalisation, of the investment

management team to include leading life science specialists from Syncona.

- An investment in the Company by Wellcome Trust, through Wellcome Ventures (a company of which Wellcome Trust is the ultimate parent undertaking and controlling party as described in Part VI), of approximately £319 million and by Cancer Research UK Limited (“**CRUK**”) of approximately £27 million (of which approximately £10.6 million is in respect of the Company’s acquisition of its limited partnership interest in the Pioneer Fund) (the “**Firm Placing**”). Both Wellcome Ventures and CRUK will be subject to a 24 month shareholding lock-up. Each of Wellcome Trust and CRUK will subscribe for Ordinary Shares at a price of 131.15 pence per Ordinary Share (the “**Offer Price**”) which represents a premium of 1.35 per cent. to the Company’s last published net asset value so as not to be dilutive to existing Shareholders.
- The Company is also offering existing Shareholders the chance to sell their existing Ordinary Shares at the Offer Price to the extent that such Ordinary Shares can be sold by the Company, acting as agent for the selling Shareholder, to an incoming investor under the Placing and Open Offer (as defined below or the Excess Application Facility (as described in Part III)).
- A preemptive open offer to the Company’s existing shareholders and a placing to eligible new investors under which participants may acquire New Ordinary Shares or existing Ordinary Shares that Shareholders elect to sell through the Liquidity Facility at the Offer Price (the “**Issue**”).
- Amendments to the Company’s existing investment management agreement (the “**BACIT UK Agreement**”) with BACIT (UK) Limited (“**BACIT UK**”) (the “**BACIT UK Amendments**”).
- The adoption of a long term incentive plan (“**LTIP**”) for the Life Science Investment Management Team.
- Changes to the Board to reflect the revised investment focus and structure of the Company.
- The change of the Company’s name to “Syncona Limited”.

If implemented, the effect of the Proposals will be to provide Shareholders with exposure to some of the leading life science opportunities in the United Kingdom as well as to the alternative investment fund portfolio, while continuing the Company’s annual donation to charities, including to the Institute of Cancer Research (the “**ICR**”).

The Proposals require a number of matters to be approved by Shareholders, in respect of which resolutions are being proposed at the EGM (the “**Implementation Resolutions**”).

The Company is also bringing forward the discontinuation vote that would otherwise have been proposed at its annual general meeting in 2017 (the “**Discontinuation Resolution**”).

Implementation of the Proposals is conditional on Shareholders (a) **PASSING** all of the Implementation Resolutions and (b) **NOT PASSING** the Discontinuation Resolution. All of the Implementation Resolutions must be passed for the Proposals to go ahead.

The implementation of the Proposals will also be conditional on the number of Ordinary Shares that are offered for sale by existing Shareholders under the Liquidity Facility being lower than the number of Ordinary Shares that are subscribed for under the Placing and Open Offer.

Explanation of, and reasons for, the Proposals

As the share subscription by Wellcome Ventures will result in it holding 30 per cent. or more of the Company's voting rights, its subscription will be conditional on the Company's existing Shareholders passing a Takeover Code Rule 9 "whitewash" resolution (the "**Waiver Resolution**"). For the avoidance of doubt the Waiver Resolution is one of the required Implementation Resolutions.

The Company also anticipates that two of the Company's existing significant Shareholders may participate in the Placing and the Excess Application Facility (the "**Related Party Share Subscription**"). Whether Shareholders are required to vote on the Related Party Share Subscription will depend on the size of the allotment and issue made to the respective Shareholders. However, the Company is prospectively seeking shareholder approval now, by way of an ordinary resolution, such that any allotment and issue would not need to be scaled back to an amount that does not require Shareholder approval. Further information on the Related Party Share Subscription is set out in Part III of this document.

This document provides information on the Proposals, the Implementation Resolutions and the Discontinuation Resolution and includes a recommendation from the Board to vote **FOR** the Implementation Resolutions and the Related Party Share Subscription and **AGAINST** the Discontinuation Resolution.

It is proposed that the Implementation Date for the Proposals will be no later than the proposed date of issue and Admission of the New Ordinary Shares.

The Company was launched in October 2012 as an innovative investment company which provides investors with access to leading alternative investment managers on a "gross return" basis while also making an annual charitable donation (the "**Annual Donation**") and committing a small portion of its assets to life science investments.

The success of the Company since its launch has been due to the generous support of the managers of the investment funds in which the Company invests and the provision of investment management services by the investment management team led by Thomas Henderson. The contribution by the Company to the charities that it supports through its sizable donations and to medical and scientific research through its financial commitments to development and innovation projects are key to the continuing support of both the underlying managers and the BACIT UK investment management team.

The Company now has a unique opportunity to make a transformational change to its exposure to, and financing of, life science investments by aligning the Company with two of the UK's leading medical research charities, Wellcome Trust and CRUK.

Pursuant to the Proposals:

- The Company's investment policy will be extended to permit it to make an unlimited number of life science investments ("**Life Science Investments**") with a view, over time, to becoming predominantly a life science investment company. The Company will generally (but not exclusively) make early stage life science investments with a view to holding, and financing, those investments until they reach commercialisation and beyond. The proposed new investment policy and the existing investment policy are each set out in full in Part II of this document.
- The Company will continue to make investments in alternative investment funds ("**Fund Investments**"), although new Fund Investments will not necessarily be made on a gross return basis.

- The Company will not be required to invest a specific percentage of its assets in either Life Science Investments or Fund Investments. The Company expects, however, that it will invest its assets in Fund Investments until it requires financing for specific Life Science Investments, at which time an appropriate amount of the Fund Investments may be sold or redeemed.
- The Company expects to invest approximately £100 million per year of its gross assets in Life Science Investments until substantially all of the Company's gross assets are invested in Life Science Investments.
- The Company will make Life Science Investments across multiple therapeutic areas although it will commit at least 25 per cent. of the assets it allocates to making Life Science Investments to oncology projects and businesses.
- The Company will indirectly acquire Syncona (via the acquisition of the Syncona Partnership Interests, as described further in Part V of this document) and the limited partnership interest in the Pioneer Fund which is currently held by Cancer Research Technology (together the "**Initial Life Science Portfolio**"). Further information on the Initial Life Science Portfolio, including details regarding the relevant valuations of, and price payable for, those assets is included in Part V of this document.
- The Company will continue to donate a portion of its Net Asset Value to charity each year, but the relevant percentage will be reduced to 0.3 per cent. to take account of the increased size of the Company (subject to transitional arrangements to prevent the actual amount of the donation falling to below an amount equal to the donation made for the period from 1 April 2015 to 31 March 2016 as a result of implementation of the Proposals).

In addition, the Company will reconfigure its investment management arrangements by the recruitment of the existing Syncona life science investment management team (the "**Life Science Investment Management Team**"). The Life Science Investment Management Team will be employed by BACIT Holdco 4 Limited (to be renamed Syncona Investment Management Limited), an indirect UK subsidiary of the Company ("**SIML**"), whose chief executive officer will be Martin Murphy, currently the chief executive officer of Syncona. The Company believes that the Life Science Investment Management Team possesses a unique combination of experience and expertise and is very well placed to take advantage of opportunities afforded by the life science sector. Further details of the Life Science Investment Management Team and its approach to investing in the life science sector are included in Part IV of this document.

Subject to receipt of the appropriate regulatory authorisations, SIML will become the alternative investment fund manager ("**AIFM**") of the Company, with investment discretion over the Company's entire investment portfolio including, as described below, the allocation of assets between Life Science Investments and Fund Investments. The amount payable to SIML in respect of remuneration of its employees and its additional running costs will be subject to agreement by the Board and will not exceed one per cent. per annum of the Company's Net Asset Value from time to time. When taken with the fee proposed to be paid under the BACIT UK Agreement, this represents a cost to the Company in respect of the management of its assets of up to 1.19 per cent. of the Company's Net Asset Value per annum.

BACIT UK will remain as the Company's AIFM until SIML receives regulatory authorisation. In the meantime, following implementation of the Proposals, the Company's investment management arrangements will be structured so that BACIT UK has investment discretion over the

Impact of the Proposals on the Company's target return and distribution and discount management policies

Company's entire investment portfolio. Once SIML is authorised as the Company's AIFM, BACIT UK will become a sub-adviser to SIML in respect of the Company's Fund Investment portfolio, and keep discretion as to the allocation of that portfolio to specific Fund Investments. BACIT UK will not, however, from that point have any role regarding the Life Science Investment portfolio nor will it decide what proportion of the Company's assets are allocated to Life Science Investments or Fund Investments.

The Company is also in discussions with the European Investment Fund (another current investor in the Pioneer Fund) regarding the potential acquisition of its limited partnership interest in the Pioneer Fund. Assuming that the Proposals are implemented, the Company hopes to reach agreement with the European Investment Fund to acquire its limited partnership interest so that the Company is the sole limited partner of the Pioneer Fund, following which the Company may also recruit the Sixth Element management team into the Life Science Investment Management Team.

The Company believes that implementation of the Proposals offers the opportunity to increase the Company's size and investment scope, which should make it more attractive to a wider and more diverse investor base, including through enhancing secondary market liquidity in the Shares, while supporting and enhancing the Company's existing objectives and charitable contributions.

The managers of the Company's existing Fund Investments and the ICR are all supportive of the Proposals.

If the Proposals are implemented, the Company will, over the longer term, pursue an annualised return per share across its investment portfolio of 15 per cent. net of fees and expenses¹.

The Company's existing distribution policy, which targets dividends of two per cent. per annum of Net Asset Value, will remain unchanged by the implementation of the Proposals. In addition, the Company will retain its existing scrip dividend arrangements pursuant to which shareholders will receive new Ordinary Shares in place of a cash dividend, unless they specifically elect to receive the cash dividend.

Shareholders should note that the target return and distribution policy are targets only and are not profit forecasts. There can be no assurance that any target will be met and they should not be taken as an indication of the Company's expected or actual future results. Further, payment of any dividend is subject to compliance with applicable law and regulations including the satisfaction of the statutory solvency test under the Companies Law.

Save for the proposed removal of the requirement contained in the Articles periodically to propose a discontinuation vote, the Company's approach to discount management will remain unchanged as a result of the implementation of the Proposals and, should the Ordinary Shares trade at a discount to the prevailing Net Asset Value, the Company will consider whether (but has no obligation) to make own share purchases with a view to alleviating the discount.

Shareholders should also note that, if the Proposals are implemented, then, as a result of the change in the Company's investment focus and expansion of the Company's investment management team, the Company will no longer present alternative proposals regarding the future of the Company for the approval of Shareholders should Thomas Henderson cease to be involved with the Company and its group.

¹ This is an estimate only and not a profit forecast. There can be no assurance that this estimate will be met and it should not be taken as an indication of the Company's expected or actual future results. Potential investors should decide for themselves whether or not this estimation is reasonable or achievable in deciding whether to invest in the Company.

Terms of the new capital raise, including the Firm Placing, the Placing, the Open Offer, and the Liquidity Facility

The Company will, conditional on implementation of the remainder of the Proposals, issue 243,461,685 New Ordinary Shares to Wellcome Ventures and 20,872,732 New Ordinary Shares to CRUK at the Offer Price.

Shareholders are being asked at the EGM to approve the issue of these shares on a non-preemptive basis. As at the latest practicable date prior to the date of this document, the Ordinary Shares to be issued under the Firm Placing represent at least 68.5 per cent. of the current entire issued share capital of the Company.

As the share subscription by Wellcome Ventures under the Firm Placing will result in it holding 30 per cent. or more of the Company's voting rights, as enlarged by the Issue, the share subscription is also conditional on the Company's existing shareholders passing the Waiver Resolution, further information on which is set out in Part VI of this document.

Alongside the Firm Placing, the Company intends to issue New Ordinary Shares at the Offer Price by way of the Placing and Open Offer.

Qualifying Shareholders will be offered the opportunity to subscribe for 6 New Ordinary Shares for every 19 Ordinary Shares held as at the Record Date at the Offer Price under the Open Offer, such that the Company may issue up to 121,938,563 New Ordinary Shares. To the extent Qualifying Shareholders do not subscribe for New Ordinary Shares under the Open Offer and to the extent Ordinary Shares are offered for sale under the Liquidity Facility (as described below), Ordinary Shares will be available to new investors under the Placing.

The Company is also offering existing Shareholders the chance to sell their Ordinary Shares to incoming investors at the Offer Price pursuant to the Liquidity Facility.

The Proposals are conditional on the demand for Ordinary Shares under the Placing and Open Offer at least equaling the demand to sell Ordinary Shares under the Liquidity Facility.

Further details of the Firm Placing, the Placing and Open Offer, the Excess Application Facility and the Liquidity Facility are set out in Part III of this document. Shareholders are also being sent a prospectus in relation to the Firm Placing and Placing and Open Offer and a deed of election in connection with the Liquidity Facility.

The BACIT UK Amendments

Currently, the BACIT UK Agreement is terminable on 180 days' notice by the Company.

In order to provide a longer term incentive for the investment management team employed by BACIT UK (especially following the appointment of SIML as the Company's AIFM) and to ensure continuity for the underlying managers who provide the Company with "fee free" access to their funds, it is proposed that the BACIT UK Agreement should be amended so that it is terminable by the Company on the following terms:

- the BACIT UK Agreement will have an initial fixed term of five years from the date which is the last day of the month during which the Implementation Date occurs (the "**Start Date**") (the "**First Period**"); and
- at the expiry of the First Period, the BACIT UK Agreement will continue for a further five years and terminate on the date that is 10 years from the Start Date (the "**Second Period**") provided that, over the First Period, the Fund Investment portfolio has achieved a time weighted return equal to (a) at least 70 per cent. of the upside return or (b) no worse than 40 per cent. of the downside return generated by the FTSE All Share Index over the First Period (assuming reinvestment of all dividends).

The BACIT UK Agreement will not automatically renew at the end of the Second Period. Otherwise, the BACIT UK Agreement will not be terminable by the Company during the First Period or Second Period other than for certain cause events or with the agreement of BACIT UK.

The fees payable under the BACIT UK Agreement as so amended will be as follows:

- 0.19 per cent. of Net Asset Value per annum for the First Period.
- 0.15 per cent. of Net Asset Value per annum for the Second Period.

For the purposes of calculating the amount of the fee payable under the BACIT UK Agreement the portion of Net Asset Value attributable to Life Science Investments as well as to Fund Investments will be included.

BACIT UK is a related party of the Company for the purposes of the Listing Rules and the BACIT UK Amendments represent a related party transaction between the Company and BACIT UK. However, notwithstanding that the BACIT UK Amendments are a “smaller” related party transaction pursuant to LR 11.1.10 of the UK Listing Rules and do not therefore technically require a vote, the Board is seeking shareholder approval for the BACIT UK Amendments by way of an ordinary resolution. BACIT UK does not own any shares in the Company but Thomas Henderson and Martin Thomas, who are both directors of BACIT UK, are shareholders of the Company. Each of Mr. Henderson and Mr. Thomas will not vote on the resolution to approve the BACIT UK Amendments and will take all reasonable steps to ensure that none of their respective associates will vote on the relevant resolution.

LTIP arrangements

Part VII of this document sets out the proposed terms of the LTIP for the incentivisation of the Life Science Investment Management Team.

Changes to the Board

If the Proposals are implemented, Arabella Cecil will resign as a director of the Company and each of Nigel Keen and Ellen Strahlman will be appointed as directors (the “**Proposed Directors**”) with effect from the Implementation Date. Each of Jeremy Tigue, Thomas Henderson, Peter Hames and Nicholas Moss will remain on the Board.

Biographies for each of the Proposed Directors are as follows:

Nigel Keen

Nigel is the Chairman and co-founder of Syncona Partners. He is also Chairman of Oxford University Innovation, the technology transfer group for Oxford University, and Chairman of the Oxford Academic Health Science Network, a new entity established by the National Health Service in England to align the interests of patients in its region with academia, industry and the healthcare system. He was previously Chairman of Laird plc for 14 years and Oxford Instruments plc for 16 years. His career has encompassed venture capital, industry and banking. He has a degree in engineering from Cambridge University, is a Fellow of the Institute of Chartered Accountants, a Fellow of the Institute of Engineering and Technology and has been involved in the formation and development of high technology businesses for more than thirty years. He is also the Chairman of the AIM listed medical device company, Deltex Medical plc.

Ellen Strahlman

Ellen is a senior executive with 25 years of international experience in the healthcare industry (biopharmaceuticals, medical devices, public health). Ellen is currently the Chief Medical Officer and Executive Vice President, Research & Development for BD (Becton, Dickinson and Company), a leading global medical technology company. Ellen was previously with GlaxoSmithKline, plc, having served as the Senior Vice President and Chief Medical Officer (CMO) since 2008 and more recently working in the Office of the CEO as Senior Medical Advisor and Global Head of Neglected

Tropical Diseases. Ellen is a graduate of Harvard University (Biochemical Sciences) and obtained her medical degree from the Johns Hopkins School of Medicine. She has medical qualifications in general surgery (Johns Hopkins) and ophthalmology (the Wilmer Institute, Johns Hopkins). Finally, Ellen earned her Master's Degree in Health Sciences from the Johns Hopkins Bloomberg School of Public Health as a Carnegie-Mellon Physician Public Health Fellow.

Discontinuation Resolution

The Discontinuation Resolution is an ordinary resolution which will bring the discontinuation vote of the Company forward from its annual general meeting in 2017 and, if passed, will require the Company's directors to formulate proposals to be put to shareholders within six months of the resolution being passed to reorganise or reconstruct the Company.

The directors anticipate that, should the Discontinuation Resolution be passed, they will propose the winding up of the Company to Shareholders.

It should be noted, however, that the winding up and liquidation of the Company may take a significant length of time in light of the illiquidity of certain of the Company's underlying investments or, in order to expedite the winding up process, may require certain investments to be sold at below their net asset value. Accordingly, there can be no guarantee that a liquidation of the Company will result in Shareholders receiving an amount equal to the prevailing Net Asset Value of the Company, either in the immediate future or at all. Further, if the Company were to be wound up, its support for charitable causes would cease. The attention of Shareholders is drawn to the risk factors contained in Part VIII of this document.

The Board considers that a vote **AGAINST** the Discontinuation Resolution is in the best interests of the Shareholders as a whole.

The Implementation Resolutions

There are 11 Implementation Resolutions, each of which is conditional on the others **BEING PASSED** and the Discontinuation Resolution **NOT BEING PASSED**.

The Implementation Resolutions are as follows:

- An ordinary resolution to approve the expansion of the Company's investment policy.
- An ordinary resolution to approve the BACIT UK Amendments.
- An ordinary resolution to approve the LTIP.
- Two ordinary resolutions to appoint each of Nigel Keen and Ellen Strahlman as directors of the Company with effect from the Implementation Date.
- An ordinary resolution to waive the obligation of Wellcome Ventures to make a mandatory offer for the Company's Ordinary Shares pursuant to Rule 9 of the Takeover Code notwithstanding that it will own in excess of 30 per cent. of the Company's issued Ordinary Shares as a result of the Proposals.
- A special resolution to change the Company's name to "Syncona Limited".
- A special resolution to amend the Articles: (a) to remove the requirement to propose a discontinuation resolution at the annual general meeting in 2017 and at the annual general meeting held every five years thereafter; (b) to provide that the Company's investment policy can only be amended by a special resolution of the Shareholders; and (c) to provide that pre-emption rights will not apply to Ordinary Shares issued by the Company to satisfy awards under the LTIP.
- An ordinary resolution to authorise the allotment and issue of 386,272,980 New Ordinary Shares (representing 100 per cent. of the

issued share capital of the Company as at the latest practicable date prior to the date of this document).

- An extraordinary resolution to allot and issue 386,272,980 New Ordinary Shares (representing 100 per cent. of the issued share capital of the Company as at the latest practicable date prior to the date of this document) of the Company for cash on a non-preemptive basis in respect of the issue of shares to Wellcome Ventures and CRUK and to eligible new investors under the Placing.

The Board considers that a vote **FOR** each of the Implementation Resolutions is in the best interests of the Shareholders as a whole.

