

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

When considering what action you should take, you are recommended immediately to seek your own personal financial advice from an appropriately qualified independent adviser authorised under the Financial Services and Markets Act 2000.

If you have disposed of all of your shares in The Biotech Growth Trust PLC (the “Company”), please pass this document (and the enclosed Form of Proxy) as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom you made the disposal for onward transmission to the purchaser or transferee.

This document comprises a circular relating to the Company prepared in accordance with the Listing Rules of the United Kingdom Listing Authority. This Circular has been approved by the Financial Conduct Authority and published in accordance with the Listing Rules.

The Biotech Growth Trust PLC

*(Incorporated in England and Wales with company number 3376377;
an investment company within the meaning of Section 833 of the Companies Act 2006)*

Proposed changes to investment objective and policy and Notice of General Meeting

Notice convening a General Meeting of the Company at 9.30 a.m. on Wednesday, 30 October 2013 at 25 Southampton Buildings, London WC2A 1AL is set out at the end of this document.

To be valid, the enclosed Form of Proxy for use at the General Meeting must be completed and returned in accordance with the instructions printed thereon to the Company’s Registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or delivered by hand during office hours only to the same address as soon as possible and in any event so as to arrive by not later than 9.30 a.m. on Monday, 28 October 2013.

DEFINITIONS

In this document the words and expressions listed below have the meanings set out opposite them, except where the context otherwise requires:

Business Day	any day on which banks are open for business in London (excluding Saturdays and Sundays)
Circular	this document
Company	The Biotech Growth Trust PLC
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001
Directors	the directors of the Company
Disclosure and Transparency Rules	the disclosure and transparency rules made by the Financial Conduct Authority under section 72 of the Financial Services and Markets Act 2000, as amended
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST
Existing Investment Objective and Policy	the investment objective and policy currently adopted by the Company
Form of Proxy	the form of proxy provided with this document for use in connection with the General Meeting
General Meeting or Meeting	the general meeting of the Company convened for Wednesday, 30 October 2013 at 9.30 a.m. or any adjournment thereof
Investment Manager	Orbimed Capital LLC
Listing Rules	the listing rules made by the Financial Conduct Authority under section 73A of the Financial Services and Markets Act 2000, as amended
New Investment Objective and Policy	the proposed investment objective and policy that will be adopted by the Company if the Resolution is passed
Notice of General Meeting or Notice	the notice of the General Meeting as set out at the end of this document
Resolution	the ordinary resolution to be proposed at the General Meeting and details of which are contained in the Notice of General Meeting
Shares	an ordinary share of 25p in the capital of the Company
Shareholder	a holder of Shares

The Biotech Growth Trust PLC

*(Incorporated in England and Wales with company number 3376377;
an investment company within the meaning of Section 833 of the Companies Act 2006)*

Directors:

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

Registered Office:

One Wood Street
London EC2V 7WS

11 October 2013

To Shareholders

Dear Sir or Madam

Proposed Changes to the Company's Existing Investment Objective and Policy

Introduction

The Company was established in June 1997. The current Investment Manager was appointed in May 2005 and the Company's Existing Investment Objective and Policy have remained unchanged from this date.

The Directors believe that the Company's Existing Investment Objective and Policy constrains the investment portfolio by defining the majority of investee companies as having a market capitalisation of less than U.S.\$3 billion, which takes no account of how the biotechnology sector has evolved since 2005. This constraint reduces the Company's portfolio exposure to major biotechnology companies, and the Directors, as advised by the Investment Manager, believe that the outlook for such companies is positive. Major biotechnology companies are trading at multiples that are comparable to their pharmaceutical counterparts, yet have superior growth potential. In addition, such companies have historically delivered strong earnings growth compared to traditional large pharmaceutical companies. Indeed, over the last three years, the four mature major biotechnology companies have, on average, generated 17 per cent. annual earnings per share growth, compared to 1 per cent. for the five major U.S. pharmaceutical companies.

The Directors, as advised by the Investment Manager, believe that a simplification of the Company's Existing Investment Objective and Policy would be beneficial to Shareholders as it would allow greater flexibility in the size of biotechnology companies in which the Company can invest. As a result, the Directors are proposing that the Company's Existing Investment Objective and Policy be amended, in particular by the elimination of the restriction that a majority of the investee companies must have a market capitalisation of less than U.S.\$3 billion. The amendment would allow the Company to have a greater exposure to major biotechnology companies and better aligns the Investment Policy with the Investment Manager's expectations for the portfolio. Therefore, the changes reflect the Investment Manager's view that in future there could be more opportunities in major biotechnology companies; the changes are being made now so as to enable the Company to take advantage of these opportunities if they arise.

Additionally, although the Directors still believe it appropriate to limit exposure to swap instruments to 5 per cent. of the gross assets of the Company at the time of entering into the contract, the Directors no longer believe it appropriate to limit exposure to one particular country represented in the portfolio (India) particularly as the Company currently does not have any investments there either directly or through the use of swaps. The Company's investment focus will remain on biotechnology; there are no plans to include investee companies that specialise in other aspects of healthcare. The Company's benchmark will remain unchanged.

