ARIX BIOSCIENCE plc

Generating Value from Innovation in Healthcare & Life Sciences

2 February 2017

PROSPECTUS

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Prospectus or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000, as amended ("FSMA") and specialises in advising on the acquisition of shares and securities.

This document comprises a prospectus (the "**Prospectus**") for the purposes of Article 3 of European Union Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relates to an offering (the "**Offer**") by Arix Bioscience plc (the "**Company**") of new ordinary shares in the Company (the "**New Ordinary Shares**") and has been prepared in accordance with the Prospectus Rules of the UK Financial Conduct Authority (the "**FCA**") made under Chapter 14 of the listing rules published by the UK Listing Authority (the "**UKLA**") under section 73A of FSMA and approved by the FCA under section 87A of FSMA. This Prospectus has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

THE ORDINARY SHARES HAVE NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD WITHIN THE US OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND SUCH OTHER APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE ORDINARY SHARES MAY BE OFFERED AND SOLD ONLY (I) TO (X) "QUALIFIED INSTITUTIONAL BUYERS", AS DEFINED IN RULE 144A OF THE US SECURITIES ACT ("**RULE 144A**"), WHO ARE ALSO, IN EACH CASE, "QUALIFIED PURCHASERS," AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), FOR PURPOSES OF SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT AND THE RULES PROMULGATED THEREUNDER OR (Y) "ACCREDITED INVESTORS" AS DEFINED IN RULE 501(A) OF REGULATION D OF THE US SECURITIES ACT WHO ARE ALSO, IN EACH CASE, QUALIFIED PURCHASERS, IN EACH CASE IN RELIANCE ON AN EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT OR (II) OUTSIDE OF THE UNITED STATES IN RELIANCE UPON REGULATION S UNDER THE US SECURITIES ACT ("**REGULATION S**") TO NON-US PERSONS IN OFFSHORE TRANSACTIONS. SEE "*NOTICE TO INVESTORS*" HEREIN.

Application has been made to the FCA for all of the ordinary shares in the Company (the "**Ordinary Shares**") to be admitted to the standard listing segment ("**Standard Listing**") of the Official List of the UKLA and to London Stock Exchange plc's (the "**London Stock Exchange**") Main Market for listed securities (together, "**Admission**"). Conditional dealings in the Ordinary Shares are expected to commence on 17 February 2017. It is expected that Admission will become effective, and that unconditional dealings in the Ordinary Shares will commence, at 8.00 a.m. on 22 February 2017. **All dealings before the commencement of unconditional dealings will be on a "when issued" basis and will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. No application has been or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other exchange.**

The Directors, whose names appear on page 52 (the "**Directors**"), and the Company, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import of such information.

Prospective investors should read this Prospectus in its entirety. See in "Part II – Risk Factors" for a discussion of certain risks and other factors that should be considered prior to any investment in the Ordinary Shares.

ARIX BIOSCIENCE PLC

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 09777975)

Offer of up to 48,309,179 New Ordinary Shares of £0.00001 each

Offer Price of 207 pence per New Ordinary Share

Admission to the standard segment of the Official List by way of Standard Listing under Chapter 14 of the Listing Rules and to trading on the Main Market of the London Stock Exchange

Sole Global Coordinator and Bookrunner

Jefferies International Limited

Placing Agent

WG Partners LLP

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Issued and fully paid

Number	*Nominal Value*
90,117,579	£901.18

Jefferies International Limited (the "**Global Coordinator**", "**Jefferies**" or the "**Bookrunner**") and WG Partners LLP (the "**Placing Agent**") are authorised and regulated by the FCA in the UK. The Bookrunner and the Placing Agent are acting exclusively for the Company and no one else in connection with the Offer and Admission. The Bookrunner and the Placing Agent will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the contents of this Prospectus, the Offer and Admission or any transaction, arrangement, or other matter referred to in this Prospectus or any matter referred to in it.