Consequences of the failure to pass the Implementation Resolutions and the Discontinuation Resolution

In the event that Shareholders pass neither the Implementation Resolutions nor the Discontinuation Resolution, there will be no immediate change to the structure or operations of the Company. The Company will continue to be required to propose a discontinuation resolution at the 2017 annual general meeting.

Risk factors

Part VIII of this document sets out a number of risks for Shareholders to consider in connection with the matters described in this document.

Action to be taken

Form of Proxy

You will find enclosed the Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to attend the Extraordinary General Meeting, you are urged to complete and return the Form of Proxy as soon as possible. To be valid, the Form of Proxy must be completed in accordance with the instructions printed on it and lodged with Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, not later than 11 a.m. on 12 December 2016. Alternatively, Shareholders may submit proxies electronically using the Capita Share Portal Service at www.capitashareportal.com.

The lodging of the Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person if you so wish. If you have any queries relating to the completion of the Form of Proxy, please contact the Company's registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU at the following number: +44 (0) 371 664 0300. Calls to this number cost 12p per minute plus network extras. Lines are open from 9 a.m. to 5 p.m. Monday to Friday. Capita Asset Services can only provide information regarding the completion of the Form of Proxy and cannot provide you with investment or tax advice.

A quorum consisting of two Shareholders entitled to vote and attending in person or by proxy (or, in the case of a corporation, by a duly appointed representative) is required for the Extraordinary General Meeting.

Resolutions 1 to 9 are proposed as ordinary resolutions which require a simple majority of the Shareholders and duly appointed proxies attending the meeting and voting on a show of hands to vote in favour (excluding any votes that are withheld) or, if a poll is demanded, a simple majority of the total voting rights cast on the relevant resolution (excluding any votes that are withheld) to be in favour.

Resolutions 10 and 11 are proposed as special resolutions and resolution 12 is proposed as an extraordinary resolution, all of which require not less than 75 per cent. of the Shareholders and duly appointed proxies attending the meeting and voting on a show of hands to vote in favour (excluding any votes that are withheld) or, if a poll is demanded, not less than 75 per cent. of the total voting rights cast on the relevant resolution (excluding any votes that are withheld) to be in favour.

Further Information

Your attention is drawn to the remainder of this document which contains further information relating to the Company and the Proposals.

Recommendations

The Board considers that a vote **FOR** the Implementation Resolutions and the Related Party Share Subscription and **AGAINST** the Discontinuation Resolution is in the best interests of the Shareholders as a whole.

The Board, having been so advised by J.P. Morgan Cazenove, considers that the Related Party Share Subscription is fair and reasonable as far as Shareholders are concerned. The Board considers that the Related Party Share Subscription is in the best interests of Shareholders as a whole.

The Board considers that the BACIT UK Amendments are in the best interests of the Company and its Shareholders as a whole. The Board also considers that such amendments are fair and reasonable as far as Shareholders are concerned. The Board confirms that, in reaching its recommendation with respect to the BACIT UK Amendments, Arabella Cecil and Thomas Henderson, as members of the Fund Investment Management Team, have an interest in the subject matter of the BACIT UK Amendments and did not, therefore, take part in the Board's consideration of that resolution.

In respect of the Waiver Resolution, the Board, which has been so advised by EPL Advisory LLP ("EPL Advisory"), considers the Firm Placing and obtaining the Waiver Resolution to be fair and reasonable and in the best interests of the Company and the Independent Shareholders as a whole.

The Board has also been advised by J.P. Morgan Cazenove who consider obtaining the Waiver Resolution to be fair and reasonable. In providing advice to the Board, each of J.P. Morgan Cazenove and EPL Advisory has taken into account the Board's commercial assessments. EPL Advisory is providing independent financial advice to the Board for the purposes of the Waiver Resolution under Rule 9 of the Takeover Code.

Accordingly, the Board is unanimously in favour of Shareholders voting **FOR** the Implementation Resolutions and the Related Party Share Subscription and **AGAINST** the Discontinuation Resolution, as those Directors who own shares in the Company intend to do in respect of their own beneficial holdings. Arabella Cecil and Thomas Henderson, as members of the Fund Investment Management Team have an interest in the subject-matter of the BACIT UK Amendments. As above, neither Arabella Cecil nor Thomas Henderson will vote on the BACIT UK Amendments and they will procure that none of their respective associates shall vote on the BACIT UK Amendments.

The Directors (either personally or through companies associated with them) collectively own 12,578,107 Ordinary Shares in the Company which represents 3.252 per cent. of the total voting rights in the Company which they will be exercising (save as disclosed above in respect of the BACIT UK Amendments) **IN FAVOUR** of the Implementation Resolutions and the Related Party Share Subscription and **AGAINST** the Discontinuation Resolution.

Each of the Directors who are Shareholders intends to take up their Open Offer Entitlements and not to sell any Ordinary Shares pursuant to the Liquidity Facility.

You are requested to complete and return the enclosed Form of Proxy without delay, whether or not you intend to attend the Extraordinary General Meeting.

Yours faithfully

Jeremy Tigue
Chairman

PART II

INVESTMENT POLICY

The Company's existing investment objective and investment policy is as follows.

Existing Investment Objective

The Company's existing investment objective is to deliver superior returns from investments in leading long-only and alternative investment funds across multiple asset classes.

Existing Investment Policy

The Group currently invests in leading long-only and alternative investment funds across multiple asset classes.

Investments are, currently, only made in cases where the relevant investment manager provides investment capacity on a "gross return" basis, meaning that the Group does not bear the impact of management or performance fees on the relevant investment. This may be achieved by the relevant manager or fund agreeing with the Group not to charge management or performance fees, by rebating or donating back to the Group any management or performance fees charged or otherwise arranging for the Group to be directly or indirectly compensated so as effectively to increase its investment return on the relevant investment by the amount of any such fees. Depending on their specific terms, arrangements under which the Group receives a rebate, donation or other retrocession, compensation or payment in respect of fees payable in relation to an investment may mean that the investment returns actually received by the Group are not identical to those that would have been received had no fees been charged. However, any such differences are not expected to be material.

The composition of the Group's investment portfolio will vary over time in terms of its investment in asset classes, strategies, managers and funds but the Group intends to be invested in at least 15 distinct investment funds or managed account strategies at any time.

The Group may, currently, invest up to one per cent. per annum of Net Asset Value to acquire interests in ICR Projects. To the extent that less than one per cent. of Net Asset Value is allocated to ICR Projects in any given year, the amount available for investment in such projects as and when appropriate opportunities become available in subsequent years may be increased by such uninvested amount. This may be facilitated through investment in one or more funds or vehicles which may be managed or advised by a specialist third party investment manager.

The Group may invest in the Pioneer Fund as if it were an ICR Project, save that the Group may make up to a maximum capital commitment of £20 million (including the contribution of its existing investment in the CHK1 Project), notwithstanding that the Group will be required to bear management and performance fees, in the form of a general partner's share and carried interest, in respect of its investment. The amount that the Group may contribute to drawdowns of the Pioneer Fund in any one calendar year will not be subject to the one per cent. of net asset value cap otherwise applicable to investments in ICR Projects. In the event that drawdowns by the Pioneer Fund were to exceed this cap in any one calendar year, the Group would not make any new commitments to or investments in any ICR Project unless and until the cumulative amount that has been invested by the Group in the Pioneer Fund and in other ICR Projects has not exceeded an amount equal to the aggregate of one per cent. of the Company's net asset value for each year of the Company's life.

The Group may currently invest (i) no more than 20 per cent. of its assets (measured at the time of investment) in any single fund or managed account; (ii) no more than 30 per cent. of its assets (measured at the time of investment) with a single investment manager; (iii) no more than 50 per cent. of its assets (measured at the time of investment) in funds or managed accounts pursuing any single investment strategy (defined for these purposes as convertible arbitrage, distressed, emerging markets, equity, event-driven, fixed income, macro, merger arbitrage, multi-strategy and relative value and systemic strategies); and (iv) no more than 80 per cent. of its assets (measured at the time of investment) in any single asset class (defined for these purposes as long-only equity funds, hedge funds, private equity funds, credit and fixed income, real estate funds, infrastructure funds and other asset classes not included in any of the foregoing).

The Group may, currently, make short term investments in short term deposits or investments that are readily realisable pending investment in longer-term opportunities. While the Group will generally

seek to make these temporary investments on a “gross return” basis, it may make temporary investments in fee-bearing money market funds at any time if it expects the net return to such investments to exceed the return that it expects would otherwise be available on non-fee bearing temporary investments.

The funds and accounts in which the Group invests 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. The Group may invest on a global basis, including in funds that invest in emerging markets.

The Company has agreed with the ICR not knowingly to make any investment (directly or indirectly) which contravenes the tobacco restriction contained in the investment policy of the ICR.

The Group makes an Annual Donation to charity, paid in arrears (and pro-rated for partial years), of one per cent. of Net Asset Value, half of which is donated to the ICR and half of which is donated to The BACIT Foundation. The BACIT Foundation grants those funds (net of the BACIT Foundation’s running expenses) to charities named in a list proposed annually by The BACIT Foundation (including the ICR) in proportions determined each year by investors in the Company. The list of charities is sent to Shareholders at or around the same time as the Company’s annual report is dispatched in each year. The first such payment was paid in respect of the partial year ended 31 March 2013 (pro-rated in respect of the period from Admission to the year-end).

The Group may currently incur indebtedness for the purpose of financing Share repurchases or redemptions, making investments (including as bridge finance for investment obligations), satisfying working capital requirements or to assist in payment of the Annual Donation, up to a maximum of 20 per cent. of total Net Asset Value at the time of incurrence. The decision on whether to incur indebtedness may be taken by the Management Team 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 Group’s underlying investments.

The Group 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 Group’s underlying investments.

The Company will, assuming that Resolution 3 (as set out in the Notice of General Meeting) is passed, amend its investment policy. The principal differences between the Company’s existing investment policy and its new investment policy (the “**New Investment Policy**”) are as follows:

- the Company will, going forward, be permitted to invest in life science businesses and single asset opportunities whilst continuing to make investments in leading long-only and alternative investment funds and managed accounts;
- whilst the Company will endeavour to continue to make Fund Investments on a “gross return basis” it shall not be required to do so; and
- whilst the Company will continue to make an annual charitable donation to both the BACIT Foundation and the ICR, going forward, the amount of such donation will be equal to 0.3 per cent. of Net Asset Value per annum rather than 1 per cent. of Net Asset Value per annum to take account of the increased size of the Company following the completion of the Firm Placing and the Issue.

The New Investment Policy is set out in full below.

New investment objective

The Company’s investment objective is to achieve superior long-term capital appreciation from its investments.

New Investment Policy

The Company may invest in:

- life science businesses (including private and quoted companies) and single 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 term².

The Company is not required to allocate a specific percentage of its assets to Life Science Investments or Fund Investments although, over time, 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 asset opportunities and the Company’s investment in the 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 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, measured at the time of investment:

- no more than 25 per cent. of the Company’s gross assets may be invested in any single Life Science Investment; 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, but for the foreseeable future, the Company intends to hold at least 15 Fund Investments.

² This is an estimate only and not a profit forecast. There can be no assurance that this estimate will be met and it should not be taken as an indication of the Company’s expected or actual future results. Potential investors should decide for themselves whether or not this estimation is reasonable or achievable in deciding whether to invest in the Company.

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 (defined for these purposes as event-driven, merger arbitrage, convertible arbitrage, emerging markets, fixed income, credit, distressed, macro, multi-strategy, relative value and systematic strategies); and
- no more than 80 per cent. of the Company's gross assets may be invested in any single asset class (defined for these purposes as long-only equity funds, long-only fixed income and credit funds, hedge funds, private equity funds and real estate funds, infrastructure funds and other asset classes not included in any of the foregoing).

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.

Where feasible, the Company will endeavour (but is not required) to make Fund Investments in cases where the relevant investment manager provides investment capacity on a "gross return" basis, meaning that the Company does not bear the impact of management or performance fees on the relevant investment. This may be achieved by the relevant manager or fund agreeing with the Company not to charge management or performance fees, by rebating or donating back to the Company any management or performance fees charged or otherwise arranging for the Company to be directly or indirectly compensated so as effectively to increase its investment return on the relevant investment by the amount of any such fees. Depending on their specific terms, arrangements under which the Company receives a rebate, donation or other retrocession, compensation or payment in respect of fees payable in relation to an investment may mean that the investment returns actually received by the Company are not identical to those that would have been received had no fees been charged. However, any such differences are not expected to be material.

Investment restrictions

The Company will not make any direct investment in any tobacco company and has agreed with (a) the ICR not knowingly to make any investment which contravenes the tobacco restriction contained in the investment policy of the ICR and (b) CRUK not knowingly to make or continue to hold any investments in the Fund Investment Portfolio which would result in exposure to tobacco companies exceeding one 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 Institute of Cancer Research and half donated to The BACIT Foundation for onward distribution among other charities in proportions which are determined each year by shareholders.

The Company will bring forward charitable donations for future years with the effect of maintaining the amount of charitable donations for 2016 to 2017 and 2017 to 2018 at a level equal to the amount donated in 2015 to 2016. Any excess amount paid by the Company in those two years will be recovered from the charitable donations for future years which will be equal to the lower of (i) 0.3 per cent. of its net asset value and (ii) the actual amount donated in 2015 to 2016, until such time as any excess amounts have been recovered in full.

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 Management Team 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 will be no limitations on such arrangements being entered into at the level of the Company's underlying investments.

If the New Investment Policy is not adopted then none of the Implementation Resolutions will be passed and the Company will not proceed with its planned acquisition of the Initial Life Science Portfolio. In that case, the Company's existing investment policy will remain unchanged. The Company will, provided also that the Discontinuation Resolution is not passed, continue to make investments in accordance with the existing investment policy.

Any material changes to the New Investment Policy will, assuming the Implementation Resolutions are passed, require the approval of Shareholders by way of a special resolution.

PART III

CAPITAL RAISING AND LIQUIDITY FACILITY

Capital Raising

The Company will, under the Firm Placing, issue 243,461,685 New Ordinary Shares to Wellcome Ventures and 20,872,732 New Ordinary Shares to CRUK at the Offer Price. The Firm Placing is conditional on the passing of the Implementation Resolutions and the Discontinuation Resolution not being passed.

In addition to the Firm Placing, the Company intends to issue New Ordinary Shares under the Placing and Open Offer, except to the extent that demand under the Placing and Open Offer is satisfied by Ordinary Shares offered for sale under the Liquidity Facility.

The Offer Price represents a premium of approximately 0.11 per cent. to the middle-market closing price for an existing Ordinary Share of 131.00 pence on 25 November 2016 and a 1.35 per cent. premium to the Net Asset Value per share as at 31 October 2016.

Qualifying Shareholders will be offered the opportunity to subscribe in the Open Offer for Ordinary Shares at the Offer Price (payable in full in cash on application and free of all expenses) on the following basis:

6 New Ordinary Shares for every 19 Ordinary Shares

held and registered in their name as at the close of business on the Record Date, and so on in proportion for any greater or lesser number of Ordinary Shares then held. To the extent that the amount payable by a Qualifying Shareholder in respect of their Open Offer Shares (being the product of the number of Open Offer Shares being applied for and the Offer Price) would result in a fractional amount of pence being payable the amount should be rounded to the nearest whole pence. To the extent that Shareholders do not subscribe for Ordinary Shares under the Open Offer, such shares may be subscribed for by the Placees pursuant to the Placing Agreement. Applications under the Open Offer will be on the terms and subject to the conditions set out in the Prospectus and the Application Form.

Not all Shareholders may be entitled to participate in the Open Offer. Shareholders who are located or resident in, or who have a registered address in, certain excluded territories will not qualify to participate in the Open Offer (“**Excluded Shareholders**”).

The Company is also offering an excess application facility (the “**Excess Application Facility**”) to allow Shareholders who have applied for their Open Offer entitlements in full to apply for additional Ordinary Shares. The Excess Application Facility will comprise Ordinary Shares that are not taken up by Excluded Shareholders and qualifying Shareholders under the Open Offer pursuant to their Open Offer entitlements

The Open Offer is not a “rights issue”. Invitations to apply under the Open Offer are not transferable unless to satisfy *bona fide* market claims raised by Euroclear’s Claims Processing Unit and qualifying Non-CREST Shareholders should also note that the Application Form for the Open Offer is not a document of title and cannot be traded. Shareholders should be aware that, in the Open Offer, unlike in the case of a rights issue, any Ordinary Shares not applied for under the Open Offer will not be sold in the market or placed for the benefit of Shareholders, but may be placed with the proceeds retained for the benefit of the Company.

The Firm Placing and the Placing and Open Offer are conditional on:

- (a) the passing of the Implementation Resolutions and the Discontinuation Resolution not being passed;
- (b) the placing agreement between the Company and J.P. Morgan Cazenove becoming unconditional in all respects, save for Admission, by no later than 8 a.m. on 19 December 2016 and not having been terminated or rescinded in accordance with its terms;
- (c) the Company receiving orders for a number of Ordinary Shares under the Placing and Open Offer which is equal to or exceeds the number of Ordinary Shares that Shareholders elect to sell under the Liquidity Facility; and
- (d) Admission taking place by no later than 8 a.m. on 19 December 2016 (or such later time and/or date as the Sponsor may agree).

Neither the Firm Placing nor the Placing and Open Offer is being underwritten.

Following the implementation of the Firm Placing, Wellcome Ventures will hold 30 per cent. or more of the Company's voting rights. Part VI of this document contains details of the Waiver Resolution to waive the obligation on Wellcome Ventures to make a mandatory offer to the Company's other Shareholders to purchase their Ordinary Shares.

Related Party Share Subscription

As at 24 November 2016, clients of Schroders plc ("**Schroders**") held 41,206,972 Ordinary Shares (representing 10.67 per cent. of the issued Ordinary Shares) and clients of Smith & Williamson ("**Smith & Williamson**") held 38,766,853 Ordinary Shares (representing 10.04 per cent. of the issued Ordinary Shares). Each of Schroders and Smith & Williamson is, therefore, currently a "substantial shareholder" of the Company, and a related party for the purposes of Chapter 11 of the Listing Rules. Should each of Schroders and Smith & Williamson hold over 10 per cent. of the Company's share capital on 14 December 2016, the date of the closing of the Placing, any allotment and issue of Ordinary Shares to Schroders or Smith & Williamson pursuant to the Placing and the Excess Application Facility (the "**Allotment**") would constitute a "related party transaction" for the purposes of Chapter 11 of the Listing Rules. Whether shareholders are required to vote on the Allotment will depend on the size of that Allotment, however the Company is prospectively seeking Shareholder approval now such that any Allotment does not need to be scaled back to an amount that did not require Shareholder approval in order to avoid further delays to the completion of the Proposed Transaction.

Accordingly, Resolution 2 set out in the Notice of General Meeting requests, by way of an ordinary resolution, the approval of the Remaining Shareholders of the allotment and issue of Ordinary Shares to Schroders and Smith & Williamson under the Placing and Excess Application Facility. Pursuant to the requirements of Chapter 11 of the Listing Rules, the Company will take all reasonable steps to ensure that both Schroders and Smith & Williamson (and any associates of either of them) will not vote on Resolution 2.

Any participation by Schroders or Smith & Williamson in the Placing and Excess Application Facility would be on the same terms as the other applicants under the Placing and Excess Application Facility.

Liquidity Facility

The Company recognises that some Shareholders may wish to realise a portion of their shareholding and, as a result, the Company is offering its Shareholders the opportunity to sell their Ordinary Shares at the Offer Price under the Liquidity Facility. Shareholders must appear on the Company's register of members as at close of business on the Record Date to participate in the Liquidity Facility.

The Liquidity Facility is conditional on:

- a) the passing of the Implementation Resolutions and the Discontinuation Resolution not being passed; and
- b) the number of Ordinary Shares taken up under the Placing and Open Offer exceeding the number of Ordinary Shares offered for sale by Shareholders under the Liquidity Facility.