The Existing Investment Objective and Policy and the proposed New Investment Objective and Policy are set out in full below.

Existing Investment Objective and Policy

Investment Objective and Benchmark

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

Guidelines

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

In connection with the investment policy, the following guidelines apply:

- The Company will not invest more than 10 per cent., in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
- The Company will not invest more than 15 per cent., in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
- The Company will not invest more than 15 per cent. of the portfolio in any one individual stock at the time of acquisition.
- The largest 30 quoted stocks will normally represent at least 50 per cent. of the quoted portfolio.
- The majority of the emerging biotechnology companies that the Company will invest in are likely to be companies with a market capitalisation of less than U.S.\$3 billion that have undergone an IPO (Initial Public Offering) but as yet are unprofitable. They will typically be focused on drug research and development, with their valuations driven by profitable developments, clinical trial results and partnerships.
- The Company will not invest more than 10 per cent. of the portfolio in direct unquoted investments at the time of acquisition. This limit does not include any investment in private equity funds managed by the Investment Manager or any affiliates of such entity.
- The Company may invest or commit for investment a maximum of U.S.\$15 million, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by OrbiMed Capital LLC, the Company's Investment Manager, or an affiliate thereof.
- The Company's borrowing policy is that borrowings will not exceed 10 per cent. of the Company's net assets. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by Goldman Sachs & Co. This facility can be drawn down at the discretion of the Investment Manager.
- Up to 5 per cent. of the Company's portfolio, at the time of acquisition, can be invested in India. Exposure to be gained through the use of swaps.

New Investment Objective and Policy

Investment Objective and Benchmark

The Company seeks capital appreciation through investment in the worldwide biotechnology industry. Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted).

Guidelines

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

In connection with the investment policy, the following guidelines apply:

- The Company will not invest more than 10 per cent., in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment

policies to invest no more than 15 per cent. of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.

- The Company will not invest more than 15 per cent., in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
- The Company will not invest more than 15 per cent. of the value of its gross assets in any one individual stock at the time of acquisition.
- The Company will not invest more than 10 per cent. of the value of its gross assets in direct unquoted investments at the time of acquisition. This limit does not include any investment in private equity funds managed by the Investment Manager or any affiliates of such entity.
- The Company may invest or commit for investment a maximum of U.S.\$15 million, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by OrbiMed Capital LLC, the Company's Investment Manager, or an affiliate thereof.
- The Company's borrowing policy is that borrowings will not exceed 10 per cent. of the Company's net assets. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by Goldman Sachs & Co. This facility can be drawn down at the discretion of the Investment Manager.
- The Company may be unable to invest directly in certain countries. In these circumstances, the Company may gain exposure to companies in such countries by investing indirectly through swaps. Where the Company invests in swaps, exposure to underlying assets will not exceed 5 per cent. of the gross assets of the Company at the time of entering into the contract.

A blackline showing the changes to the Existing Investment Objective and Policy is set out in Appendix A which forms part of this Circular.

General Meeting

Under the Listing Rules the Company is required to seek the approval of Shareholders for any material change to its investment policy. Therefore an ordinary resolution to approve the changes to the Existing Investment Objective and Policy will be proposed at the General Meeting. The full text of the Resolution is set out in the Notice of General Meeting at the end of this Circular.

All Shareholders are entitled to attend and vote at the General Meeting. In accordance with the Company's Articles of Association, all Shareholders present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of each Share held. In order to ensure that a quorum is present at the General Meeting, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a representative).

Action to be taken

The only action that you need to take is to complete the accompanying Form of Proxy for use at the General Meeting.

Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon to the Company's Registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or deliver it by hand during office hours only to the same address so as to be received as soon as possible and in any event by not later than 9.30 a.m. on Monday, 28 October 2013.

Shareholders are requested to complete and return a Form of Proxy whether or not they wish to attend the General Meeting.

Recommendation

The Directors consider the Resolution to be in the best interests of Shareholders as a whole. Accordingly the Directors unanimously recommend that Shareholders vote in favour of the Resolution to be proposed at the General Meeting. The Directors intend to vote in favour of the Resolution in respect of their holdings of Shares amounting to 434,934 Shares in aggregate (representing approximately 0.63 per cent. of the issued Share capital of the Company as at Thursday, 10 October 2013 (the latest practicable date prior to the publication of this document)).