Notice to overseas shareholders

The Ordinary Shares have not been registered and will not be, registered under the US Securities Act, or any state securities laws, and may not be offered or sold within the US or to, or for the account or benefit of, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and such other applicable state securities laws. Accordingly, the Ordinary Shares may be offered and sold only (i)(x) to "qualified institutional buyers" ("**QIBS**"), as defined in Rule 144A, who are also, in each case, "qualified purchasers" ("**QPs**"), as defined in section 2(a)(51) of the Investment Company Act, for purposes of Section 3(c)(7) of the US Investment Company Act and the rules promulgated thereunder, or (y) "accredited investors" as defined in Rule 501(a) of Regulation D of the US Securities Act, who are also in each case Qualified Purchasers and in each case, in reliance on an exemption from, or transaction not subject to, the registration requirements of the US Securities Act, or (ii) outside of the US in reliance upon Regulation S under the US Securities Act ("**Regulation S**") to non-US persons in offshore transactions. Purchasers in the US or who are US persons will be required to execute and deliver a US Investor Letter to the Bookrunner and/or the Company, as the case may be. In addition, the Company has not been, and will not be, registered under Investment Company Act. Based on the Company's current business model, the Company expects that it will be a passive foreign investment company within the meaning of Section 1297 of the US Tax Code, or PFIC, for the current taxable year and may continue to be a PFIC in future taxable years. To make a successful QEF Election, a US holder would need an annual QEF information statement which the Company may provide subject to specific request and to certain conditions at the Company's discretion. Please note that at this time the Company has not undertaken any obligation to provide such information to a US holder.

The Ordinary Shares have not been and will not be registered under applicable securities laws of Australia, Canada, Japan, New Zealand, United States or South Africa. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, transferred or distributed directly or indirectly, within, into or in, or for the account or benefit of any national, resident or citizen in Australia, Canada, Japan, New Zealand, United States, South Africa or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction.

The Ordinary Shares have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the US.

The distribution of this Prospectus in or into other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. No action has been or will be taken by the Company or the Bookrunner to permit a public offering of the Ordinary Shares under the applicable securities laws of any jurisdiction. Other than in the UK, no action has been taken or will be taken to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Ordinary Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The Company consents to the use of this document (which comprises a prospectus prepared in accordance with the Prospectus Rules of the FCA made under section 73A of FSMA) by the Intermediaries in connection with the Intermediaries Offer in the UK, the Channel Islands and the Isle of Man on the following terms: (i) in respect of Intermediaries who are appointed by the Company prior to the date of this document, from the date of this document, and (ii) in respect of Intermediaries who are appointed by the Company after the date of this document, from the date on which they are appointed to participate in the Intermediaries Offer, in each case until the closing of the Intermediaries Offer. In each case, the consent to use this Prospectus is conditional upon compliance by the Intermediary with the Intermediaries Terms and Conditions and the appointment of such Intermediary not having been terminated by the Company. The Company accepts responsibility for the information contained in this document with respect to any purchaser of or subscriber for Ordinary Shares pursuant to the Offer. Any Intermediary that uses this Prospectus must state on its website that it uses this document in accordance with the Company's consent. **If an Intermediary makes an offer to a retail investor pursuant to the Intermediaries Offer, that Intermediary shall provide to such retail investor at the time the offer is made (i) a copy of the Prospectus or a hyperlink from which the Prospectus may be obtained, and (ii) the terms and conditions of the relevant offer made by the Intermediary to the retail investor. Any application made by investors to any Intermediary is subject to the terms and conditions which apply to the transaction between such investor and such Intermediary.**

It should be noted that the UKLA will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules and/or any provision of the UK Corporate Governance Code which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

Available information

For so long as any of the Shares are in issue and are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is not subject to Section 13 or 15(d) under the US Securities Exchange Act of 1934, as amended (the "**US Exchange Act**"), nor exempt from reporting under the US Exchange Act pursuant to Rule 12g3- 2(b) thereunder, make available to any holder or beneficial owner of a Share, or to any prospective purchaser of a Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act.

This Prospectus is dated 2 February 2017.

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PART I

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A.1-E.7).

This summary contains all the elements required to be included in a summary for this type of securities and issuer. Because some elements are not required to be addressed, there may be gaps in the numbering sequence of the elements.