A selling Shareholder (required to validly complete a Deed of Election or give a TTE Instruction) shall only be entitled to sell its Ordinary Shares to the extent that such Ordinary Shares can be sold by the Company, acting as agent for the selling Shareholder, to an incoming investor. The maximum number of Shares that selling Shareholders shall be able to sell as part of the Liquidity Facility shall be equal to the number of New Ordinary Shares which are subscribed for as part of the Placing and Open Offer (which, for the avoidance of doubt, excludes the subscriptions for New Ordinary Shares by Wellcome Ventures and CRUK as part of the Firm Placing).

If the number of Ordinary Shares offered for sale by selling Shareholders as part of the Liquidity Facility exceeds the number of New Ordinary Shares subscribed for under the Placing and Open Offer, the Liquidity Facility shall not proceed and the Proposals will not be implemented (even if the Implementation Resolutions have been passed and the Discontinuation Resolution has not been passed).

Any Ordinary Shares which are sold to incoming investors as part of the Liquidity Facility shall be sold at the Offer Price under the Placing and Open Offer.

J.P. Morgan Cazenove's role in connection with the Liquidity Facility is limited to procuring purchasers for Ordinary Shares that are offered for sale under the Liquidity Facility and remitting funds from such purchasers to the Receiving Agent. J.P. Morgan Cazenove shall not bear any liability, responsibility or other obligation to any Shareholder in connection with the Liquidity Facility.

The Liquidity Facility will close at 11 a.m. on 13 December 2016 and no Deed of Election or TTE instruction received after 11 a.m. on 13 December 2016 will be accepted in whole or in part.

The procedure for selling Ordinary Shares under the Liquidity Facility depends on whether the Ordinary Shares are held in certificated or uncertificated form and is summarised below:

Ordinary Shares held in certificated form

Selling Shareholders who hold Ordinary Shares in certificated form and who wish to participate in the Liquidity Facility should follow the instructions set out in the Deed of Election (which constitutes part of the terms of the Liquidity Facility) and return it to the Receiving Agent to arrive by no later than 11 a.m. on 13 December 2016. Selling Shareholders who hold their Ordinary Shares in certificated form should also send their share certificate(s) or other documents of title in respect of the Ordinary Shares offered for sale with their Deed of Election to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Further details of the procedure for electing to sell and settlement are set out in the Deed of Election. Offers to sell will only be valid if the procedures contained in this document and in the Deed of Election are complied with in full.

The Deed of Election is a legal document governed by English law which contains instructions from selling Shareholders to the Company and the Receiving Agent to sell a specific number of Ordinary Shares on their behalf. Selling Shareholders will need to specify in the Deed of Election the exact number of Ordinary Shares that they would like to sell, as well as provide certain other details that are necessary for the Company to arrange for the sale of those Ordinary Shares on their behalf, including confirmation of title and, where those Ordinary Shares are currently held in certificated form, a share certificate.

By entering into the Deed of Election, a selling Shareholder will be appointing the Company under a power of attorney to sell the Ordinary Shares specified in the Deed of Election at the Offer Price and will be providing the Company and J.P. Morgan Cazenove with the representations, warranties, undertakings, confirmations and indemnities provided in the Deed of Election. If selling Shareholders have any questions about the Deed of Election and its contents and effect, they are recommended to take appropriate independent advice.

Ordinary Shares held in uncertificated form

All offers to sell in respect of Ordinary Shares held in uncertificated form (that is, in CREST) must be made by the input and settlement of a TTE instruction in CREST in accordance with the instructions set out in this document and the relevant procedures in the CREST manual (which together constitute part of the terms of the Liquidity Facility). Such elections will only be valid when the procedures contained in this document and in the relevant parts of the CREST manual are complied with in full.

If the Ordinary Shares that selling Shareholders wish to sell are in uncertificated form selling Shareholders should take (or procure be taken) the action set out below to transfer to escrow (by means of a TTE instruction) the total number of Ordinary Shares that a selling Shareholder wishes to sell under the Liquidity Facility, specifying the Receiving Agent (in its capacity as a CREST participant under the participant ID referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles not later than 11 a.m. on 13 December 2016.

The input and settlement of a TTE instruction in accordance with this paragraph shall constitute an offer to sell the number of Ordinary Shares at the Offer Price, by transferring such Ordinary Shares to the relevant escrow account as detailed below (an "**Electronic Election**").

If a selling Shareholder is a CREST sponsored member, such selling Shareholder should refer to their CREST sponsor before taking any action. A selling Shareholder's CREST sponsor will be able to confirm details of their Participant ID and the member account ID under which their Ordinary Shares are held. In addition, only a CREST sponsor will be able to send the TTE instruction to Euroclear in relation to a selling Shareholder's Ordinary Shares.

To elect to sell Ordinary Shares in uncertificated form a selling Shareholder should send (or, if such selling Shareholder is a CREST sponsored member, procure that their CREST sponsor sends) a TTE instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and which must contain, in addition to the other information that is required for the TTE instruction to settle in CREST, the following details:

- the ISIN for the Ordinary Shares which is: GG00B8P59C08;
- the number of Ordinary Shares to be transferred to an escrow balance;
- the selling Shareholder's Member account ID;
- the selling Shareholder's Participant ID;
- the Participant ID of the escrow agent, the Receiving Agent, in its capacity as a CREST receiving agent. This is: RA10;
- the Member account ID of the escrow agent. This is: 28935BAC;
- the Corporate Action Number of the Liquidity Facility, which is allocated by Euroclear and is available by viewing the relevant corporate action detail, in CREST;
- the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event no later than 11 a.m. on 13 December 2016;
- the standard delivery instruction with Priority 80; and
- a contact name and telephone number inserted in the shared note field.

After settlement of the TTE instruction, selling Shareholders will not be able to access their Ordinary Shares which are the subject of such TTE instruction in CREST for any transaction or charging purposes, notwithstanding that they will be held by the Receiving Agent until they are transferred to an incoming investor, or the Liquidity Facility otherwise lapses. If the Liquidity Facility becomes unconditional and an offer is accepted, the Receiving Agent will transfer the Ordinary Shares to an incoming investor.

Selling Shareholders are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.

Selling Shareholders should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. Selling Shareholders should therefore ensure that all necessary action is taken by them (or by their CREST sponsor) to enable a TTE instruction relating to their Ordinary Shares to settle prior to 11 a.m. on 13 December 2016. In this connection selling Shareholders are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

An appropriate announcement will be made if any of the details contained in this Part of the document are altered in any material respect for any reason.

Withdrawals of Electronic Elections are not permitted once submitted.

Each selling Shareholder by whom, or on whose behalf, an Electronic Election is made irrevocably undertakes, represents, warrants and agrees to and with the Company and the Receiving Agent, for itself and as agent for the Company, so as to bind such holder and their personal or legal representatives, heirs, successors and assigns to the following effect:

- (a) the input of the TTE Instruction shall constitute an irrevocable offer to sell to an incoming investor such number of Ordinary Shares, at the Offer Price, as are specified in the TTE Instruction in such case, on and subject to the terms and conditions set out or referred to in this document;
- (b) such selling Shareholder has full power and authority to sell, assign or transfer the Ordinary Shares in respect of which such irrevocable offer is accepted (together with all rights attaching thereto) and, if the same are purchased by an incoming investor, such incoming investor will acquire such Ordinary Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto and such representation and warranty will be true in all respects at the time the incoming investor purchases such Ordinary Shares as if it had been entered into anew at such time and shall not be extinguished by such purchase;

- (c) the input of the TTE Instruction will, subject to the Liquidity Facility becoming unconditional, constitute the irrevocable appointment of any director of, or other person nominated by the Company as such selling Shareholder's attorney and agent ("**attorney**"), and an irrevocable instruction to the attorney to complete and execute all or any contracts and/or any other documents or input any instructions into Euroclear at the attorney's discretion in relation to the Ordinary Shares for the purchase of such shares by the incoming investor and to deliver any documents or input any instructions into Euroclear relating to such Ordinary Shares, for registration and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Liquidity Facility;
- (d) such selling Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by such attorney and/or by the Company or any of its directors or any person nominated by the Company in the proper exercise of its or his or her powers and/or authorities hereunder; such selling Shareholder agrees to indemnify the agent/attorney in respect of any cost, loss, liability or expense which it incurs in the proper exercise of its powers conferred hereby;
- (e) the input of a TTE Instruction will constitute agreement by such selling Shareholder that any purchase from that selling Shareholder of Ordinary Shares by the incoming investor pursuant to the Liquidity Facility will be subject to the rules of the London Stock Exchange; and
- (f) such selling Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable to complete the purchase of the Ordinary Shares by the incoming investor and/or to perfect any of the authorities expressed to be given hereunder.

Shareholders who do not wish to participate in the Liquidity Facility should not complete the Deed of Election and should not make a TTE instruction.

Expected timetable

Record Date to participate in the Open Offer and Liquidity Facility	5 p.m. on 24 November 2016
Publication of the Circular, Prospectus and Open Offer Application Form	28 November 2016
Ex entitlement date for the Open Offer.....	8 a.m. on 29 November 2016
Open Offer Entitlements enabled in CREST and credited to stock accounts of Qualifying CREST Shareholders in CREST	30 November 2016
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 8 December 2016
Latest time and date for depositing Open Offer Entitlements into CREST	3 p.m. on 9 December 2016
Latest time and date for return of completed Form of Proxy.....	11 a.m. on 12 December 2016
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3 p.m. on 12 December 2016
Latest time and date for return of completed Deeds of Election or settlement of relevant CREST instruction to participate in the Liquidity Facility	11 a.m. on 13 December 2016
Extraordinary General Meeting.....	11 a.m. on 14 December 2016
Announcement of results of Extraordinary General Meeting.....	14 December 2016
Placing closes	11 a.m. on 14 December 2016
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer (and Excess Application Facility) or settlement of relevant CREST instruction (as appropriate).....	11 a.m. on 14 December 2016
Announcement of the results of the Issue through a Regulatory Information Service.....	15 December 2016
Admission and commencement of dealings in the New Ordinary Shares.....	19 December 2016
Anticipated Implementation Date	19 December 2016
CREST Members' accounts credited in respect of New Ordinary Shares in uncertificated form.....	as soon as possible after 8 a.m. on 19 December 2016
Despatch of definitive share certificates for New Ordinary Shares in certificated form	Within 14 days of Admission
Expected date of settlement of proceeds from Ordinary Shares sold under the Liquidity Facility, including despatch of cheques	Week commencing 19 December 2016

Each of the times and dates in the above timetable is subject to change. References to times are to London time unless otherwise stated. Temporary documents of title will not be issued.

Fractions of New Ordinary Shares will not be issued and cash that otherwise would have been applied by the Company in paying up those fractions will be retained by the Company.

The New Ordinary Shares can be held by Qualifying Shareholders either in certificated form (that is by holding a physical share certificate) or in uncertificated form through CREST.

Issue of the New Ordinary Shares under the Firm Placing and Placing and Open Offer is conditional, amongst other things, on the listing of the New Ordinary Shares on the Official List of the UKLA and admission of the New Ordinary Shares to trading on the London Stock Exchange's main market for listed securities. The New Ordinary Shares will rank equally in all respects with the existing Ordinary Shares.

PART IV

INVESTMENT MANAGEMENT TEAM

As part of the Proposals, the Company will reconfigure its investment management arrangements by the recruitment of the Life Science Investment Management Team. These investment management personnel will be employed by SIML, whose chief executive officer will be Martin Murphy, currently the chief executive officer of Syncona.

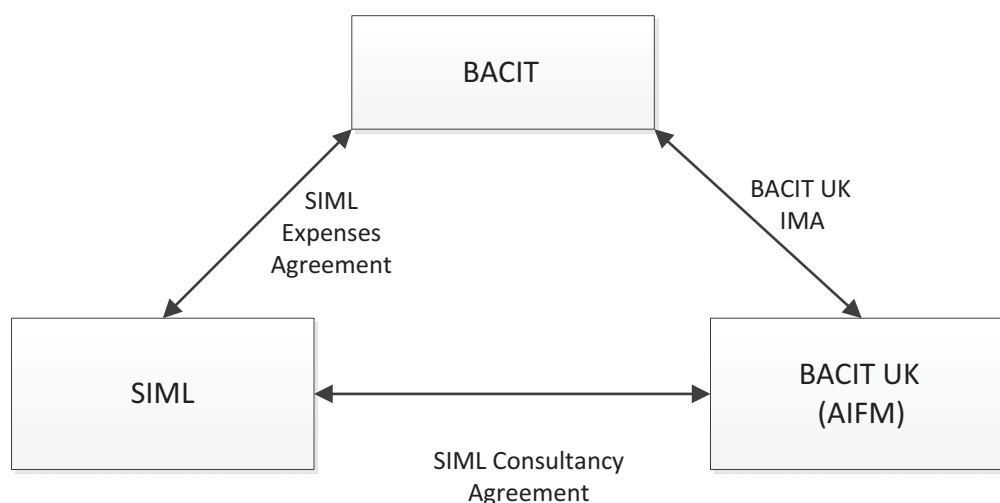
Subject to receipt of the appropriate regulatory authorisations, SIML will become the AIFM of the Company with investment discretion over the Company's entire investment portfolio including, as described below, the allocation of assets to Life Science Investments and Fund Investments.

BACIT UK will remain as the Company's AIFM until SIML receives regulatory authorisation. In the meantime, following implementation of the Proposals, the Company's investment management arrangements will be structured so that BACIT UK has investment discretion over the Company's entire investment portfolio. Once SIML is authorised as the Company's alternative investment fund manager, BACIT UK will become a sub-adviser to SIML in respect of the Company's Fund Investment portfolio and keep discretion as to the allocation of that portfolio to specific Fund Investments. BACIT UK will not, however, from that point have any role regarding the Life Science Investment Portfolio nor will it decide what proportion of the Company's assets are allocated to Life Science Investments or Fund Investments.

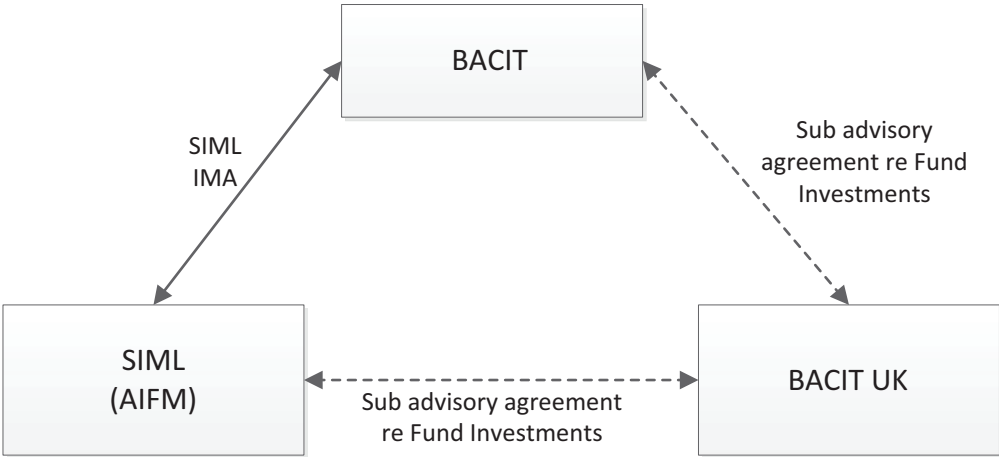
SIML will provide services to BACIT UK such that the Life Science Investment Management Team provides assistance to BACIT UK in relation to the Initial Life Science Portfolio and on the making of new Life Science Investments during the period between the closing of the Proposals and SIML receiving all of the required regulatory approvals to act as the Company's AIFM.

Diagram showing investment management arrangements

The diagram below depicts the Company's proposed investment management arrangements prior to SIML receiving the relevant regulatory approvals:



The diagram below depicts the Company’s proposed investment management arrangements following SIML receiving the relevant regulatory approvals:



Investment Management Team

Fund Investment Management Team

Arabella Cecil

Arabella Cecil started working in financial services in 1987, for Finbancaria (corporate finance, Milan), and later Banque Hottinguer (Paris), and Credit Lyonnais Laing (London) where she was head of food manufacturing research. Between 1998 and 2008 she owned and ran Gravity Pictures, which specialised in filmmaking in the IMAX[®] format. Most recently she was an investment manager and a member of the investment and risk committees of Culross Global Management. Arabella is Chief Investment Officer of BACIT UK.

Fenella Dornie

Fenella Dornie qualified as a chartered accountant with Spicer and Pegler (a predecessor firm of Deloitte LLP) in 1989, beginning her career in the specialised audit of companies in the financial and securities industries and latterly spending eight years in Deloitte & Touche’s corporate finance department, including two years seconded to the listings team of the London Stock Exchange. She is founder of Crosslanes Associates Limited, providing accountancy and administration services to companies of varying sizes. Fenella is Chief Financial Officer of BACIT UK.

Thomas Henderson

Thomas Henderson has over 25 years’ experience working in the financial markets, investing in the UK, Continental Europe, Russia and the United States. He is the founder and investment manager of New Generation Haldane Fund Management Limited (previously Eden Capital). Previously, Mr. Henderson was a portfolio manager for Moore Capital and prior to that worked with Cazenove & Co. in London and New York. Tom is Chief Executive Officer of BACIT UK.

John McDonald

John McDonald has 30 years’ experience working in the financial markets. He is a director of, and investment consultant for, Alternative Research Limited. Previously, Mr. McDonald was head of sales and marketing at Impax Asset Management, head of alternative investment sales at New Star Asset Management, investment director at Eden Capital and co-founder of Fortune Asset Management. John is an investment professional at BACIT UK.

Martin Thomas

Martin Thomas was previously Chairman of Lancashire Holdings Limited and was partner and board member of Altima Partners LLP. Previously, he was an official of the Bank of England, most recently on secondment to the EU Commission where he worked in the Financial Services Policy and Financial Markets Directorate of the Internal Market and Services Directorate General. Before Martin joined the EU Commission he established the Financial Markets Law Committee at the Bank of England. Previously he was Deputy Chief Executive of the Financial Law Panel and, prior to that, senior counsel to the European Central Bank in Frankfurt. Martin started his career in private practice, specialising in corporate and commercial litigation at Travers Smith and in the law and

regulation of financial services at Clifford Chance. Martin is Chairman and Compliance Officer of BACIT UK.

Life Science Investment Management Team

As explained above, the Life Science Investment Management Team will be comprised of investment personnel currently employed by Syncona.

Martin Murphy

Martin is the Chief Executive Officer and co-founder of Syncona Partners LLP. Previously, he was a partner at MVM Life Science Partners LLP, a venture capital company focused on life science and healthcare investments. During his time at MVM, Martin was a member of the Management and Investment Committees and led MVM's European operations. He was involved in a number of investments including PregLem SA (sold to Gedeon Richter), Momenta Pharmaceuticals, Inc, (NASDAQ: MNTA), Healthcare Brands International (sold to Meda AB) and Heptares Therapeutics Ltd (sold to Sosei Group Corporation). Before MVM, Martin had roles with 3i Group plc and McKinsey & Company.

Martin has a PhD in Biochemistry from Cambridge University.

Chris Hollowood

Chris Hollowood is a partner of Syncona Partners LLP. Previously, he was a partner of Apposite Capital LLP, a venture and growth capital company focused on the healthcare and life science sector. During his time at Apposite, he was involved in a number of investments, which included Ambit Biosciences (acquired by Daiichi Sankyo), Convergence Pharmaceuticals (acquired by Biogen-Idec), Birdrock (formerly known as Ruiyi) and the acquisition of a portfolio of nine US healthcare companies which included Zonare Medical Systems (acquired by Mindray) and Ulthera (acquired by Merz). Before Apposite, Chris had roles with Bioscience Managers Ltd, Neptune Investment Management Ltd and as a medicinal chemist in the pharmaceutical industry.

Chris holds a degree in Natural Sciences and a PhD in Organic Chemistry, both from Cambridge University.