Yours faithfully

The Rt Hon Lord Waldegrave of North Hill
(Chairman)

APPENDIX A

Investment Objective and Benchmark

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

Investment Guidelines

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

In connection with the investment policy, the following guidelines apply:

- The Company will not invest more than 10 per cent., in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
- The Company will not invest more than 15 per cent., in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
- The Company will not invest more than 15 per cent. of the ~~portfolio~~ value of its gross assets in any one individual stock at the time of acquisition.
- ~~– The largest 30 quoted stocks will normally represent at least 50 per cent. of the quoted portfolio.~~
- ~~– The majority of the emerging biotechnology companies that the Company will invest in are likely to be companies with a market capitalisation of less than U.S.\$3 billion that have undergone an IPO (Initial Public Offering) but as yet are unprofitable. They will typically be focused on drug research and development, with their valuations driven by profitable developments, clinical trial results and partnerships.~~
- The Company will not invest more than 10 per cent. of the ~~portfolio~~ value of its gross assets in direct unquoted investments at the time of acquisition. This limit does not include any investment in private equity funds managed by the Investment Manager or any affiliates of such entity.
- The Company may invest or commit for investment a maximum of U.S.\$15 million, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by OrbiMed Capital LLC, the Company's Investment Manager, or an affiliate thereof.
- The Company's borrowing policy is that borrowings will not exceed 10 per cent. of the Company's net assets. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by Goldman Sachs & Co. This facility can be drawn down at the discretion of the Investment Manager.
- ~~Up to 5 per cent. of the Company's portfolio, at the time of acquisition, can be invested in India. Exposure to be gained through the use of swaps. The Company may be unable to invest directly in certain countries. In these circumstances, the Company may gain exposure to companies in such countries by investing indirectly through swaps. Where the Company invests in swaps, exposure to underlying assets will not exceed 5 per cent. of the gross assets of the Company at the time of entering into the contract.~~

NOTICE OF GENERAL MEETING

THE BIOTECH GROWTH TRUST PLC

*(Incorporated in England and Wales with company number 3376377;
an investment company within the meaning of Section 833 of the Companies Act 2006)*

Notice is hereby given that a General Meeting (the “**Meeting**”) of The Biotech Growth Trust PLC (the “**Company**”) will be convened at 9.30 a.m. on Wednesday, 30 October 2013 at 25 Southampton Buildings, London WC2A 1AL for the purpose of considering and, if thought fit, passing the resolution set out below. Terms defined in the circular of the Company dated 11 October 2013 (the “**Circular**”) shall have the same meanings in this Notice of General Meeting unless otherwise defined. The resolution is an ordinary resolution which, if approved, will replace the Company’s Existing Investment Objective and Policy with the New Investment Objective and Policy. The complete text of the New Investment Objective and Policy is set out in the Circular.

Ordinary Resolution

THAT the New Investment Objective and Policy, as set out in the Circular, be and is hereby approved and adopted with immediate effect as the Investment Objective and Policy of the Company, to the exclusion of the Existing Investment Objective and Policy.

BY ORDER OF THE BOARD

Frostrow Capital LLP
Company Secretary

Registered Office:

One Wood Street
London EC2V 7WS

Date: 11 October 2013

Notes:

- (i) A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by that Shareholder. A proxy need not be a member of the Company.
- (ii) To appoint a proxy you may use the Form of Proxy enclosed with this Notice of General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a copy of it notarially certified or certified in some other way approved by the Directors, must be completed and returned in accordance with the instructions printed thereon to Capita Asset Services, or delivered by hand during office hours only to the same address as soon as possible and in any event by not later than 9.30 a.m. on Monday, 28 October 2013.
- (iii) A vote withheld is not a vote in law, which means the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter put before the meeting.
- (iv) Completion of the Form of Proxy will not prevent you from attending and voting in person.
- (v) Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
- (vi) If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- (vii) In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU at least 48 hours before the time for holding the meeting.
- (viii) Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes (i) to (iii) above concerning the appointment of a proxy or proxies to attend the Meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the Meeting.
- (ix) Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
- (x) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered in the register of members of the Company by not later than 5.30 p.m. two days (excluding non-working days) prior to the time fixed for the Meeting shall be entitled to attend and vote at the Meeting in respect of the number of Shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 5.30 p.m. two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- (xi) In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (xii) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by following the procedures described in the CREST manual which can be viewed at www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information 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 not later than 9.30 a.m. on Monday, 28 October 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (xiii) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

- (xiv) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (xv) If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
- (xvi) Any question relevant to the business of the Meeting may be asked at the Meeting by anyone permitted to speak at the Meeting. A Shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under Section 319A of the Companies Act 2006, the Company must answer any question a Shareholder asks relating to the business being dealt with at the Meeting, unless (i) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
- (xvii) In accordance with Section 311A of the Companies Act 2006, the contents of this Notice, details of the total number of Shares in respect of which members are entitled to exercise voting rights at the Meeting and, if applicable, any members' statements, members' resolution or members' matters of business received by the Company after the date of this Notice will be available on the Company's website www.biotechgt.com.
- (xviii) As at Thursday, 10 October 2013, being the last Business Day prior to the printing of this Notice, the Company's issued capital consisted of 68,536,347 Shares carrying one vote each. Therefore, the total voting rights in the Company as at Thursday, 10 October 2013 are 68,536,347.
- (xix) You may not use the electronic address provided either in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

