

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the contents of this document or as to the 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 are in the United Kingdom, or, if not, another, appropriately authorised financial adviser.**

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. The distribution of this document in certain jurisdictions may be restricted by law. No action has been taken by the Company that would permit an offer of the Shares or possession or distribution of this document or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy any Shares.

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.

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# **The Biotech Growth Trust PLC**

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

## **Proposed change to the Company’s investment policy**

**and**

## **Notice of General Meeting**

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Notice convening a General Meeting of the Company at 10.00 am on Tuesday, 31 March 2015 at 25 Southampton Buildings, London WC2A 1AL is set out at the end of this document. The proposals described in this document are conditional upon Shareholder approval of an ordinary resolution at the General Meeting. Shareholders are requested to complete and return their reply-paid Form of Proxy.

**To be valid, the enclosed Form of Proxy for use by Shareholders 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 10.00 am on Friday, 27 March 2015. The lodging of a Form of Proxy will not prevent a Shareholder from attending and voting in person at the General Meeting if he or she so wishes.**

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## DEFINITIONS

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

Alternative Investment Fund Manager or AIFM	Frostrow Capital LLP
AIFM Directive	Directive 2011/61/EU of the European Parliament and the Council of the European Union on Alternative Investment Fund Managers and any implementing legislation or regulations thereunder
AIFMD Rules	the provisions of: (i) Commission Delegated Regulation (EU) No 231/2013 supplementing the AIFM Directive with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision; and (ii) the provisions of the rules of the Financial Conduct Authority and any other applicable regulations implementing the AIFM Directive
Business Day	any day on which banks are open for business in London (excluding Saturdays and Sundays)
Circular	this document
Companies Act	every statute (including any order, regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the Company
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 rules and the transparency rules made by the Financial Conduct Authority under section 73A of the Financial Services and Markets Act 2000, as amended
Form of Proxy	the form of proxy provided with this document for use by Shareholders in connection with the General Meeting
General Meeting or Meeting	the general meeting of the Company convened for Tuesday, 31 March 2015 at 10.00 am or any adjournment thereof
Investment Policy	the investment policy of the Company
Listing Rules	the listing rules made by the Financial Conduct Authority under section 73A of the Financial Services and Markets Act 2000, as amended
Notice of General Meeting Notice	the notice of the General Meeting as set out at the end of this or document
Portfolio Manager	Orbimed Capital LLC
Resolution	the ordinary resolution to be proposed at the General Meeting, details of which are contained in the Notice of General Meeting
Shareholder	a holder of Shares in the Company
Shares	ordinary shares of 25p each in the capital of the Company

# The Biotech Growth Trust PLC

*(Incorporated in England and Wales under the Companies Acts 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  
Andrew Joy  
Peter Keen

*Registered Office:*

One Wood Street  
London EC2V 7WS

6 March 2015

*To Shareholders*

Dear Sir or Madam

## **Proposed Change to the Investment Policy and Notice of General Meeting**

### **Introduction**

I am writing to give you the background to, and details of, a proposed change to the Investment Policy, namely an increase in the Company's borrowing limit, which requires the approval of Shareholders at a general meeting. The Notice of the General Meeting, which will be held on Tuesday, 31 March 2015 is set out at the end of this document.

The Directors, as advised by the Company's AIFM and Portfolio Manager, agreed in November 2014 that the Company's borrowing limit should be increased from 10 per cent. to 15 per cent. of the Company's net assets. Shareholders were notified of this change and the Directors' commitment to continue to keep the borrowing limit under review via the Chairman's Statement contained within the Half Year Report dated 10 November 2014.

The development of new products and the prospect of continued merger and acquisition activity continue to be key drivers for the rapidly expanding biotechnology market. The Directors, as advised by the Company's AIFM and Portfolio Manager, are now proposing that the Company's borrowing limit be increased further from 15 per cent. to 20 per cent. of the Company's net assets. The Directors believe that this amendment would be beneficial to Shareholders as it would provide an increased level of flexibility to the Company to participate in compelling investment opportunities as they arise.

The Company's approach to using borrowing will not change in practice and the level of borrowing adopted will continue to be reviewed and agreed with the Directors and the Company's AIFM from time to time, subject always to the proposed overall limit of 20 per cent. of the Company's net assets.

The Directors consider increasing the Company's borrowing limit to 20 per cent. to constitute a material change to the Investment Policy relative to what it was when a change was last approved by Shareholders. Accordingly, as required by the Listing Rules, the Directors are seeking Shareholder approval for this change.

A blackline showing the change to the Investment Policy is set out in Appendix A which forms part of this Circular.

In accordance with the AIFMD Rules, the Company is required to calculate and disclose its maximum leverage limit using two specific calculation methodologies: the "gross" and "commitment" methods (each as set out in the AIFMD Rules). In light of the proposed change to the Company's borrowing limit, the Company has informed the Financial Conduct Authority that the maximum leverage limit

calculated in accordance with the gross and commitment methods will be increased to 130 per cent. of the net asset value of the Company.

The AIFM and the Portfolio Manager have given and have not withdrawn their written consent to the inclusion of the reference to their respective names in this Circular and the context in which it is included.

### **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 change to the Investment Policy will be proposed at the General Meeting requiring a simple majority of the votes cast in person or by proxy to approve the amendment to the Investment Policy in accordance with the Listing Rules. The full text of the Resolution is set out in the Notice of General Meeting at the end of this Circular. The Resolution will, if passed, approve the amendment to the Investment Policy.