Iraj Ali

Iraj Ali is a partner of Syncona Partners LLP. Previously, he was an associate-principal at McKinsey & Company where he specialised in product launch. He has been involved in several major pharmaceutical launches across developed and emerging markets and was a co-founder of McKinsey's US launch practice and leader of speciality launch in Europe. Prior to joining McKinsey Iraj held roles in scientific research: EMBO Research Scholar (UCSC), Drug Discovery Scientist (RiboTargets, Cambridge).

Iraj has a PhD in Biochemistry from Cambridge University.

John Bradshaw

John Bradshaw is the Chief Financial Officer of Syncona Partners LLP. Previously he worked extensively with companies in the life science sector as a part time and interim CFO. He was previously CFO of Gyrus Group PLC and qualified as a Chartered Accountant with Arthur Andersen.

John has a degree in Law from the University of Liverpool.

The Life Science Investment Management Team includes a total of ten investment professionals and three support staff.

Remuneration arrangements

SIML management fee

From the Implementation Date for the provision of its services the Company will pay SIML an annual fee up to one per cent. per annum of the Company's Net Asset Value (attributable to both Life Science Investments and Fund Investments).

BACIT UK management fee

From the Implementation Date the Company will pay BACIT UK an investment management fee equal to:

- 0.19 per cent. of Net Asset Value per annum for the First Period; and
- 0.15 per cent. of Net Asset Value per annum for the Second Period.

The fee will be payable monthly in arrears and each payment shall be calculated using the monthly Net Asset Value (attributable to both the Life Science Investments and the Fund Investments) as at the previous month end.

Life Science Investment Management Team LTIP

The Company intends, conditional upon the implementation of the Proposals, that SIML should implement an LTIP structure which will be benchmarked against current market performance standards.

PART V

LIFE SCIENCE INVESTMENT OPPORTUNITY

Certain information contained in this Part V has been obtained from third party sources which, in certain cases, has not been updated to the date of this document. Such information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published or provided to the Company by each relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Acquisition of Initial Life Science Portfolio

The Company will use certain of the proceeds from the Issue and Firm Placing as consideration to, indirectly, acquire Syncona. The Company will acquire the partnership interests in Syncona Partners LLP and Syncona Management LLP (the “**Syncona Partnership Interests**”). Syncona Partners LLP and Syncona Management Services Limited, a wholly owned subsidiary of Syncona Management LLP, hold all of the partnership interests in Syncona which holds the underlying life science assets that the Company wishes to acquire.

The Company will also acquire the limited partnership interest in the Pioneer Fund which is currently held by Cancer Research Technology taking the Company’s aggregate percentage interest in the Pioneer Fund to 64.11 per cent.

The Company has already made a commitment of £20 million to the Pioneer Fund through a limited partnership interest held by its wholly owned subsidiary, BACIT Discovery Limited.

As at 30 September 2016, the estimated value of the Initial Life Science Portfolio is £176.5 million (being the sum of the consideration that the Company intends to pay for the Syncona Partnership Interests and the limited partnership interest in the Pioneer Fund to be acquired from Cancer Research Technology). The fair value has been arrived at on the basis of two separate valuations (in respect of the underlying assets held by Syncona and the assets held by the Pioneer Fund) carried out by the Life Science Investment Management Team. The Company has received, and the Directors have relied upon, third party valuation advice confirming that the estimated value is within a reasonable range as compared with the valuations of similar types of assets.

The Company will pay £165.9 million to acquire the Syncona Partnership Interests. The Company has agreed with Wellcome Ventures to set off its right to receive payment for 126,496,278 New Ordinary Shares against its obligation to pay Wellcome Ventures the consideration for the Syncona Partnership Interests.

The Company will pay £10.6 million to acquire Cancer Research Technology’s limited partnership interest in the Pioneer Fund. CRUK will subscribe for 20,872,732 New Ordinary Shares in the Company in total. The Company has agreed with CRUK and Cancer Research Technology to set off its right to receive payment for approximately 8,061,274 New Ordinary Shares against its obligation to pay to Cancer Research Technology the consideration for its limited partnership interest in the Pioneer Fund.

The Company believes that the acquisition of the Initial Life Science Portfolio will give the Company the required platform to expand its size and investment scope to become a leading investor in medical sciences while supporting and maintaining the Company’s existing objectives and charitable contributions.

Initial Life Science Portfolio

Assets held by Syncona

Syncona currently holds seven Life Science Investments, all of which are to be acquired by the Company:

- **Achilles Therapeutics Limited** (“Achilles”), – Achilles is a joint venture company involving a number of investors. Syncona has, to date, invested £2.8 million of capital and has committed to fund Achilles with a further £9 million of capital in the future. In addition to the commitments that Syncona and the Pioneer Fund have already made, Syncona and Sixth Element estimate that, in addition to the capital that has already been invested, a further £100 million of funding will be required in the future. On a fully-diluted basis Syncona owns a 66 per cent. stake in the capital of Achilles. The Pioneer Fund also invests in Achilles and has committed £1 million of capital in return for a 6 per cent. stake in the capital of Achilles on a

fully-diluted basis. Achilles' primary product is an immunotherapy for the treatment of late stage solid-tumour disease (which accounts for around 80 per cent. of all cancer disease). Syncona estimates that this immunotherapy developed by Achilles has an addressable market of more than £8 billion per annum in size. Syncona believes that, if successful, Achilles could reach a valuation in excess of £1 billion⁴.

- **Autolus Limited (“Autolus”)** – Autolus was formed in 2014 as a spin-out from University College London, based on the pioneering work of Dr Martin Pule. Syncona has, to date, invested £20 million of capital and has committed to fund Autolus with a further £10 million of capital in the future. In February 2016, Autolus raised a further £40 million of funding by way of a “series B” financing which was raised from external investors. Syncona estimates that, in addition to the £30 million that has already been invested and committed, a further £100 million of funding will be required in the future. When all tranches of the “series B” financing have been invested, Syncona will hold a 37 per cent. stake in the capital of Autolus on a fully-diluted basis. Autolus aspires to be a multi-billion pound company serving a range of blood cancers which Syncona estimates have a combined addressable market size of more than £5 billion per annum. The technology being developed by Autolus is a cell-based immunotherapy that involves re-engineering a patient’s immune cells (T-cells) to target and destroy cancerous cells and provide long-term protection from disease. Syncona believes that, if successful, Autolus could reach a valuation in excess of £1 billion⁴.
- **Blue Earth Diagnostics Limited (“Blue Earth”)** – Blue Earth was formed in 2014 as a spin out company from GE Healthcare, as part of a restructuring of GE Healthcare’s imaging business. To date, Syncona has invested £23.3 million of capital and has committed to fund Blue Earth with a further £6 million of capital in the future. Syncona holds a 90 per cent. stake in the capital of Blue Earth on a fully-diluted basis. Blue Earth aims to become a world leading imaging company, capturing a leading share of the prostate cancer imaging market with its FDA approved product, Axumin. Syncona estimates that Blue Earth could service an addressable market of more than £750 million per annum. Syncona believes that, if successful, Blue Earth could reach a valuation in excess of £500 million⁴.
- **Freeline Therapeutics Limited (“Freeline”)** – Freeline was formed in 2015 as a result of the seminal gene therapy work of Professor Amit Nathwani from the Royal Free Hospital in London. Syncona has invested £11 million of capital to date and has committed to funding Freeline with a further £22.5 million in the future. Syncona estimates that, in addition to the capital that has already been committed, a further £100 million of funding will be required in the future. Following the investment of all tranches of Freeline’s current financing, Syncona will hold a 75 per cent. stake in the capital of Freeline on a fully-diluted basis. Freeline develops treatments for blood disorders (such as Haemophilia) and other similar similarly debilitating conditions. This technology has already shown proof of concept in an academic clinical study and Freeline is now accelerating the development of the product by way of further clinical trials with the aim of obtaining market regulatory approval. Syncona estimates that the technologies developed by Freeline could service a total addressable market of more than £10 billion per annum. Syncona believes that, if successful, Freeline could reach a valuation in excess of £500 million⁴.
- **Gyroscope Therapeutics Limited (“Gyroscope”)** – Gyroscope was formed in May 2016, as a result of a combination of expertise from four academic founders. Syncona has invested £5 million of capital to date and has committed to fund Gyroscope with a further £10 million in future. Syncona estimates that, in addition to the £15 million that it has already committed, a further £70 million of funding will be required in the future. Syncona has a 78 per cent. stake in the capital of Gyroscope on a fully-diluted basis. Gyroscope is developing a gene therapy product for a disease which causes permanent loss of eyesight and which has a large unmet clinical need. Syncona estimates that the total addressable market size for this gene therapy exceeds £15 billion per annum. Syncona believes that, if successful, Gyroscope could reach a valuation in excess of £1 billion⁴.
- **NightstaRx Limited (“Nightstar”)** – Nightstar was formed out of the work of Professor Robert MacLaren in the field of inherited retinal disease and gene therapy. Syncona made an initial commitment to Nightstar of £17 million in a “series A” financing round. Nightstar subsequently raised a further £22 million in a “series B” financing round in January 2016. Syncona’s total commitment (both invested and committed) to Nightstar currently equals £22.4 million. Syncona anticipates that, in addition to the capital that has already been committed, a further £40 million

of funding will be required in the future. Following the investment of all tranches of financing, Syncona has a stake of 55 per cent. of the capital of Nightstar on a fully-diluted basis. The underlying technology being developed by Nightstar is a one-off injection of a gene therapy product with the aim of halting the progression of a rare disease, Choroideremia, which causes permanent loss of eyesight. This product is in multiple clinical trials and is being developed for regulatory approval and future product launch. Nightstar and Syncona believe that the technology has expansion potential into a range of genetic blindness disorders and Nightstar is currently pursuing products which Syncona believes could service a total addressable market of more than £8 billion per annum. Syncona believes that, if successful, Nightstar could reach a valuation in excess of £1 billion⁴.

- **Cambridge Epigenetics Limited (“CEGX”)** – CEGX was Syncona’s first investment, made in 2012, and was formed out of the work of Professor Shankar Balasubramanian, the co-inventor of the market leading sequencing platform now commercialised by Illumina Inc. Syncona has, to date, invested £2.4 million of capital in syndication with a number of top-tier US venture funds. CEGX recently raised \$21 million a “series B” financing round which closed in March 2016. Syncona anticipates that, in addition to the capital that has already been committed, a further £10 million of funding will be required in the future. Syncona holds 12 per cent. of the capital of CEGX on a fully-diluted basis. CEGX is developing research tools which provide detailed resolution of epigenetic changes to DNA, a key piece of information which has clear research utility and clinical potential as a diagnostic tool for diseases such as cancer. Syncona estimates that the technology being developed by CEGX could service a total addressable market of more than £100 million per annum. Syncona believes that, if successful, CEGX could reach a valuation in excess of £50 million⁴.

Syncona disposed of its investment in 14M Genomics Limited, a clinical genomics company, to Kymab Limited in June 2016. Under the terms of the disposal, Syncona will receive an amount of deferred consideration of up to £500,000 in the period to June 2018. The amount of this deferred consideration has been taken into account in the determination of the valuation of the Initial Life Science Portfolio.

Assets held by the Pioneer Fund

The Pioneer Fund, of which the Company will, following the Implementation Date, hold, in aggregate, 64.11 per cent. of its limited partnership interests, currently holds nine underlying Life Science Investments.

Three of the underlying Life Science Investments are investments in private limited companies:

- **Macrophage Pharma Limited (“Macrophage”)** – a company focused on targeted cancer therapy, is a subsidiary of the Pioneer Fund, formed to develop and commercialise intellectual property licensed from Chroma Therapeutics Limited in two transactions in May 2013 and November 2014 respectively. As at 30 September 2016, the Pioneer Fund has invested £2.2 million in Macrophage and the Pioneer Fund is reserving at least another £4.3 million to invest in future funding rounds.
- **Artios Pharma Limited (“Artios”)** - in September 2016, the Pioneer Fund participated in the first investment round of Artios, a DNA repair company spun out of Cancer Research Technology, a wholly owned subsidiary of CRUK, as a result of which the Pioneer Fund holds a minority stake.

The Pioneer Fund also holds a minority stake in Achilles. Further details on Achilles are set out above under “Assets held by Syncona”.

⁴ This is an estimate only and not a profit forecast. There can be no assurance that this estimate will be met and it should not be taken as an indication of the Company’s expected or actual future results. Potential investors should decide for themselves whether or not this estimation is reasonable or achievable in deciding whether to invest in the Company.

The Pioneer Fund holds the intellectual property rights to six single asset projects (the “**Sixth Element Small Molecule Portfolio**”) which are at various stages of clinical trial and development:

- **HSF1** – the Pioneer Fund has licensed from Cancer Research Technology and the ICR worldwide rights to a family of HSF1 inhibitors discovered at the Cancer Therapeutics Unit of the ICR. This investment is enabling research to develop new drugs called Heat Shock Factor 1 pathway inhibitors which have the potential to block a protective mechanism used by cancer cells. The investment provides further resources to support CRUK funded scientists at the ICR to accelerate the design of the drugs. Further investment from the Pioneer Fund or another party will be required to take this project into preclinical and clinical development.
- **MPS1** – the Pioneer Fund has licensed from Cancer Research Technology and the ICR worldwide rights to a family of MPS1 inhibitors discovered at the Cancer Therapeutics Unit of the ICR. This investment is enabling research to develop new drugs called MPS1 inhibitors. The investment provides further resources to support CRUK funded scientists at the ICR to accelerate the development of the drugs. Further investment from the Pioneer Fund or another party will be needed to take this project into preclinical and clinical development.
- **CHK1** – the Pioneer Fund has licensed from Cancer Research Technology and the ICR worldwide rights to a family of CHK1 inhibitors discovered at the Cancer Therapeutics Unit of the ICR. The project was partnered with ProNAi Therapeutics, inc. in September 2016. Under the terms of the agreement, ProNAi Therapeutics paid an upfront payment of \$7 million. Additional payments in the aggregate amount of up to \$321.5 million will become payable upon achievement of certain development, regulatory and commercial milestones. ProNAi Therapeutics will also pay high single to low double digit royalties on net sales.
- **RET inhibitors** – this investment is a collaboration with the CRUK’s Manchester Institute Drug Discovery Unit, at The University of Manchester, to develop a promising class of drugs called RET inhibitors to treat cancer. It will build on research by scientists at CRUK’s Manchester Institute, enabling them to accelerate the development of RET inhibitors. Further investment from the Pioneer Fund or another party will be needed to take this project into preclinical and clinical development.
- **Tefinostat** – this investment was acquired by the Pioneer Fund through its licence arrangements with Chroma Therapeutics (see above for further details). Tefinostat is a targeted HDAC inhibitor which is about to commence Phase 2 studies in Chronic Myelomonocytic Leukaemia.
- **BCL6** – the Pioneer Fund has licensed from Cancer Research Technology and the ICR worldwide rights to a family of BCL6 inhibitors discovered at the Cancer Therapeutics Unit of the ICR. This investment is enabling research to develop new drugs called BCL6 inhibitors which are designed to inhibit protein – protein interaction which may ultimately inhibit target gene expression. The investment provides further resources to support CRUK funded scientists at the ICR to accelerate the discovery and development of the drugs. Further investment from the Pioneer Fund or another party will be needed to take this project into preclinical and clinical development.

As at 30 September 2016, the Pioneer Fund has committed a total of £18.6 million to the Sixth Element Small Molecule Portfolio.

Further details on Initial Life Science Investment Portfolio

Assets held by Syncona

Company	Cost (£m)	Valuation (£m)	Basis and date	Multiple	Portfolio	Founded
Blue Earth	23.3	76.2 ⁵	Discounted cash flow (“DCF”) – 31/8/2016	3.3x	Syncona	2014
CEGX	2.4	5.2	Price of recent investment (“PRI”) – 31/8/2016	2.1x	Syncona	2013
Nightstar	17.0	34.2	PRI – 31/8/2016	2.0x	Syncona	2014
Freeline	11.0	11.0	Cost – 31/8/2016	1.0x	Syncona	2015
Gyroscope	5.0	5.0	Cost – 31/8/2016	1.0x	Syncona	2016
Autolus	20.0	31.2	PRI – 31/8/2016	1.6x	Syncona	2015
Achilles	2.8	2.8	Cost – 31/8/2016	1.0x	Syncona and Pioneer Fund	2016
Cash and other assets	11.3	11.3	Cost	1.0x		
Total	92.8	176.9		2.0x		

Life science market opportunity and benefits of the Company making Life Science Investments

In addition to the Initial Life Science Investment Portfolio, the Company will seek to make future Life Science Investments with the aim of generating value for Shareholders from the development and commercialisation of innovative life science technologies and discoveries.

Over the last decade, major technology developments have altered the landscape for investing in biotechnologies and life science:

- **Human genome sequencing** – it is now much less expensive to sequence an entire genome allowing for the application of genome sequencing to routine clinical practice.
- **Gene therapy** - this therapy involves genes being delivered to patients as treatments. Gene therapies have the potential, via a single dose, to provide long-term treatment for inherited and chronic diseases for which there are currently no other therapeutic options. The Life Science Investment Management Team believes that this therapy lends itself to future commercialisation.
- **Immunotherapy** – this therapy involves the “reprogramming” of a patient’s immune system to attack their disease (such as cancer) and has shown very positive results in recent studies and clinical trials.

As a consequence of these developments the life science and biotechnology technology industry is entering a “third wave” of innovation:

- **First wave of innovation (1950-1990)** – the development of small chemical drugs (e.g. aspirin, beta-blockers) which are created by synthetic chemistry and mass produced by large pharmaceutical companies.

⁵ The valuation in respect of Blue Earth (which is correct as at 30 September 2016) is based on a DCF analysis which assumes that the Axumin product is sold for \$2500 per dose. To date, the Axumin product is being sold for \$3950 per dose.

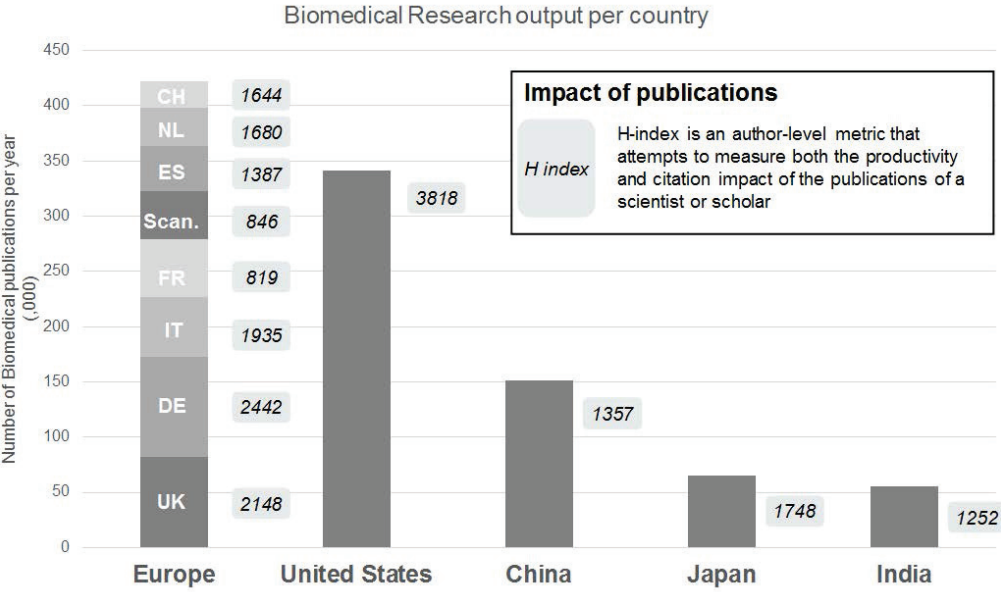
- **Second wave of innovation (1990 to date)** - the development of large protein drugs (e.g. antibodies such as Herceptin for the treatment of breast cancer) leading to the creation of standalone life science businesses.
- **Third wave of innovation (today to 2050)** – complex cellular and viral drugs (using engineered cells or viruses as treatments).