Even though an element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the element. In this case a short description of the element is included in the summary with the mention of "not applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	Introduction and warnings to Investors	This summary should be read as an introduction to this Prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of this Prospectus as a whole by the Investor. Where a claim relating to the information contained in this Prospectus is brought before a court the claimant Investor might, under the national legislation of the EEA State, have to bear the costs of translating this Prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this Summary including any translation thereof but only if this Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid Investors when considering whether to invest in the Ordinary Shares.
A.2	Consent of Intermediaries	The Company consents to the use of this Prospectus by the Intermediaries in connection with the Intermediaries Offer in the UK, the Channel Islands and the Isle of Man on the following terms: (i) in respect of Intermediaries who are appointed by the Company prior to the date of this Prospectus, from the date of this Prospectus, and (ii) in respect of Intermediaries who are appointed by the Company after the date of this Prospectus, from the date on which they are appointed to participate in the Intermediaries Offer and agree to adhere and be bound by the terms of the Intermediaries Terms and Conditions, in each case until the closing of the Intermediaries Offer. In each case, the consent to use this Prospectus is conditional upon the appointment of such Intermediary not having been terminated by the Company and compliance by the relevant Intermediary with the Intermediaries Terms and Conditions. **Intermediaries are required to provide, at the time of such offer, the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest to such Intermediary in participating in the Intermediaries Offer. Any application made by investors to any Intermediary is subject to the terms and conditions which apply to the transaction between such investor and such Intermediary.**

SECTION B – ISSUER		
B.1	Legal and commercial name	The legal and commercial name of the issuer is Arix Bioscience plc.
B.2	Domicile and legal form, applicable legislation and country of incorporation	The Company was incorporated with limited liability under the laws of England and Wales on 15 September 2015 with registered number 09777975 as a private company limited by shares under the Companies Act 2006, and re-registered as a public limited company on 19 September 2016. The Company's registered office is in England and Wales and it is domiciled in the UK. The Company operates under the Companies Act 2006 and it is subject to the City Code.
B.3	Current operations, principal activities and markets	Arix Bioscience is a global healthcare and life science company focused on generating value from the development and commercialisation of innovative technologies and discoveries. The Company was formed in response to opportunities in the healthcare and life science sector brought by the growing number of new therapies and technologies, driven by scientific innovation. Such innovation is increasingly led by small innovative businesses, and Arix aims to provide a solution to the volatility of the funding market available to such businesses, as well as assist with their operational and strategic support. Simultaneously, the unique combination of the experience and skill-set of the Company's senior leadership team enables the Company to take advantage of the opportunities afforded by these market developments. The Company's business model is to source, finance and develop high quality healthcare and life science businesses globally that deliver or seek to deliver innovative therapies to patients. Combining its broad access to innovative science, the collective internal management experience and effective use of funding, the Company believes that it is well placed to generate significant value in the innovative healthcare and life science businesses with which it partners ("**Group Businesses**").