Notice of the General Meeting, which will be held on Tuesday, 31 March 2015, is set out at the end of this document. All Shareholders are entitled to attend and vote at the General Meeting. All persons holding Ordinary Shares at 5.30 pm on Friday, 27 March 2015, or, if the General Meeting is adjourned, on the register of Shareholders of the Company 48 hours before the time of any adjourned General Meeting, will be entitled to attend, speak or vote at the General Meeting and will be entitled on a poll to one vote per Share held. In calculating such 48 hour periods, no account will be taken of any part of a day that is not a Business Day.

As at Wednesday, 4 March 2015, being the latest practicable date prior to the publication of this document, there were 68,886,347 Shares in issue (and 4,997,831 Shares were held in treasury).

In accordance with the Company's Articles of Association, all Shareholders present in person or by proxy will upon a show of hands have one vote and upon a poll will 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). If a quorum is not present within thirty minutes after the time appointed for the commencement of the General Meeting, the General Meeting will be adjourned to such other day (not being less than 10 clear days) and at such other time and place as the chairman of the General Meeting may determine and at any adjourned General Meeting two Shareholders who are present in person or by proxy will constitute a quorum.

Completion and return of a Form of Proxy will not prevent a Shareholder from subsequently attending and voting in person at the General Meeting should he or she wish to do so.

### **Risk Factor**

Whilst the Directors note that increasing the Company's borrowing limit could lead to increased volatility in the Company's net asset value, if the Resolution is not approved by Shareholders, the Company's ability to borrow will be restricted so that the Company may not be able to participate in certain investment opportunities available in the global biotechnology market. This might affect the Company's ability to grow its portfolio and may ultimately affect the Company's share price.

### **Action to be taken**

You will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. This Form of Proxy should be read in conjunction with the Explanatory Notes contained at the end of it. Whether or not you propose to attend the General Meeting in person, you are requested to complete the Form of Proxy and return it to the Company's Registrar, Capita Asset Services, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be received no later than 10.00 am on Friday, 27 March 2015. You may not use any electronic address provided in either this Circular or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

**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 374,934 Shares in aggregate (representing in aggregate approximately 0.5 per cent. of the issued Share capital of the Company as at Wednesday, 4 March 2015 (the latest practicable date prior to the publication of this document)).**

Yours faithfully

**The Rt Hon Lord Waldegrave of North Hill**  
*Chairman*

## APPENDIX A

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 Portfolio 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 the Portfolio Manager, or an affiliate thereof.
- The Company's borrowing policy is that borrowings will not exceed ~~15 per cent.~~ 20 per cent. of the Company's net assets. The Company's borrowing requirements are met through the utilisation of ~~a loan~~ an overdraft facility, repayable on demand, provided by J.P. Morgan Clearing Corp. This facility can be drawn at the discretion of the AIFM.
- 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 under the Companies Acts 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 10.00 am on Tuesday, 31 March 2015 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 6 March 2015 (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 amend the Company’s Investment Policy as more fully described in the Circular.

### Ordinary Resolution

THAT the Company’s Investment Policy be amended as set out in the Circular with immediate effect.

#### BY ORDER OF THE BOARD

Frostrow Capital LLP  
Company Secretary

*Registered Office:*

One Wood Street  
London EC2V 7WS

Date: 6 March 2015

#### *Notes:*

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by that member. A proxy need not be a member of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice of General Meeting.
2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, a proxy may vote or abstain from voting at his or her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
3. To be valid a Form of Proxy or any other instrument appointing a proxy must be completed and signed and received by post or (during normal business hours only) by hand at Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.00 am on Friday, 27 March 2015.
4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.
5. The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a member attending the General Meeting and voting in person if he or she wishes to do so.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “Nominated Person”) may, under an agreement between him or her and the member by whom he or she was nominated, has a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (the “Crest Regulations”), the Company has specified that only members registered on the register of members of the Company (the “Register of Members”) at 5.30 pm on Friday, 27 March 2015 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned General Meeting) will be entitled to attend and vote or be represented at the Meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the General Meeting.



9. 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 General 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](http://www.biotechgt.com).
10. As at Wednesday, 4 March 2015 (being the last Business Day prior to the publication of this Notice) the Company's issued share capital consists of 68,886,347 ordinary shares (and 4,997,831 shares are held in treasury), carrying one vote each. Therefore, the total voting rights in the Company as at Wednesday, 4 March 2015 are 63,888,516.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual, which can be viewed at [www.euroclear.com/CREST](http://www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.
12. 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 the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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) no later than 10.00 am on Friday, 27 March 2015. 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 Application 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.
13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. 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, 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 connection with this, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. If the Chairman of the General Meeting, 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 three 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.
15. Any question relevant to the business of the General Meeting may be asked at the General Meeting by anyone permitted to speak at the General Meeting. A member 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 asked by a member relating to the business being dealt with at the General Meeting, unless (i) answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (ii) the answer has 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 General Meeting that the question be answered. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Crest Regulations.
16. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).
17. 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.
18. Members who have appointed a proxy using the hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Capita Asset Services on 0871 664 0300 (calls cost 10p per minute plus network extras). Lines are open 8.30 am to 5.30 pm Monday to Friday.
19. 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.
20. In order to revoke or amend a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke or amend a proxy appointment to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by the deadline for the receipt of the Forms of Proxy.

21. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke their proxy appointment but the revocation is received after the time for receipt of proxy appointments (see above) then, subject to paragraph 4, the proxy appointment will remain valid.
22. 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.