Although many major “second wave” discoveries and innovations were made in Europe, the majority of the commercial value from these technologies has, historically, been captured in the United States.

In the United States, many “second wave” and “third wave” technologies have resulted in the formation of multi-billion dollar, single product companies launched by specialist biotechnology firms rather than large pharmaceutical companies. These companies have generated value by developing marketed products.

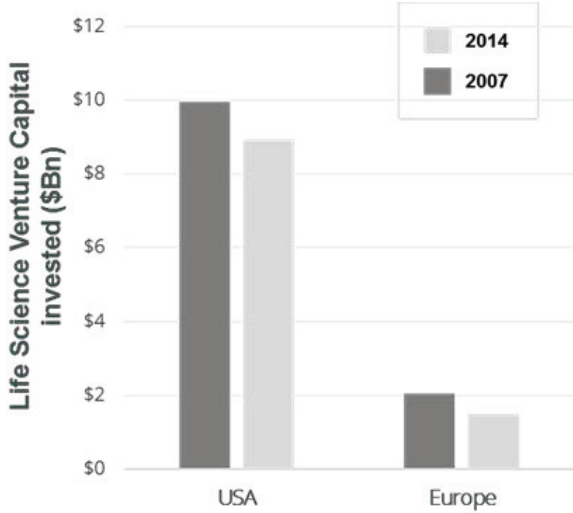
The Life Science Investment Management Team’s strategy is to develop a portfolio of similar product companies and assets, built out of an under-exploited European research technology base, and thereby access the level of returns available from the public markets. To achieve this, the Life Science Investment Management Team intends to finance Life Science Investment businesses to the point of product regulatory approval and, on a selective basis, to commercial launch. However, it is envisaged that businesses may be sold at any time or that businesses may be shut down in the event of technical or commercial issues arising.

The Life Science Investment Management Team believes that Europe is the world leader in terms of its output in biomedical research.



Source: SCImago Journal and Country rank (2014); including publication subjects: Biochemistry and molecular biology, Immunology and microbiology, Medicine, Neuroscience, Pharmacology and toxicology. "Scan." includes the Scandinavian countries Sweden, Denmark and Norway.

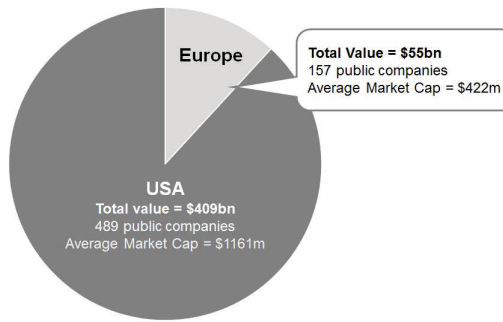
However, the research produced in Europe has, historically, been underfunded as compared with the funding provided in the United States.



Source: OECD Publishing, Entrepreneurship at a Glance 2015

As a result, despite excellent life science research output, the number of standalone life science companies that have been created in Europe is less than the number of standalone companies that have been formed in the United States.

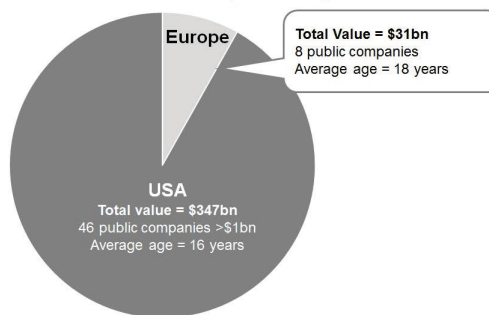
Market value of Lifesciences companies founded in the past 30 years



Source: BioCentury BCIQ database – February 2016. Public companies founded after 1986. Excluding supply and manufacturing companies. Excluding companies listed in Ireland and Jersey for tax purposes, but with no operating presence.

Consequently, the number of \$1 billion companies created in Europe is less than the number created in the United States.

Cumulative market size of \$1bn companies <30 years old

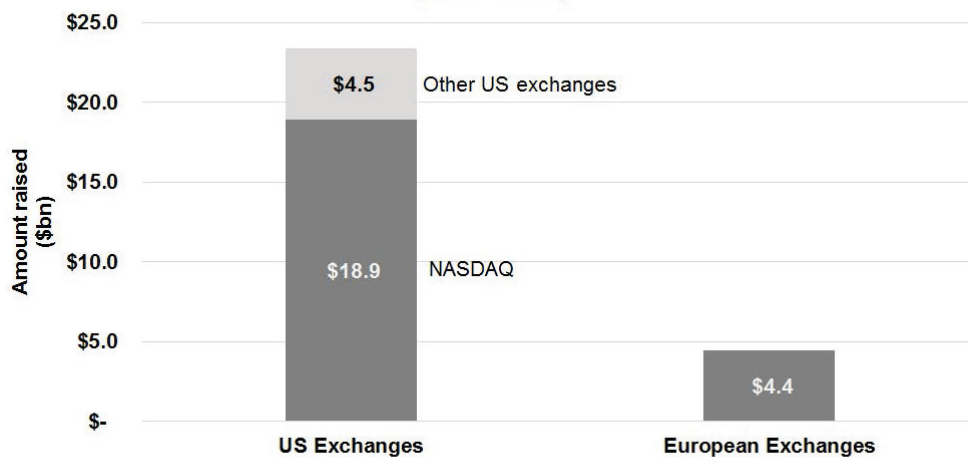


Source: BioCentury BCIQ database – February 2016. Public companies founded after 1986. Excluding supply and manufacturing companies. Excluding companies listed in Ireland and Jersey for tax purposes, but with no operating presence.

The average time taken for a company to reach a market capitalisation which exceeds \$1 billion is between 16 and 18 years, reflecting the time required to develop, approve, launch and sell innovative healthcare products on a large scale.

It has, historically, been easier for US-based life science companies to access the US capital markets.

IPO fundraising of Lifescience companies (2006 - 2016)



Source: BioCentury BCIQ database – February 2016. US and European company IPO figures. Excluding supply and manufacturing companies. Amounts raised converted to USD.

As a result there has, historically, been leakage of value from the United Kingdom and Europe to the United States. For example, Abiraterone was developed by CRUK and the ICR but was licensed to Cougar Biotechnology, a company based in Los Angeles. Cougar Biotechnology was acquired by

Johnson & Johnson for \$1 billion in 2009 and Abiraterone was eventually launched by Johnson & Johnson in 2011 as Zytiga. Zytiga has estimated sales to 2018 of \$2.3 billion.

The Life Science Investment Management Team believes that there is an opportunity to provide long term finance to early stage life science ventures based in Europe. The Life Science Investment Management Team believes that it can exploit this opportunity with its standalone company investment focus and the Company's ability and desire to finance companies over the long term timeframes which are required to create significant standalone companies.

The Life Science Investment Management Team believes that the Company will be well placed to take advantage of this opportunity. In Europe, there are relatively few market participants who are able to compete with the approach which will be implemented by the Life Science Investment Management Team. Many of the European market participants either are constrained by fixed partnership structures and finite investment periods or are focused on making co-investments.

Some US-based life science investors have recognised the market opportunity that exists in Europe but the Life Science Investment Management Team believes that the Company will have a competitive advantage over those investors as a result of the experience, operational history and operational focus of the Life Science Investment Management Team and the Company's future relationships with both CRUK and Wellcome Trust.

Investment Strategy

The "third wave" technology innovations (see above for further details) emerging from Europe provide a unique opportunity to build standalone life science companies that bring healthcare products to market. The concept of building life science companies whose objective is to take their products to market will be central to the strategy of the Life Science Investment Management Team.

The Life Science Investment Management Team will also focus on existing Life Science Investments that have adopted a technology and commercial strategy consistent with the Life Science Investment Management Team's focus on companies being capable of taking their own products to market.

The Life Science Investment Management Team will make Life Science Investments with a focus on the delivery of medical products. The returns available will be dependent on the fundamentals of healthcare demand driven by an increasingly ageing population.

Life Science Investments will be facilitated by the Life Science Investment Management Team's network of relationships and will also be sourced through the Company's future relationship with CRUK and Wellcome Trust. These relationships should provide the Company with access to some of the best academic researchers in the biomedical and life science industry.

The Life Science Investment Management Team expects to encounter a large number of different Life Science Investment opportunities in any given year and has a well-established procedure for filtering different opportunities to ensure that it focuses its resources on the best Life Science Investment opportunities.

Life Science Investments will be sourced across all European territories with a focus on the United Kingdom, Denmark, Sweden, Netherlands, Belgium and Germany.

The Life Science Investment Management Team may also generate new Life Science Investment opportunities through its existing expertise and know-how and will establish companies which translate promising scientific theory into commercially viable medical technologies.

The Life Science Investment Management Team will, in addition and wherever possible to do so, seek to identify areas where an existing technology that has already been developed can be applied in a different context in order to maximise the possible returns from that particular technology.

The Life Science Investment Management Team has a well-established process for sourcing new Life Science Investments and proactively approaching scientists and other industry professionals with expertise in areas which are compatible with the existing experience of the Life Science Investment Management Team.

The typical Life Science Investment size will range from £5 million to £150 million. Life Science Investments will, typically, require relatively small amounts of initial capital and the more successful Life Science Investments will attract the need for further capital as they develop. The Life Science Investment Management Team expects, on average, to complete three new Life Science Investments per year following the implementation of the Proposals.

The Life Science Investment Management Team expects that initially it will hold a controlling stake in the majority of its Life Science Investments, especially where investments are made into early stage Life Science Investment businesses. The Life Science Investment Management Team may, as initial investments develop, seek external third party funding, which would dilute its shareholding in the relevant Life Science Investment, but it will not adopt this practice in respect of all Life Science Investments.

Active management

The Life Science Investment Management Team believes in the active management of its early stage Life Science Investment businesses, including having its representatives on the boards of directors of its Life Science Investment companies.

In the initial phase of Life Science Investment company development, personnel from the Life Science Investment Management Team will be seconded to the Life Science Investment companies to occupy managerial positions, including as temporary CEO. In some cases, in this initial phase, the Life Science Investment Management Team will provide finance and accountancy functions and other support staff for the relevant Life Science Investment company.

The Company will, as a result, have direct influence over the early stage development of the relevant Life Science Investment company. Generally, the Life Science Investment Management Team will seek to charge a fee to the relevant Life Science Investment company in respect of the services provided by the Life Science Investment Management Team.

The Life Science Investment Management Team's role will decrease over time as the relevant Life Science Investment companies become standalone life science businesses with independent executive management teams and with their own support systems. For example, in the case of Blue Earth, Nightstar and Autolus, no members of the Life Science Investment Management Team are members of the executive team at the Life Science Investment company level.

Beyond the initial phase, the Life Science Investment Management Team will continue to closely monitor the development of each Life Science Investment in order to fulfil its investment management responsibilities to the Company.

PART VI

WAIVER RESOLUTION

Introduction

The Takeover Code is issued and administered by the Panel and applies to the Company because it is a company which has its registered office in Guernsey and its securities admitted to trading on the Official List. The Takeover Code and the Panel operate principally to ensure fair and equal treatment of shareholders in relation to takeovers and also provide an orderly framework within which takeovers are conducted.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which, taken together with shares in which they are already interested and in which persons acting in concert with them are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Firm Placing and other interests and dealings

As part of the Firm Placing the Company will issue 243,461,685 New Ordinary Shares to Wellcome Ventures.

Following the closing of the Issue and Firm Placing, Wellcome Ventures will be interested in a minimum of 31.5 per cent. of the Ordinary Shares in the capital of the Company (on the basis that the Company issues 121,938,563 New Ordinary Shares under the Placing and Open Offer) and a maximum of 37.4 per cent. of the Ordinary Shares in the capital of the Company (on the basis that the Company issues no New Ordinary Shares under the Placing and Open Offer).

As at close of business on the latest practicable date prior to the date of this document neither Wellcome Ventures, any director of Wellcome Ventures nor any person acting in concert with Wellcome Ventures nor any director of Wellcome Ventures had any prior interest in the Ordinary Shares of the Company.

Information on Wellcome Ventures and Wellcome Trust

Wellcome Ventures is part of the Wellcome Trust group and Wellcome Trust owns a substantial majority of the economic rights. Its other shareholder, North London Philanthropic Trust, an independent trust established to benefit philanthropic causes, holds preferred shares entitling it to a fixed share dividend. Wellcome Trust is the ultimate parent undertaking and controlling party of Wellcome Ventures, and the company's financial results are consolidated into the group accounts of Wellcome Trust.

Wellcome Trust exists to improve health for everyone by helping great ideas to thrive and is a global charitable foundation which is both politically and financially independent. Wellcome Trust supports scientists and researchers, takes on big problems, fuels imaginations and sparks debate. Wellcome Trust's funding supports over 14,000 people in more than 70 countries. In the next five years, Wellcome Trust aims to spend up to £5 billion helping thousands of curious, passionate people all over the world explore ideas in science, population health, medical innovation, the humanities and social sciences and public engagement. Wellcome Trust has an £18.3 billion investment portfolio, which funds all the work it does. This allows Wellcome Trust to plan for the long-term, while having the independence to act flexibly and responsively.

Wellcome Ventures will finance its acquisition of Ordinary Shares out of Wellcome Trust's existing cash resources.

The Company and the Directors believe that the investment in the Company by Wellcome Ventures is in its best interests in view of the Company's proposed increased focus on making Life Science Investments.

Waiver of the obligation on Wellcome Ventures to make a general offer under Rule 9 of the Takeover Code

Following the completion of the Firm Placing Wellcome Ventures will hold an interest in, at least, 31.5 per cent. of the issued share capital in the Company and, as a result, would be under an obligation under Rule 9 of the Takeover Code to make a general offer to all Shareholders to purchase their Ordinary Shares.

The Panel has agreed, subject to the Waiver Resolution being passed on a poll by Independent Shareholders at the EGM, to waive the requirement for Wellcome Ventures to make a general offer to the Independent Shareholders that would otherwise arise under Rule 9 of the Takeover Code as a result of the New Ordinary Shares to be issued to Wellcome Ventures under the Firm Placing.

In the event that the Waiver Resolution is approved by the Independent Shareholders, Wellcome Ventures will not be restricted from making an offer for the Company.

Future intentions of Wellcome Ventures regarding the Company

Wellcome Ventures has confirmed that, following the Firm Placing, it will enter into a relationship agreement with the Company. Pursuant to the terms of such relationship agreement, Wellcome Ventures will agree, amongst other things, to exercise its powers as a Shareholder of the Company such that, for so long as it holds 10 per cent. or more of the rights to vote at general meetings of the Company, it will use its reasonable endeavours as a Shareholder to procure (amongst other things) that: (i) the Company will otherwise be capable at all times of carrying on its business independently of Wellcome Ventures; and (ii) all transactions between Wellcome Ventures and the Company will be effected at arm's length and on normal commercial terms. Further details of the relationship agreement are set out in the "Additional Information" section forming Part IX of this document.

But for the changes arising out of the implementation of the Proposals and as described elsewhere in this document, the Directors and Wellcome Ventures confirm that they intend to continue to conduct the business of the Company in the same manner as it is currently conducted. The Group currently does not have any employees.

No agreement, arrangement or understanding (including any compensation arrangements) exists between Wellcome Ventures or any other person acting in concert with them and any of the directors, recent directors, shareholders or recent shareholders of the Company, having any connection with or dependence upon the issuance of shares to the Wellcome Ventures under the Firm Placing.

There is no agreement, arrangement or understanding between Wellcome Ventures and any other person to transfer any shares acquired pursuant to the Firm Placing to any other person.

PART VII

LTIP ARRANGEMENTS

Members of the Life Science Investment Management Team currently participate in an incentive plan pursuant to which they are entitled to share in the performance of Syncona's existing Life Science Investment portfolio. Under this plan, the Life Science Investment Management Team is entitled to an aggregate maximum of 13.7 per cent. of the growth in the portfolio over a hurdle equal to 1.5 times the £250 million of capital that has been committed to Syncona to date.

The Company proposes that the existing Syncona plan should be discontinued on implementation of the Proposals (with no entitlements being paid out thereunder) and replaced with a new long term incentive plan (the "**LTIP**").

Adoption of the LTIP is subject to the approval of the Company's shareholders. The Company believes that the LTIP is important to incentivise the Life Science Investment Management Team to maximise the value of the Life Science Investments and, in order to recruit and retain members of the team of sufficient calibre, to be competitive with the incentive arrangements provided by similar, and competitor, organisations.

In the longer term, once the Company is predominantly invested in Life Science Investments, it is anticipated that the Life Science Investment Management Team will be incentivised through a plan that is based on the shareholder return of the Company as a whole.

Overview

The principal features of the LTIP are as follows:

- Participation of the LTIP will be limited to the members, from time to time, of the Life Science Investment Management Team (the "**Participants**").
- Initial individual awards under the LTIP (an "**Award**") will be made on the Implementation Date. Thereafter, Awards may be made on an annual basis at the discretion of the senior management of the Life Science Investment Management Team subject to the approval of the Board.
- Awards will entitle Participants to share in the growth in the value of the Group's Life Science Investments from time to time (after deducting the costs of managing those investments) excluding the Group's investment in the Pioneer Fund (the "**Life Sciences Investment Pool**").
- The aggregate percentage amount of the growth of the Life Science Investment Pool to which Participants will be entitled under the LTIP will be determined by reference to the aggregate amount of new capital invested in the Life Sciences Investment Pool (meaning the capital of the Company invested for the first time in Life Science Investments and ignoring for these purposes capital generated on realisations of Life Science Investments). The relevant percentage entitlement will decrease as the new capital invested increases on the basis of the thresholds set out in the table below.
- Growth of the Life Science Investment Pool will be determined for purposes of the LTIP by reference to the portion of the Company's prevailing gross asset value that is attributable to the Life Science Investments Pool from time to time, subject to certain adjustments (as described further below).
- The Company believes that measuring growth in the Life Sciences Investment Pool for the purposes of the LTIP on the basis of the prevailing valuation, instead of proceeds realised from Life Science Investments, is appropriate in order not to encourage the disposal of Life Science Investments earlier than may otherwise be in the Company's best interests and thereby aligns the interests of the Life Science Investment Management Team with the interests of Shareholders.
- Awards will be made on the basis that Participants will only be entitled to share in growth of the Life Science Investment Pool which is in excess of the greater of: (a) the value of the Life Science Investment Pool and (b) the amount of capital invested in the Life Science Investment Pool at the time that the relevant Award is made (the "**Base Line**").

- Realisation of each Award will be subject to satisfaction of a hurdle rate in excess of the relevant Base Line for that Award, being growth of 1.15 times invested capital in respect of the first £400 million of new capital invested in the Life Science Investment Pool (including the initial £165.9 million used to acquire the Syncona portfolio) and growth of 1.3 times invested capital in respect of new capital invested above £400 million (the “**Hurdle Rate**”).
- Once the applicable Hurdle Rate has been met, Participants will be entitled to share in all growth on the invested capital above the Base Line for the relevant Award and not just growth in excess of that Hurdle Rate.
- The relevant entitlements and Hurdle Rates by reference to the amount of capital invested are as follows:

Capital invested in Life Science Investment Pool	Aggregate growth percentage entitlement for all Awards under the LTIP	Hurdle Rate
Up to £165.9 million (being the acquisition value of the initial Syncona portfolio)	13.7 per cent.	1.15 times
From £165.9 million to £400 million	12.0 per cent.	1.15 times
From £400 million to £500 million	11.5 per cent.	1.3 times
From £500 million to £750 million	10.0 per cent.	1.3 times
Above £750 million	7.5 per cent.	1.3 times

- Awards will ordinarily take the form of management equity shares (“MES”) in BACIT Guernsey Holdco 1 Limited (to be renamed Syncona Holdco Limited) (“SHL”) a subsidiary of the Company formed for the purpose of being the holding company for the Life Science Investments. Where necessary for tax or regulatory reasons, Awards may take the form of share options or cash-settled payments provided that they are economically equivalent to the MES.
- The MES will not carry voting rights and will not be transferable, other than to the Company on realisation.
- Once vested and on satisfaction of the relevant performance criteria, the MES will be realisable at the option of Participants on an annual basis.
- On realisation, Participants will receive 50 per cent. of the value attributable to the relevant MES in Ordinary Shares, priced by reference to the then prevailing market price of the Ordinary Shares, and the remaining 50 per cent. in cash (determined on an after-tax basis).
- Ordinary Shares delivered to Participants on realisation may not be sold or transferred by the recipient for a period of one year following their delivery.
- The Company may satisfy its obligation to deliver Ordinary Shares to Participants either by the issue of New Ordinary Shares (or sales from treasury) or the purchase of Ordinary Shares in the market.
- Once a Participant has realised a MES, he or she will not be entitled to any subsequent growth of the Life Science Investment Pool in respect of that MES.
- Following realisation of a MES, additional Awards of new MES may be made under the LTIP which entitle the holder of the new MES to the growth that would have otherwise have accrued to the realised MES were it still in existence. However, no guarantee will be made that any such additional Awards will be made.

The Board will supervise the operation of the LTIP and will determine the value from time to time of the Life Science Investment Pool for the purposes of the LTIP. The Board members will not be eligible to participate in the LTIP. Any borrowing required to service awards under the LTIP requires approval from the Board.

Awards granted under the LTIP will be non-pensionable.

Terms and conditions of the LTIP

The terms and conditions of the LTIP will be set out in the plan rules for the LTIP (the “**Plan Rules**”), the subscription agreements entered into by SHL with Participants in respect of specific awards and SHL’s articles of incorporation.

Operation

The making of Awards to Participants under the LTIP will be determined by the senior management of the Life Science Investment Management Team subject to the approval of the Board. The operation of the LTIP will be supervised by the Board.

Eligibility

All members, from time to time, of the Life Science Investment Management Team will be permitted to participate in the LTIP. The Board members will not be permitted to participate in the LTIP.

Plan limits

No individual Participant will be entitled to in excess of 35 per cent. of the number of MES that may be issued under the LTIP. Further, no Participant shall be entitled to hold MES which, together with any Shares of the Company held by that Participant, would entitle him or her to 35 per cent. or more of the voting rights of the Company or SHL.

The aggregate value of Awards made to Participants under the LTIP may not exceed the percentage aggregate entitlement to growth above the thresholds specified under “Overview” above.

The aggregate number of New Ordinary Shares which may be issued on the realisation of Awards under the LTIP in any 10 year period may not exceed 10 per cent. of the number of Ordinary Shares in issue from time to time.

Grant of Awards

Awards will be made on the Implementation Date and ordinarily thereafter on an annual basis following the publication of the Company’s annual audited financial statements. Initial Awards may also be made to new joiners of the Life Science Investment Management Team at other times.

Awards will take the form of the issue of new MES to participants on the terms of subscription agreements which set out the relevant Base Line, Hurdle Rate and vesting criteria applicable to the specific Award. Participants will not be required to make any payment in respect of an Award. Where necessary for tax or regulatory reasons, Awards may take the form of share options provided that they are economically equivalent to the MES.

Awards will be non-transferable other than to family members and certain other connected entities of Participants.

Vesting and realisation of Awards

The MES issued to a Participant pursuant to an Award will vest in four equal instalments on the first, second, third and fourth anniversaries of the date of the Award.

Subject to the following limitations, a Participant may elect to realise his or her MES on an annual basis, expected to be a date following the publication of the Company’s annual audited financial statements in each year (the “**Realisation Date**”).

A Participant shall be permitted on any Realisation Date to realise a maximum of 25 per cent. of the total number of vested MES held by him or her (including MES that he or she has realised prior to that Realisation Date), as illustrated in the following table:

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Vested (Total)	0%	25%	50%	75%	100%	100%	100%	100%	100%
Maximum Redeemable (if Nothing Redeemed in Prior Years)		6.25%	12.5%	18.75%	25%	25%	25%	25%	25%
Maximum Redeemed (if Maximum Redeemed in Prior Years)		6.25%	12.50%	18.75%	25%	25%	12.5%	0%	0%
Maximum Redeemed Cumulative		6.25%	18.75%	37.5%	62.5%	87.5%	100%	100%	100%

The first Realisation Date is expected to occur in July 2018 on which date Participants who have received Awards on the Implementation Date would be entitled to realise 25 per cent. of the vested MES held by him or her on that date, being 6.25 per cent. of the total number of MES issued pursuant to the Award made to him or her on the Implementation Date.

Entitlements on realisation

On realisation of a MES, a Participant will receive Ordinary Shares and cash with an aggregate value equal to the share of the growth attributable to the MES of the gross asset value of the Life Science

Investment Pool above the relevant Base Line for the MES, assuming that the applicable Hurdle Rate for the MES has been met.

On realisation, Participants will receive 50 per cent. of the value attributable to the relevant MES in Ordinary Shares, priced by reference to the then prevailing market price of the Ordinary Shares, and the remaining 50 per cent. in cash (with the proportions delivered in Ordinary Shares and cash determined on an after-tax basis).

Ordinary Shares delivered to Participants on realisation may not be sold or transferred by the recipient for a period of one year following their delivery.

The Company may satisfy its obligation to deliver Ordinary Shares to Participants either by the issue of New Ordinary Shares or the purchase of Ordinary Shares in the market. It is expected that the Company would ordinarily issue New Ordinary Shares if the prevailing market price of the Ordinary Shares is equal to, or exceeds, the prevailing net asset value of the Ordinary Shares and deliver existing Ordinary Shares if the prevailing market price is below the prevailing net asset value.

Ordinary Shares delivered on realisation of a MES will not rank for dividends payable by reference to a record date falling before the date of delivery but will otherwise rank *pari passu* with existing Ordinary Shares. Application will be made for New Ordinary Shares delivered on realisation of a MES to be admitted to the Official List and to trading on the Main Market of the London Stock Exchange.

The delivery of Ordinary Shares on realisation of a MES will be subject, in the case of the issue of Ordinary Shares to the Company having in force all applicable Shareholder authorities to issue those shares and in all cases to such delivery not resulting in an obligation on any person to make a mandatory bid under the Takeover Code. Otherwise, instead of the issue or delivery of Ordinary Shares, the Company will satisfy the realisation of the relevant MES to the extent necessary in cash.

Valuation of the Life Science Investment Pool

For the purpose of Awards and realisations under the LTIP, the value of the Life Science Investment Pool will be the sum of the following elements as determined by the Board:

- First, the prevailing valuation of each Life Science Investment as determined for the purposes of calculating the prevailing net asset value of the Company; plus
- Second, the amount of any other assets held by SHL or its subsidiaries or other amounts distributed by SHL to the Company (including resulting from any capital or income distribution or realisation by or in respect of any Life Science Investment); plus
- Third, to the extent not taken account in Second above, the amount of any sums resulting from any capital or income distribution or realisation by or in respect of any Life Science Investment which have been reinvested in Fund Investments for so long as they have not subsequently been reinvested in Life Science Investments; less
- Fourth, an amount equal to the aggregate costs and expenses paid to SIML pursuant to the agreement between the Company and SIML relating to the management of the Life Science Investment Pool; less
- Fifth, the amount of any liabilities (other than under the LTIP) existing at the level of SHL and its subsidiaries (but excluding at the level of any Life Science Investment).

Cessation of employment by Participants

Unvested MES held by a Participant who leaves the Life Science Investment Management Team will, unless the Board decides otherwise, be compulsorily acquired by the Company (for a price equal to any upfront costs, including taxation, incurred by the Participant at the time of making of the relevant Award or, if lower, their market value).

If a Participant ceases to be employed in the Life Science Investment Management Team as a result of retirement, redundancy, disability or death, the Board may determine that Participant's unvested MES shall continue in place or shall be realised at the next applicable realisation date. In addition, if a Participant who is a member of the Life Science Investment Management Team at the Implementation Date has his or her employment subsequently terminated by the Group other than for cause then one-third of any unvested MES awarded to him or her in connection with the initial implementation of the LTIP (but not in respect of any subsequent Award) will vest on termination.

Participants who leave the Life Science Investment Management Team will be permitted to retain vested MES (with accelerated proportionate partial vesting of any MES that would otherwise vest at the end of the year in which the Participant departs) unless the Company decides otherwise in circumstances where the Participant is dismissed for cause.

In addition, malus and clawback provisions will apply in respect of Awards and realisations under the LTIP.

Change of control of the Company and certain other events

In the event of a takeover or winding up of the Company, all issued and unrealised MES will immediately vest and be realised. In the case of a takeover or other transaction involving a change of control of the Company, Ordinary Shares issued on realisation of the MES will be priced by reference to the relevant offer price instead of the prevailing market price.

In the event of any demerger, reorganisation, reconstruction, amalgamation or other transaction of the Company which in the reasonable opinion of the Board may affect the value of any Award, the Board may vary or alter in any manner the terms of the Award so as to provide its overall value, which may include amending any performance criteria or vesting or realisation terms and which may provide for immediate vesting and realisation.

No adjustment should be required to the LTIP in the event of a capitalisation, rights issue, open offer, sub-division or consolidation of the Company's Ordinary Shares, reduction of capital or any other variation of the Company's capital.

Duration of LTIP

Awards may be made under the LTIP for a period of ten years following the Implementation Date. Any MES that has not been realised by the date that is twenty years from the date of its issue will automatically realise on that date if it is in the money and otherwise lapse.

Taxation

Participants in the LTIP are required to agree to pay to the relevant member of the Group the amount of any income tax and social security contributions which such member of the Group is required to withhold or account for to any tax authority. To the extent permitted by law, such tax and social security liabilities may be deducted from other payments due to the Participant. Alternatively, the Company may enter into other arrangements with the Participant which enable the Participant to meet such liabilities and may withhold and sell Ordinary Shares to which the Participant would otherwise be entitled under the LTIP to raise funds in order to meet any such liabilities. To the extent permitted by law, such social security contributions may include employer contributions.

Amendments

Amendments to the LTIP Rules may be made at the discretion of the Board, provided that any provisions governing eligibility requirements, limits and individual participation limits cannot be altered to the advantage of Participants without prior Shareholder approval, except for minor amendments to benefit the administration of the LTIP, to take account of changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or the Group. In addition, the Board may establish a separate incentive plan based on the LTIP, or add to, vary or amend the LTIP Rules, in order that any such separate plan or the LTIP (as the case may be) can operate to take account of local tax, exchange control or securities laws in any overseas territories, provided that in the case of a separate plan, any awards under that plan are counted against the limits on individual and overall participation in the LTIP.

General

This Part VII summarises the main features of the LTIP but does not form part of it and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the LTIP. Copies of the LTIP Rules will be available for inspection at the registered office of the Company and the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street London EC4Y 1HS during usual office hours from the date of despatch of this document up to and including the date of the Extraordinary General Meeting and at the place of the Extraordinary General Meeting for at least 15 minutes before and during the Extraordinary General Meeting itself. The Directors reserve the right,

up to the time of the Extraordinary General Meeting, to make such amendments and additions to the LTIP Rules as they consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in this Part VII.

The LTIP is governed by the laws of England and Wales.

PART VIII

RISK FACTORS

RISKS RELATING TO THE PASSING OF THE DISCONTINUATION RESOLUTION

Impact of passing the Discontinuation Resolution

If the Discontinuation Resolution is passed the Board will formulate proposals to be put to Shareholders for the reconstruction or reorganisation of the Company. The Board may consider putting to Shareholders a proposal for the winding up and liquidation of the Company (the “**Winding Up Proposal**”).

If the Winding Up Proposal is put to Shareholders and such Winding Up Proposal is passed then the Company will be wound up by way of a voluntary winding up, Shareholders will receive the proceeds of liquidation, the Shares will no longer be capable of being traded on the London Stock Exchange and its listing will subsequently be cancelled.

If the Company is wound up following the passing of the Discontinuation Resolution then the Annual Donation will cease

If the Discontinuation Resolution is passed and the Board put the Winding Up Proposal to Shareholders and that is passed then the Company will, over time, be wound up and, eventually, liquidated. As a consequence, amongst other things, the Company will cease making the Annual Donation.

Timescale to implement winding up of the Company and to return capital to Shareholders

There can be no guarantee that the Company will be able, following the passing of the Discontinuation Resolution, to dispose of its investments at prices which reflect their value and such price may be less, and possibly significantly less, than the current Net Asset Value.

The Company’s investments may also be illiquid which may make it difficult or impossible to dispose of them within any definite timetable and which may delay the return of capital to Shareholders by a period of months or years.

RISKS RELATING TO THE IMPLEMENTATION OF THE PROPOSALS

Risks relating to the Company’s proposed changes to its investment management arrangements

Following the Implementation Date, the Company intends to reconfigure its investment management arrangements as set out in Part IV of this document.

There are a number of risks associated with the intended changes to the Company’s investment management function which include (but are not limited to):

- Each of the Fund Investment Management Team and the Life Science Investment Management Team have separate skill sets and investor relationships. Any inability of the Fund Investment Management Team and the Life Science Management team to work effectively together could jeopardise the Company’s ability to make investments. In particular, in respect of Fund Investments, such inability to work effectively together could jeopardise the Company’s ability to maintain its relationships with the underlying fund managers with which it invests and the maintenance of its “fee free” investment capacity.
- There is no guarantee that SIML or the Life Science Investment Management Team will receive the required regulatory approvals from the FCA on a timely basis or at all.

As part of the Proposals, the Company will amend its Investment Policy which will substantially change the Company’s longer-term investment focus. There can be no guarantee that the Company’s investment performance will improve as a result of this proposed change

There can be no guarantee that the Company’s investment performance or share price will improve as a result of implementation of the Proposals. It is possible that the future investment performance of the Initial Life Science Portfolio or the Company’s future Life Science Investments may not be as successful as the past performance of its Fund Investments. Shareholders should bear in mind that past performance is no guarantee of future performance.

There can be no guarantee that the future investment performance of the Fund Investments will improve as a result of the implementation of the Proposals, in particular, if the Company loses its

ability to invest or reduces the number of Fund Investments which are made on a “gross return” basis with the managers of its underlying Fund Investments.

Further, if the Proposals are implemented, whether or not the future investment performance of the Initial Life Science Portfolio or the future Life Science Investments is positive, there can be no guarantee that the Company’s shares will not trade at a discount to its Net Asset Value in the future.

There is no guarantee that the market price of the shares will fully reflect their underlying Net Asset Value at any time. As with all listed investment company shares, the discount (or premium) to the Net Asset Value at which shares trade may fluctuate from day to day, depending on factors such as supply and demand, market conditions and general sentiment and whether or not the Proposals are implemented.

Risks associated with Life Science Investments

If the Proposals are implemented then the Company will, over time, be permitted to make an unlimited number of Life Science Investments. Life Science Investments are subject to a number of specific risks, including but not limited to the following:

- Holdings in early stage Life Science Investment businesses are inherently difficult to value since sales, cash flow and tangible asset values are very limited, which makes the valuation highly dependent on expectations of future development and any future significant revenues would only arise in the medium to longer terms and are uncertain.
- Life Science investments are intrinsically more volatile than the Company’s existing investments. Investments can fail with significant, sometimes total, losses if the core technology behind the companies’ products is not successfully developed.
- The Company has received third party valuation advice confirming that the estimated fair value of the Initial Life Science Portfolio is within a reasonable range as compared with the valuations of similar types of assets. There can be no guarantee that the estimated valuation, on which the purchase price for the Initial Life Science Portfolio has been based, will not prove to have been overstated and may vary (perhaps materially) from the actual value of the Initial Life Science Portfolio. In such a case, the Company’s Net Asset Value and Shareholder returns may be adversely affected.
- The value of the Company as a whole may, ultimately, be dominated by a single or limited number of Life Science Investments.
- The Company is intending to make a number of early stage Life Science Investments which will have limited product ranges and are more speculative than other Life Science Investments and more speculative than the Company’s existing Fund Investments.
- Some Life Science Investments may not be approved by the relevant regulatory agencies which may result in the Company incurring greater costs and delays in the commercialisation of the products produced and developed by the Company’s Life Science Investment businesses.
- The profitability of life science or medical technology companies may be affected by ongoing failure to comply with applicable regulation and any changes to the regulatory environment controlling the approval and sale of pharmaceutical products.
- The products of the Company and its Life Science Investment businesses may be complex and, if they contain latent defects, the Company could incur costs and losses.
- Intellectual property owned by the Company or a Life Science Investment business may become, or be found to be, invalid or obsolete or uneconomical.
- The value of the intellectual property owned by or licensed to the Company or one of its Life Science Investment businesses may depend, in part, on how successfully it can be enforced against third party infringers.
- Claims alleging infringement of a third party’s intellectual property could result in significant losses and expenses to the Company and the loss of material rights.

Influence of Wellcome Ventures following the implementation of the Firm Placing

Following the implementation of the Firm Placing, Wellcome Trust, through Wellcome Ventures, will hold more than 30 per cent. of the Ordinary Shares in the capital of the Company. As a consequence of Wellcome Ventures’ significant ongoing shareholding, its influence on the Company may be substantial. This influence may have an impact all matters requiring the approval of shareholders,

including the approval of any material change to the Company's investment policy and the approval of takeovers, acquisitions, mergers or other related transactions. Although the Company and Wellcome Ventures have agreed to enter into a relationship agreement, further details of which are set out in the "Additional Information" section of this document, which provides, amongst other things, that the Company's independence will be maintained, there is a risk that Wellcome Ventures may seek to impose other duties and obligations on the Company. The trading price of the Ordinary Shares could be adversely affected if potential new investors are disinclined to invest in the Company because they perceive disadvantages to a large shareholding being concentrated in the hands of a single shareholder or group of connected shareholders.

Shareholders' interests in the Company will be diluted by the Firm Placing and Shareholders who do not take up their entitlement to subscribe for New Ordinary Shares under the Open Offer may have their interests further diluted by the issue of Ordinary Shares under the Placing

The interests of all Shareholders in the Company will be diluted by the Firm Placing. If Shareholders do not participate in the Open Offer by 11 a.m. on 14 December 2016, the latest date for application and payment in full in respect of their entitlements, their proportionate ownership and voting interest in the Ordinary Shares may be further reduced and the percentage that their existing Ordinary Shares represents of the issued share capital of the Company reduced accordingly by the issue of New Ordinary Shares in the Placing.

If the BACIT UK Amendments are implemented it may be difficult and costly for the Company to terminate its relationship with BACIT UK

As proposed to be amended, the BACIT UK Agreement shall have a fixed term of at least five years and possibly ten years and will not be terminable by the Company during that period other than for specific cause events.

If BACIT UK's performance does not meet the expectations of investors and the Company is otherwise unable to terminate the BACIT UK Agreement for cause, the Net Asset Value could suffer and the Company's business, results or financial condition could be adversely affected. In addition, the Company may incur significant termination expenses if it terminates the BACIT UK Agreement with or without cause.

PART IX

ADDITIONAL INFORMATION

1. Information on the Company

- a. The Company is a registered closed-ended collective investment scheme incorporated as a non-cellular company limited by shares in Guernsey under the Companies Law on 14 August 2012 with registered number 55514, having an unlimited life.
- b. The registered office and principal place of business of the Company is PO Box 225, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, GY1 3QL, Channel Islands and the telephone number is +44 1481 745302.
- c. The Company operates under the Companies Law and ordinances and regulations made thereunder and has no employees.
- d. The Company is regulated by the Guernsey Financial Services Commission. The Company is not regulated by the FCA or an equivalent EU regulator.

2. Responsibility

- a. The Directors, whose names appear in paragraph 3(a) below, accept responsibility for the information contained in this document. To the best of their knowledge and belief (and having taken all reasonable care to ensure that this is the case) the information relating to the Company contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- b. The directors of Wellcome Ventures, whose names appear in paragraph 3(b) below, accept responsibility for the information relating to Wellcome Ventures contained in this document. To the best of their knowledge and belief (and having taken all reasonable care to ensure that this is the case) the information relating to Wellcome Ventures contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

3. Directors of the Company and Wellcome Ventures

- a. The current directors of the Company, whose registered office is at PO Box 225, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL, are:
 - i. Jeremy Tigue;
 - ii. Arabella Cecil;
 - iii. Peter Hames;
 - iv. Thomas Henderson; and
 - v. Nicholas Moss.
- b. The current directors of Wellcome Ventures, whose registered office is at Gibbs Building, 215 Euston Road, London, NW1 2BE, are:
 - i. Stephen Caddick;
 - ii. Andrew James Cossar; and
 - iii. Timothy James Livett
- c. The current directors of The Wellcome Trust Limited, being the sole corporate trustee of Wellcome Trust and whose registered office is at Gibbs Building, 215 Euston Road, London, NW1 2BE, are:
 - i. Eliza Manningham-Buller;
 - ii. Kay Davies;
 - iii. Tobias Bonhoeffer;
 - iv. Alan Brown;
 - v. Damon Buffini;
 - vi. William Burns;
 - vii. Michael Ferguson;

- viii. Bryan Grenfell;
- ix. Richard Hynes; and
- x. Anne Johnson.

4. Interests and dealings

- a. As at the latest practicable date prior to the date of this document, the total issued share capital of the Company was 386,138,785 Ordinary Shares. The beneficial shareholding interests of the Directors and persons connected to them or acting in concert with them and the percentage of the Company's issued share capital which they represent as at that date are set out in the table below.

Name	Ordinary Shares held	
	Number of Shares	per cent. of share capital
Jeremy Tigue.....	355,153	0.090
Arabella Cecil ⁶	394,255	0.100
Peter Hames.....	71,029	0.018
Thomas Henderson.....	11,742,400 ⁷	3.040
Nicholas Moss.....	15,270	0.004

- b. Save as disclosed in sub-paragraph (a) above, none of the Directors nor any persons acting in concert with them have any beneficial or non-beneficial interest in relevant securities or has a right to subscribe for relevant securities or has dealt for value in such securities of the Company in the 12 months preceding the date of this document.
- c. None of the Directors nor any person acting in concert with them have any short positions in respect of relevant securities (whether conditional or absolute and whether in money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery and none of the Directors nor any person acting in concert with them have borrowed or lent any relevant securities.
- d. No associate of the Company, nor any pension fund of the Company or associate of the Company, nor any employee benefit trust of the Company or associate of the Company, nor any connected adviser to the Company or to an associate of the Company or to a person acting in concert with the directors of the Company or the Company, nor any person controlling, controlled by or under the same control as such connected adviser, owned or controlled any relevant securities, or had any rights to subscribe for relevant securities, or had any short position such as set out in paragraph (c) above, on the latest practicable date prior to the date of this document nor have they dealt in relevant securities in the 12 months preceding the date of this document.
- e. The Company has not redeemed any relevant securities in the 12 months preceding the date of this document.
- f. Save as set out in this Paragraph 4, there is no arrangement existing between the Company or any person who is an associate of the Company, and any other person in respect of relevant securities and neither the Company nor any person acting in concert with the Company has borrowed or lent any relevant securities.
- g. References in this paragraph 4 to “relevant securities” are to Ordinary Shares, or any securities convertible into or exchangeable for, or rights to subscribe for or options (including traded options) in respect of, or derivatives referenced to, any Ordinary Shares. References in this paragraph 4 to “associate” are to any parent and subsidiary of the Company, or any subsidiary of such subsidiary, and their associated companies and companies of which such companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status).

⁶ 108,187 shares are held by Gravity Partners Limited, a company controlled by Arabella Cecil

⁷ Shares are held by Farla Limited, a company controlled by Thomas Henderson

- h. As at close of business on the latest practicable date prior to the date of this document neither the Company, any of its Directors nor any person acting in concert with the Company or any of its Directors had any interest in Wellcome Ventures.
- i. As at the close of business on the latest practicable date prior to the date of this document no loan or guarantee has been granted or provided by the Company to any Director or any person connected with them.
- j. None of Wellcome Ventures, its Directors, their affiliates nor any person acting in concert with them have engaged in dealings in any of the relevant securities or have any short positions in respect of relevant securities (whether conditional or absolute and whether in money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery and none of Wellcome Ventures, its Directors, their affiliates nor any person acting in concert with them have borrowed or lent any relevant securities.
- k. None of the Company, its Directors, their affiliates nor any person acting in concert with them have engaged in dealings in any securities in Wellcome Ventures or have any short positions in respect of those securities (whether conditional or absolute and whether in money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery and none of the Company, its Directors, their affiliates nor any person acting in concert with them have borrowed or lent any such securities.

5. Major Shareholders

Name	Ordinary Shares held immediately prior to Admission	Percentage of issued share capital immediately prior to Admission	Ordinary Shares held immediately after Admission	Percentage of issued share capital immediately following Admission*
Schroders Plc.....	41,206,972	10.67	54,219,700	7.02
Smith & Williamson Investment Mgmt.....	38,766,853	10.04	51,009,017	6.60
Waverton Investment Management Ltd.....	25,075,176	6.49	32,993,653	4.27
Rathbone Investment Management.....	23,068,343	5.97	30,353,083	3.93
JM Finn & Co	22,115,992	5.73	29,099,989	3.77
Tilney Bestinvest	21,570,123	5.59	28,381,741	3.67
Wellcome Ventures	—	—	243,461,685	31.52

Such Shareholders listed in the table above will not have different voting rights to other Shareholders. The Companies Law imposes no requirement on Shareholders to disclose holdings of 5 per cent. (or any greater limit) or more of any class of the share capital of the Company. However, the Disclosure and Transparency Rules provide that certain persons (including Shareholders) will be obliged to notify the Company if the proportion of the Company's voting rights which they own reaches, exceeds or falls below specific thresholds (the lowest of which is currently 5 per cent.).

* The post-Admission share ownership percentages of major shareholders' have been calculated on the basis that each major shareholder takes up its full entitlement under the Open Offer and on the basis that the maximum number of New Ordinary Shares are issued under the Issue and the Company issues 264,334,417 New Ordinary Shares pursuant to the Firm Placing.

6. Historical market value of the Ordinary Shares

The middle market quotations for an Ordinary Share on the first Business Day of each of the six months immediately preceding the date of this document and on the latest available date prior to the posting of this document were:

1 September 2016.....	129.75p
1 August 2016.....	128.50p
1 July 2016.....	129.75p
1 June 2016.....	128.00p
3 May 2016.....	133.50p
1 April 2016.....	131.75p

7. Director service contracts and proposed directors

Each Director has a letter of appointment but no service contract with the Company, nor are any such service contracts proposed. The Directors hold their office in accordance with their letters of appointment and the Articles. The Directors’ appointments can be terminated with one month’s notice in accordance with the Articles and without compensation. 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 12 months or more; (iii) written request of the other Directors; and (iv) a resolution of a majority of the Shareholders eligible to vote.

8. Material contracts

The following contracts entered into by the Company are material in the context of the Waiver Resolution and the proposed amendment to the BACIT UK Agreement.

BACIT UK Agreement

The Company is party to an investment management agreement with BACIT UK and the General Partner dated 19 December 2014 and as amended and restated on 24 December 2015, pursuant to which BACIT UK was appointed to manage, on a discretionary basis, all of the assets and investments of the Company and the Limited Partnership. BACIT UK is entitled to delegate all or part of its functions under the BACIT UK Agreement save that BACIT UK may only delegate the exercise of investment discretion in relation to the portfolio with the written consent of the Directors and BACIT UK shall remain liable for the acts or omissions of persons to whom it may delegate any critical or important operational functions under the BACIT UK Agreement.

For the provision of services under the BACIT UK Agreement, the Company has agreed to pay BACIT UK an annual fee equal to 0.19 per cent. per annum of the Company’s Net Asset Value. The fee is payable monthly in arrears and each payment will be calculated using the monthly Net Asset Value as at the previous month end.

The Company also reimburses BACIT UK for all properly incurred fees and expenses incurred by BACIT UK in connection with the provision of its services under the BACIT UK Agreement. The maximum amount that the Company shall be required to pay in respect of BACIT UK’s properly incurred out-of-pocket expenses in any twelve month period ending on 31 March in any year shall not exceed an amount equal to two per cent. of the Company’s Net Asset Value on the preceding 31 March.

Neither BACIT UK nor any of its officers, directors, employees, representatives or agents (each an “**Indemnified Person**”) shall be liable to the Company, the General Partner or the Limited Partnership for any act or omission taken or omitted in good faith under the BACIT UK Agreement by an Indemnified Person in the reasonable belief that such act or omission is in or is not contrary to the best interests of the Company, the General Partner or the Limited Partnership and is within the scope of authority granted to such Indemnified Person by or in accordance with the provisions of the BACIT UK Agreement, except in so far as the same arises as a result of the fraud, wilful default, negligence or bad faith of such Indemnified Person.

The Company has indemnified and will hold harmless each Indemnified Person from and against all claims, actions, damages, demands or proceedings (and associated losses, expenses and liabilities) which may be brought against or suffered, incurred or sustained by that Indemnified Person to the extent that the same arises directly or indirectly from or in connection with the BACIT UK Agreement provided however that this indemnity, shall not extend to liability attributable to the fraud, wilful default, negligence or bad faith of such Indemnified Person.

The BACIT UK Agreement will continue until terminated as follows:

- (a) The Company or BACIT UK may terminate the BACIT UK Agreement with notice to the other party if that party:
- commits any material breach of its obligations under the BACIT UK Agreement; or
 - is liquidated or dissolved (except a voluntary liquidation or a voluntary dissolution for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the notifying party) or is unable to pay its debts as they fall due or commits any act of bankruptcy under the laws of any jurisdiction to which that party may be subject or if a receiver is appointed over any of its assets.

The Company may, but shall not be obligated to, terminate the BACIT UK Agreement immediately by written notice to the other parties if:

- (a) BACIT UK is subject to a change of control;
- (b) Arabella Cecil (i) dies, suffers serious ill health or incapacity or (ii) ceases to commit at least 50 per cent. of her business time to BACIT UK; or
- (c) Thomas Henderson (i) dies, suffers serious ill health or incapacity or (ii) ceases to be a director of either the Company or BACIT UK.

The BACIT UK Agreement shall, notwithstanding the other termination provisions, terminate automatically if BACIT UK ceases to have the necessary authorisation to permit it to perform its obligations and duties under the BACIT UK Agreement.

On termination of the BACIT UK Agreement, BACIT UK shall be entitled to receive all fees due and other monies accrued up to the date of such termination but shall not be entitled to compensation in respect of such termination.

Termination of the BACIT UK Agreement shall be without prejudice to the completion of transactions already initiated and such transactions will be completed by BACIT UK as soon as practicable.

The BACIT UK Agreement is governed by English law.

If the BACIT UK Amendments are implemented the BACIT UK Agreement shall be amended such that:

- The BACIT UK Agreement will have an initial fixed term of five years from the Start Date.
- At the expiry of the First Period, the BACIT UK Agreement will continue for a further five years and terminate on the date that is 10 years from the Start Date provided that, over the First Period, the Fund Investment portfolio has achieved a time weighted return equal to (a) at least 70 per cent. of the upside return or (b) no worse than 40 per cent. of the downside return generated by the FTSE All Share Index over the First Period (assuming reinvestment of all dividends) (the “**Performance Criteria**”).

The BACIT UK Agreement will not automatically renew at the end of the Second Period. Otherwise, the BACIT UK Agreement will not be terminable by the Company during the First Period or Second Period other than for certain cause events or with the agreement of BACIT UK.

The termination provisions in the BACIT UK Agreement shall be amended such that the Company may, but is not obligated to, terminate the BACIT UK Agreement by written notice to the other parties if either Thomas Henderson or Arabella Cecil (i) dies, suffers serious ill health or incapacity or (ii) ceases to commit such business time as is necessary for them to fulfil their role within the Fund Investment Management Team.

The fees payable under the amended BACIT UK Agreement will be as follows:

- 0.19 per cent. of Net Asset Value per annum for the First Period.
- 0.15 per cent. of Net Asset Value per annum for the Second Period.

For the purposes of calculating the amount of the fee payable under the amended BACIT UK Agreement the Net Asset Value attributable to Life Science Investments as well as Fund Investments will be included.

Relationship Agreement with Wellcome Ventures

The Company has entered into a relationship agreement with Wellcome Ventures. Wellcome Ventures has agreed, under the terms of the relationship agreement, with the Company to exercise its powers

as a Shareholder of the Company such that, for so long as it holds 10 per cent. or more of the rights to vote at general meetings of the Company, it will use all reasonable endeavours as a Shareholder to procure (*inter alia*) that: (i) the Company will otherwise be capable at all times of carrying on its business independently of Wellcome Ventures and members of the Wellcome Ventures group; and (ii) that the independence of the Board will be maintained in accordance with the requirements of Chapter 15 of the Listing Rules. Wellcome Ventures has also agreed that it will not cast any vote on any resolution which relates to the allocation of the Company's Annual Donation amongst individual charities.

The Company has agreed that, provided that Wellcome Ventures holds 25 per cent. or more of the Company's issued share capital, Wellcome Ventures shall be entitled: (i) to appoint two Directors to the Board provided that such appointment shall only be made where it would not cause the Company or any of its Directors to breach any applicable law or regulation including, without limitation, the Listing Rules; and (ii) by notice to the Company at any time to remove any such nominee Director and to nominate an alternative person in his or her place. If Wellcome Ventures' investment falls below 25 per cent. but remains above 10 per cent. it shall be required to take steps to remove immediately one of its nominated Directors from the Board.

The Company has agreed that, provided that Wellcome Ventures holds 10 per cent. or more of the Company's issued share capital, Wellcome Ventures shall be entitled: (i) to appoint one Director to the Board provided that such appointment shall only be made where it would not cause the Company or any of its Directors to breach any applicable law or regulation including, without limitation, the Listing Rules; and (ii) by notice to the Company at any time to remove any such nominee Director and to nominate an alternative person in his or her place. If Wellcome Ventures' investment falls below 10 per cent. it shall be required to take steps to remove immediately all of its nominated Directors from the Board.

Any Director appointed by Wellcome Ventures is subject to retirement by rotation, in accordance with the Articles and their appointment to the Board is subject to the Shareholders' right to vote against their appointment or re-election to the Board at any general meeting. If any person nominated by Wellcome Ventures to the Board is not re-elected by the Company's Shareholders, Wellcome Ventures remains entitled under the agreement to nominate an alternative person to the Board to take the place of the person not re-appointed or re-elected.

Furthermore, the Company has agreed that, subject to any necessary consent of the Panel being obtained and while Wellcome Ventures and its Concert Parties hold 30 per cent. or more of the voting rights of the Company, the Company will procure that: (i) at each annual general meeting, it will put to its independent Shareholders by poll a resolution to waive any obligation on Wellcome Ventures to make a general offer to its independent Shareholders under Rule 9 of the Takeover Code as a result of the Company making any market repurchases of its Ordinary Shares which would otherwise trigger such an obligation (the "**Annual Whitewash Resolution**"); and (ii) that if the Company proposes to issue new Ordinary Shares for cash, and the participation by Wellcome Ventures in a subscription would or might reasonably compel Wellcome Ventures to make a mandatory cash offer for the Company, the Company will convene a general meeting of its Shareholders at which it will put to its independent Shareholders by poll a resolution to waive any obligation on Wellcome Ventures to make such an offer.

In addition, the Company will undertake, under the relationship agreement that, it will not make any purchases of its Ordinary Shares unless: (i) prior to making such purchase, the Company's independent Shareholders have passed an Annual Whitewash Resolution which remains in force; or (ii) the purchase is carried out in such a way that following such purchase Wellcome Ventures and any Concert Parties will not hold a higher percentage, either of the voting rights or the total number of the Company's shares, than it held before the purchase; and (iii) in either case, the purchase does not increase Wellcome Ventures' holding (in either the voting rights or the number of the Company's shares) above the amount of its holding as at the Implementation Date.

The Company also agrees that, at every annual general meeting of the Company's Shareholders, it will propose: (i) that the Company's Shareholders consider the Annual Whitewash Resolution prior to any special resolution authorising the Company to purchase its Ordinary Shares (the "**Annual Buy-Back Resolution**"); and (ii) that the Annual Buy-Back Resolution shall be in force for a maximum period of 12 months from the date of the relevant annual general meeting.

The Company has agreed with Wellcome Ventures that, for so long as Wellcome Ventures and any member of the Wellcome Ventures group hold (in aggregate) an interest, either direct or indirect, in

twenty per cent. or more of the aggregate voting rights of the Company, the Company shall provide to Wellcome Ventures, as soon as reasonably practicable, (i) the Board papers and (ii) in relation to other information only, such financial or other information relating to the Company and the portfolio companies of the Company as is reasonably requested by Wellcome Ventures in order to enable it to inform itself about the Company's affairs and to monitor Wellcome Ventures' investment in the Company and to satisfy its accounting or tax or portfolio investment reporting requirements or obligations (including tax information and financial reporting information).

The Company and Wellcome Ventures have also acknowledged that, subject to the terms of any relevant contractual or other restrictions, Wellcome Ventures may in due course wish to sell some or all of its Ordinary Shares. In such circumstances the Company has agreed to use reasonable endeavours to cooperate with Wellcome Ventures and, at the cost of Wellcome Ventures and provided that any such step will not in the reasonable opinion of the directors of the Company materially prejudice the Company or its other shareholders, take such reasonable steps as requested by Wellcome Ventures to enable Wellcome Ventures to effect such a sale or sales in a timely and efficient manner (which may include assistance with the preparation of a prospectus relating to a public offer of Wellcome Ventures' Ordinary Shares).

The Relationship Agreement shall terminate (i) if Wellcome Ventures or any member of the Wellcome Ventures group ceases to hold at least 10 per cent. of the Company, for a period of at least one month; (ii) on the date that the Company's shares cease to be admitted to the premium segment of the Official List or (iii) on notice from Wellcome Ventures if the Company undergoes a change of control. In addition, all rights and benefits of a party under the agreement shall immediately cease if that party is in material breach of the agreement and this breach is not remedied for a period of 30 Business Days after the relevant party has notified the other party of the relevant breach.

Syncona Sale Agreements

A subsidiary of the Company has entered into transfer agreements between, amongst others, itself and Wellcome Ventures (the "**Syncona Sale Agreements**"). Pursuant to the Syncona Sale Agreements, Wellcome Ventures shall sell and subsidiaries of the Company shall purchase the Syncona Partnership Interests. The consideration payable shall be £165.9 million. Completion of each of the Syncona Sale Agreements is conditional on the implementation of the Proposals. The Syncona Sale Agreements are governed by the laws of England and Wales.

CRUK Sale Agreement

BACIT Discovery Limited has entered into a transfer agreement between itself and Cancer Research Technology Limited (the "**CRUK Sale Agreement**"). Pursuant to the CRUK Sale Agreement, Cancer Research Technology shall sell and BACIT Discovery Limited shall purchase the limited partnership interest in the Pioneer Fund which is currently held by Cancer Research Technology. The consideration payable by BACIT Discovery Limited shall be £10,572,361 for such purchase. Completion of the CRUK Sale Agreement is conditional on the implementation of the Proposals. The CRUK Sale Agreement is governed by the laws of England and Wales.

9. Documents on display

Copies of the following documents will be published on the Company's website at www.bacitltd.com and may be inspected at the Company's registered office and the offices of Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS during normal business hours on any weekday (Saturdays and public holidays excepted) up to 14 December 2016:

- a. the Articles;
- b. the amended Articles containing the amendments proposed under resolution 11;
- c. the LTIP scheme rules;
- d. the written consent referred to in paragraph 10(a) below;
- e. the letters of appointment of each of the Directors;
- f. the published audited accounts of the Company for the two years ended 31 March 2016 and 31 March 2015; and
- g. the published unaudited interim accounts of the Company for the six months ended 30 September 2016.

10. General

- a. J.P. Morgan Cazenove and EPL Advisory LLP have given and not withdrawn their written consent to the issue of this document with the inclusion herein of the references to their names and to their advice to the Directors in the form and context in which such advice appears.
- b. There has been no material or significant change in the financial or trading position of the Group since 31 March 2016 (the date of the latest published audited accounts of the Company).
- c. This document has been published online at www.bacitltd.com. All Shareholders have the right to receive this document, and any future documents, in hard copy.
- d. All requests for hard copy documents should be communicated to the company using the following contact details:

Address: P.O. Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL

Telephone Number: +44 (0)1481 745 368

- e. The financial information of the Group is contained in the Annual Report for the years ended 31 March 2016 and 31 March 2015 and can be accessed on the Company's website through the links below. Such information is incorporated by reference into this document (pursuant to Rule 24.15 of the Takeover Code). If you are reading this document in hard copy please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

<http://www.bacitltd.com/wp-content/uploads/BACIT-LIMITED-CONSOLIDATED-Annual-Accounts-31.03.16-final-type-signed.pdf>.

<http://www.bacitltd.com/wp-content/uploads/BACIT-LIMITED-CONSOLIDATED-Annual-Accounts-final-typesigned.pdf>

- f. The financial information of Wellcome Trust is contained in the Annual Report for the years ended 30 September 2015 30 September 2014 and and can be accessed on Wellcome Trust's website through the links below. Such information is incorporated by reference into this document (pursuant to Rule 24.15 of the Takeover Code). If you are reading this document in hard copy please enter the below web address in your web browser to be brought to the relevant document. If you are reading this document in soft copy, please click on the web address below to be brought to the relevant document.

<https://wellcome.ac.uk/sites/default/files/wtp060064.pdf>

<https://wellcome.ac.uk/sites/default/files/wtp058191.pdf>

PART X

DEFINITIONS

- “Achilles” means Achilles Therapeutics Limited;
- “Admission” means admission to the Official List and/or admission to trading on the London Stock Exchange, as the context may require, of the New Ordinary Shares becoming effective in accordance with the Listing Rules and/or the LSE Admission Standards as the context may require;
- “AIFM” has the meaning given in Part I of this document;
- “Annual Buy-Back Resolution” has the meaning given in Part IX of this document;
- “Annual Donation” means the charitable donation made by the Company;
- “Annual Whitewash Resolution” has the meaning given in Part IX of this document;
- “Application Form” means the application form for use in connection with the Open Offer or any application form (whether electronic or otherwise) for use in connection with the Open Offer otherwise published by or on behalf of the Company
- “Articles” means the memorandum and articles of incorporation of the Company in force from time to time;
- “Artios” means Artios Pharma Limited;
- “attorney” means a person nominated as a Selling Shareholder’s attorney and agent;
- “Autolus” means Autolus Limited;
- “Award” means individual awards under the LTIP;
- “BACIT UK” means BACIT (UK) Limited;
- “BACIT UK Agreement” has the meaning given in Part I of this document;
- “BACIT UK Amendments” means the proposed amendments to the BACIT UK Agreement as described in this document;
- “Base Line” has the meaning given in Part VII of this document;
- “Blue Earth” means Blue Earth Diagnostics Limited;
- “Board” or “Directors” means the directors of the Company;
- “Business Day” means a day on which the London Stock Exchange and banks in Guernsey and London are normally open for business;
- “Cancer Research Technology” means Cancer Research Technology Limited;
- “CEGX” means Cambridge Epigenetics Limited;
- “Company” means BACIT Limited;
- “CRUK” means Cancer Research UK Limited;
- “CRUK Sale Agreement” has the meaning given in Part IX of this document;
- “City Code” means the City Code on Takeovers and Mergers of the United Kingdom;
- “Companies Law” means the Companies (Guernsey) Law, 2008, as amended;
- “Company” means BACIT Limited;
- “Concert Parties” has the meaning set out in the Takeover Code;
- “CREST” means the central securities depository for markets in the United Kingdom;
- “Deed of Election” means the Deed of Election circulated with this circular;
- “Disclosure and Transparency Rules” means the disclosure rules and the transparency rules under Part VI Financial Services and Markets Act 2000;
- “Discontinuation Resolution” has the meaning given in Part I of this document;
- “DCF” means discounted cash flow;
- “EGM” means extraordinary general meeting;
- “Electronic Election” has the meaning given in Part III of this document;
- “EPL Advisory” means EPL Advisory LLP;

“Excess Application Facility” has the meaning given in Part III of this document;

“Excluded Shareholders” has the meaning given in Part III of this document;

“Extraordinary General Meeting” or “EGM” means the extraordinary general meeting of the Company proposed to be held on 14 December 2016;

“FCA” means the United Kingdom Financial Conduct Authority;

“Firm Placing” means the issue of 243,461,685 New Ordinary Shares to Wellcome Trust and the issue of 20,872,732 New Ordinary Shares to CRUK;

“First Period” means the initial five year fixed term of the BACIT UK Agreement;

“Form of Proxy” means the form of proxy attached to this document;

“Freeline” means Freeline Therapeutics Limited;

“FS Act” means the Financial Services Act 2012;

“FSMA” means the Financial Services and Markets Act 2000;

“Fund Investment Management Team” means the team of investment management professionals responsible for making Fund Investment decisions and managing the Company’s Fund Investments from time to time;

“Fund Investments” has the meaning given meaning given in Part I of this document;

“General Partner” means BACIT GP Limited;

“Group” means the Company, the General Partner, the Limited Partnership and, once incorporated, SIML;

“Gyroscope” means Gyroscope Therapeutics Limited;

“Hurdle Rate” has the meaning given in Part VII of this document;

“ICR” means the Institute of Cancer Research;

“ICR Projects” means drug development and medical innovation projects undertaken by the ICR or its subsidiaries in the field of cancer research and therapeutics which have the potential for commercial development and application;

“Implementation Date” means the date on which the Proposals are implemented;

“Implementation Resolutions” means the resolutions required to implement the Proposals and to be proposed to Shareholders as outlined in this document;

“Independent Shareholders” means all Shareholders other than Wellcome Ventures and any other Shareholder deemed to be acting in concert with Wellcome Ventures as determined under the City Code;

“Indemnified Person” means officers, directors, employees, representatives or agents of BACIT UK;

“Initial Life Science Portfolio” means the portfolio of Life Science Investments held by Syncona and the limited partnership interest in the Pioneer Fund to be acquired from Cancer Research Technology by the Company as part of the Proposals;

“Investment Management Team” means the Fund Investment Management Team and the Life Science Investment Management Team;

“Issue” means the preemptive open offer (and associated Excess Application Facility) of Ordinary Shares (which will comprise either Ordinary Shares offered for sale in the Liquidity Facility or New Ordinary Shares depending upon the number of Ordinary Shares offered for sale under the Liquidity Facility by selling Shareholders) to existing qualifying Shareholders and the placing of Ordinary Shares (which will comprise either Ordinary Shares offered for sale in the Liquidity Facility or New Ordinary Shares depending upon the number of Ordinary Shares offered for sale under the Liquidity Facility by selling Shareholders and the number of Open Offer Shares subscribed for in the Open Offer) to eligible investors;

“J.P. Morgan Cazenove” means (i) J.P. Morgan Securities plc in relation to the Firm Placing and the Placing and Open Offer and the BACIT UK Amendments and (ii) J.P. Morgan Limited in relation to the Waiver Resolution (each of which conducts its UK investment banking business under the marketing name of J.P. Morgan Cazenove);

“Life Science Investment Management Team” means the team of investment management professionals responsible for making Life Science Investment decisions and managing the Company’s Life Science Investments from time to time;

“Life Science Investment Pool” means the Group’s Life Science Investments from time to time excluding the Group’s investment in the Pioneer Fund;

“Life Science Investments” has the meaning given in Part I of this document;

“Limited Partnership” means BACIT Investments LP Incorporated, the investment undertaking in which the Company is the sole limited partner;

“Liquidity Facility” means the facility for Shareholders to sell certain of their Ordinary Shares as described in Part III of this document;

“Listing Rules” means the listing rules made by the UK Listing Authority under section 73A Financial Services and Markets Act 2000;

“London Stock Exchange” or “LSE” means London Stock Exchange plc;

“LSE Admission Standards” means the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Official List;

“LTIP” means the long-term incentive plan described in Part VII of this document;

“LTIP Rules” means the plan rules for the LTIP;

“Macrophage” means Macrophage Pharma Limited;

“Management Team” means the management team of the Group;

“MES” means management equity shares;

“Net Asset Value” means the value of the assets of the Company less its liabilities as calculated in accordance with the Company’s valuation policy and expressed in Sterling;

“New Ordinary Shares” means new redeemable ordinary shares of no par value in the capital of the Company issued and designated as Ordinary Shares of such class and issued pursuant to the Firm Placing and, where applicable and depending upon the number of Ordinary Shares offered for sale by selling Shareholders under the Liquidity Facility, the Placing and Open Offer and Excess Application Facility and having the rights, restrictions and entitlements set out in the Articles;

“Nightstar” means NightstaRx Limited;

“Offer Price” means 131.15 pence per Ordinary Share;

“Official List” means the list maintained by the UK Listing Authority pursuant to Part VI of the Financial Services and Markets Act 2000;

“Open Offer” means the offer of further Ordinary Shares (which will comprise either Ordinary Shares offered for sale in the Liquidity Facility or New Ordinary Shares depending upon the number of Ordinary Shares offered for sale under the Liquidity Facility by Selling Shareholders) to qualifying Shareholders (and the associated Excess Application Facility) constituting an invitation to subscribe for 6 Ordinary Shares for every 19 Ordinary Shares held on the terms and subject to the conditions set out in the Prospectus;

“Open Offer Entitlements” means the entitlements of each current Shareholder to participate in the Open Offer;

“Ordinary Shares” means the existing redeemable ordinary shares of no par value in the capital of the Company issued and designated as Ordinary Shares of such class and issued at the time of the Company’s initial public offering and, where applicable, also includes the New Ordinary Shares and Ordinary Shares offered for sale under the Liquidity Facility;

“Panel” means the UK Panel on Takeovers and Mergers;

“Pioneer Fund” means the CRT Pioneer Fund LP;

“Placing” means the placing of Ordinary Shares (which will comprise either Ordinary Shares offered for sale in the Liquidity Facility or New Ordinary Shares depending upon the number of Ordinary Shares offered for sale under the Liquidity Facility by selling Shareholders and the number of Shares subscribed for in the Open Offer);

“Placing and Open Offer” means a pre-emptive open offer to the Company’s existing shareholders and a placing to eligible new investors under which participants may acquire New Ordinary Shares or

existing Ordinary Shares that Shareholders elect to sell through the Liquidity Facility at the Offer Price;

“Participants” means participants in the LTIP;

“PRI” means price of recent investment;

“PRA” means the United Kingdom Prudential Regulation Authority (or its successor bodies);

“Proposals” means the proposals for the expansion of the Company described in this document;

“Proposed Directors” has the meaning given in Part I of this document;

“Prospectus” means the prospectus issued by the Company on or around the date of this document;

“Qualifying Shareholder” means a shareholder included on the register of shareholders of the Company on the Record Date, other than an Excluded Shareholder;

“Realisation Date” has the meaning given in Part VII of this document;

“Receiving Agent” means Capita Asset Services, a trading name of Capita Registrars Limited;

“Record Date” means 24 November 2016;

“Related Party Share Subscription” means the proposed subscription for Ordinary Shares by Schroders and Smith & Williamson as described in Part III of this document;

“Relationship Agreement” means the relationship agreement as detailed at Part IX of this document;

“Remaining Shareholders” means all Shareholders other than Schroders or Smith & Williamson (or any of their respective associates);

“Second Period” has the meaning given in Part I of this document;

“Shareholder” means the registered holder of an Ordinary Share;

“SHL” has the meaning given in Part VII of this document;

“SIML” means BACIT Holdco 4 Limited (to be renamed Syncona Investment Management Limited);

“Sponsor” means J.P. Morgan Securities plc;

“Sixth Element” means Sixth Element Capital LLP;

“Sixth Element Small Molecule Portfolio” means the portfolio of intellectual property rights held by the Pioneer Fund in single asset projects, as detailed at Part V of this document;

“Syncona” means Syncona LLP;

“Syncona Partnership Interests” means the partnership interests in Syncona Partners LLP and Syncona Management LLP;

“Syncona Sale Agreements” has the meaning given in Part IX of this document;

“Takeover Code” means the City Code on Takeovers and Mergers;

“TFE Instruction” means a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear);

“TTE Instruction” means a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear);

“Waiver Resolution” has the meaning given in Part VI of this document;

“Wellcome Ventures” means North London Ventures Limited; and

“Winding Up Proposal” has the meaning given in Part VIII of this document.

BACIT LIMITED

(a registered closed-ended collective investment scheme incorporated as a non-cellular company limited by shares under the laws of Guernsey with registration number 55514)

(the “Company”)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of the Company will be held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands on 14 December 2016 at 11 a.m. to consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions, special resolutions and extraordinary resolutions as set out below: Capitalised terms used in this notice have the same meaning as set out in the circular to shareholders dated on or around the date of this notice.

DISCONTINUATION RESOLUTION

To be proposed as an ordinary resolution:

1. THAT, the Company should discontinue its business as a closed-ended collective investment scheme and require the Directors to formulate proposals to be put to shareholders for the reconstruction or reorganisation of the Company.

ORDINARY RESOLUTIONS

To be proposed as ordinary resolutions:

2. THAT, subject to and conditional upon resolution 1 not having passed and the passing of resolutions 3 to 12 set out in this Notice of Extraordinary General Meeting, the Related Party Share Subscription (as described in the circular to shareholders of the Company dated 28 November 2016 (the “Circular”)), being a related party transaction for the purposes of the Listing Rules of the UK Listing Authority (the “Listing Rules”), be and is hereby approved.
3. THAT, subject to and conditional upon resolution 1 not having passed and the passing of resolutions 4 to 12 set out in this Notice of Extraordinary General Meeting, the expansion of the Company’s investment policy, as set out in the Circular, be and is hereby approved with effect from the Implementation Date.
4. THAT, subject to and conditional upon resolution 1 not having passed and the passing of resolutions 3 and 5 to 12 set out in this Notice of Extraordinary General Meeting, the amendments of the Company’s investment management agreement with BACIT (UK) Limited, as set out in the Circular, be and are hereby approved with effect from the Implementation Date.
5. THAT, subject to and conditional upon resolution 1 not having passed and the passing of resolutions 3, 4 and 6 to 12 set out in this Notice of Extraordinary General Meeting, the terms of the long term incentive plan, as set out in the Circular, be and are hereby approved with effect from the Implementation Date.
6. THAT, subject to and conditional upon resolution 1 not having passed and the passing of resolutions 3 to 5 and 6 to 12 set out in this Notice of Extraordinary General Meeting, Nigel Keen be appointed as a Director with effect from the Implementation Date.
7. THAT, subject to and conditional upon resolution 1 not having passed and the passing of resolutions 3 to 6 and 8 to 12 set out in this Notice of Extraordinary General Meeting, Ellen Strahman be appointed as a Director with effect from the Implementation Date.
8. THAT, subject to and conditional upon resolution 1 not having passed and the passing of resolutions 3 to 7 and 9 to 12 set out in this Notice of Extraordinary General Meeting, approval is granted for the waiver by the Panel of any obligation which might otherwise arise, pursuant to Rule 9 of the UK Takeover Code, for Wellcome Ventures to make a general offer to Shareholders as a result of its participation in the Firm Placing as described in the Circular.

9. THAT, subject to and conditional upon resolution 1 not having passed and the passing of resolutions 3 to 8 and 10 to 12 set out in this Notice of Extraordinary General Meeting and without prejudice to the existing authorities granted at the Company's most recent annual general meeting, the Directors be generally and unconditionally authorised to allot and issue up to 386,272,980 Ordinary Shares in connection with the Issue and Firm Placing (being 100 per cent. of the Company's shares in issue as at the latest practicable date prior to the date of publication of this document) for the period expiring on the date falling fifteen months after the date of passing of this Resolution 9 or the conclusion of the next annual general meeting of the Company, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted and issued after such expiry and the Directors may allot and issue shares in pursuance of such an offer or agreement as if the authority had not expired.

SPECIAL RESOLUTIONS

To be proposed as special resolutions:

10. THAT, subject to and conditional upon resolution 1 not having passed and the passing of resolutions 3 to 9, 11 and 12 set out in this Notice of Extraordinary General Meeting, the Company's name be changed to "Syncona Limited" with effect from the Implementation Date.
11. THAT, subject to and conditional upon resolution 1 not having passed and the passing of resolutions 3 to 10, 12, the following provisions of the Articles be amended as follows and with effect from the Implementation Date:
- a. article 49 be deleted in full;
 - b. the following article be inserted as new article 49:
"The Company shall not make any change to its investment policy without the prior approval of a Special Resolution unless, in the reasonable opinion of the Directors, such change is not material." and
 - c. article 6 be amended such that the following article be included as new article 6.6.2:
"equity securities in connection with any employee share scheme or long term incentive plan."

EXTRAORDINARY RESOLUTION

To be proposed as an extraordinary resolution:

12. THAT, subject to and conditional upon resolution 1 not having passed and the passing of resolutions 3 to 11 set out in this Notice of Extraordinary General Meeting and without prejudice to the existing authorities granted at the Company's most recent annual general meeting, the Directors be generally and unconditionally authorised to allot and issue (or sell from treasury), grant rights to subscribe for, or to convert securities into, up to 386,272,980 Ordinary Shares in connection with the Firm Placing and the Placing (being 100 per cent. of the Company's shares in issue as at the latest practicable date prior to the date of publication of this document) for cash as if Article 6.2 of the existing Articles did not apply to the allotment and issue (or sale from treasury) for the period expiring on the date falling fifteen months after the date of passing of this Resolution 12 or the conclusion of the next annual general meeting of the Company, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted and issued after such expiry and the Directors may allot and issue shares in pursuance of such an offer or agreement as if the authority had not expired.

By order of the Board

Registered Office

PO Box 255, Trafalgar Court,
Les Banques
St Peter Port, Guernsey, GY1 3QL
Channel Islands

Dated 28 November 2016

Notes:

1. To have the right to attend and vote at the meeting you must hold shares in the Company and your name must be entered on the share register of the Company in accordance with note 4 below.
2. Shareholders entitled to attend and vote at the meeting may appoint one or more proxies (who need not be a Shareholder) to attend, speak and vote on their behalf, provided that if two or more proxies are to be appointed, each proxy must be appointed to exercise the rights attaching to different shares. Where multiple proxies have been appointed to exercise rights attached to different shares, on a show of hands those proxy holders taken together will collectively have the same number of votes as the Shareholder who appointed them would have on a show of hands if he were present at the meeting. On a poll, all or any of the rights of the Shareholder may be exercised by one or more duly appointed proxies.
3. To be valid, the relevant instrument appointing a proxy (and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be received by Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, not later than 11 a.m. on 12 December 2016. Alternatively, Shareholders may submit proxies electronically not later than 11 a.m. on 12 December 2016 using the Capita Share Portal Service at www.capitashareportal.com. A Form of Proxy accompanies this notice. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the meeting should they wish to do so.
4. The time by which a person must be entered on the share register of the Company in order to have the right to attend and vote at the meeting is close of business on 12 December 2016. If the meeting is adjourned, the time by which a person must be entered on the share register of the Company in order to have the right to attend or vote at the adjourned meeting is as at close of business two days before the date fixed for the adjourned meeting. In calculating such period, no account shall be taken of any part of a day that is not a business day in London and Guernsey. Changes to entries on the share register of the Company after such times shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. On a poll, each Shareholder will be entitled to one vote per ordinary share held. As at the date of this notice, the Company's issued share capital (excluding shares held in treasury) consisted of 386,138,785 Ordinary Shares. Therefore, the total voting rights in the Company as at the date of this notice are 386,138,785.
6. Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained below.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST manual (available via www.euroclear.com/CREST) subject to the provisions of the Articles. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11 a.m. on 12 December 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned

to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 34(1) of Uncertificated Securities (Guernsey) Regulations, 2009.