		The Company sources breakthrough technologies and innovations as follows: ● ***Personal and Professional Network:*** the senior leadership team, along with other Directors and key personnel of the Group, brings high quality and extensive networks of personal, professional and industry contacts; ● ***Academia:*** privileged agreements with leading universities and other academic and research institutions globally provide direct access to innovative technologies, ahead of third parties; ● ***Research accelerators*** such as **Biomotiv** and **Lead Discovery Centre GmbH ("LDC") provide the Company with a consistent, "renewable" source of opportunities:** – ***BioMotiv:*** Arix Bioscience has privileged access to innovations from leading US institutions and universities through BioMotiv, which collaborates with The Harrington Project, a not-for-profit organisation; – ***LDC:*** Arix Bioscience entered into a strategic partnership agreement with LDC enabling it to obtain access to a range of opportunities in German universities. LDC was jointly developed by Max Planck Innovation GmbH and the Max Planck GesellschaftzurFörderung der Wissenschaftene.V.; and ● ***Fund managers:*** the Company intends to maintain contractual relationships with, or acquire interests in, fund managers who can provide the Group a source of innovative opportunities to be developed as potential Group Businesses, such as Arthurian Life Sciences. The Group also intends to significantly increase (depending on the amount of the Net Proceeds received on Admission) the number of its university partnerships to around 20 partnerships with select, leading, commercially-minded universities from around the world in the 12-month period following Admission as well as pursue contractual relationships with more fund managers and research accelerators globally. The Company supports Group Businesses while maintaining appropriate capital discipline within an operationally efficient model. Accordingly, the Company intends to provide scale-up working capital to its Group Businesses at various stages when there is a compelling clinical or commercial rationale for so doing. Inherent in the Company's commercialisation strategy is a belief that realisation of Group Businesses should not be attempted until significant value has been achieved. The Company's business strategy in relation to the realisation of value from its Group Businesses is not defined or restricted by any specific timeline, the amount of working capital allocated to any Group Business or a requirement to spread financial risks. The development time of each technology or discovery varies enormously in the healthcare and life science industry, particularly if regulatory approvals need to be secured before the product can reach the market, and accordingly, the Company intends to utilise a range of avenues for value realisation, including, but not limited to, commercial revenues, initial public offerings, trade sales (in whole or in part), licensing arrangements, joint ventures or return on equity from continued ownership of profitable Group Businesses.
B.4a	Significant trends	There are no known significant trends, uncertainties, demands, commitments or events that had or are reasonably likely to have a material effect on the Group's prospects for the current financial year.
B.5	Description of the Issuer's group	The Company has the following six wholly-owned (directly or indirectly) subsidiaries: 1. Arix Bioscience Holdings Limited (shares transferred on 29 September 2015) 2. Arthurian Life Sciences GP Limited* (acquired on 21 December 2015) 3. Arix Bioscience, Inc. (incorporated on 22 December 2015) 4. Arthurian Life Sciences Limited** (acquired on 8 July 2016) 5. Arthurian Life Sciences SPV GP Limited*** (acquired on 8 July 2016). 6. Arix Bioscience Pty Ltd. **** There are no other group companies. * Arthurian Life Sciences GP Limited is the general partner in the Arthurian Life Sciences Carried Interest Partner L.P. ** Arthurian Life Sciences Limited is the limited partner of Arthurian Life Sciences Carried Interest Partner L.P., incorporated in England and Wales. *** Arthurian Life Sciences SPV GP is the general partner in Wales Life Sciences Investment Fund L.P. **** Arix Bioscience Pty Ltd. was incorporated on 16 September 2016 as a wholly-owned subsidiary of ALS and has never traded.

B.6	Major Shareholders	

Person with interest	*Number of Ordinary Shares on 21 February 2017 being the latest practicable date prior to Admission*+	*Percentage of issued Ordinary Shares*+	*Number of Ordinary Shares immediately following Admission*++	*Percentage of issued Ordinary Shares*++
*CF Woodford Equity Income Fund**(1)	13,333,333	40.4%	13,333,333	14.8%
*Woodford Patient Capital Trust PLC***(1)	3,333,333	10.1%	3,333,333	3.7%
*C Chipperton****	7,139,235	21.6%	10,497,522	11.6%
Richard Caring	2,777,778	8.4%	2,777,778	3.1%
The Elcot Fund Limited	1,388,889	4.2%	1,388,889	1.5%

+ The figures set out in this column in the table above are exclusive of the Restricted Shares held by C Evans (directly and indirectly), C Chipperton and the ESS Shareholders.

++ The figures set out in this column in the table above are inclusive of the Restricted Shares. These figures assume full take-up of the Offer, no take up of any of the Offer by the Major Shareholders and no exercise of the Over-Allotment Option save that all Ordinary Shares held by the Founders and the ESS Shareholders on Admission are calculated as if the Over-Allotment Option is exercised in full consistent with their agreed percentage of the Ordinary Share capital as set out in the Restrictive Share Agreement.

* CF Woodford Equity Income Fund holds its interest through NorTrust Nominees Limited.

** Woodford Patient Capital Trust PLC holds its interest through NorTrust Nominees Limited.

*** C Chipperton holds 5,555,556 of such Ordinary Shares through Arig Risk Management JLT (a company wholly-owned and controlled by C Chipperton). In addition, C Chipperton holds 38,416,321 Ordinary Shares representing 29.6 per cent. of the Ordinary Shares in issue as at 21 February 2017, being the latest practicable date prior to Admission. 35,058,034 of his Ordinary Shares will be redesignated as Deferred Shares and 3,981,028 Ordinary Shares will be Restricted Shares (calculated on the basis that the Over-Allotment Option is exercised in full) immediately prior to Admission in accordance with the terms of the Restrictive Share Agreement.

(1) Each of CF Woodford Equity Income Fund, Woodford Patient Capital Trust PLC and any other entity acting in concert with Woodford Investment Management Ltd under the Category 4 Presumption (a "Woodford Fund") may also subscribe for New Ordinary Shares in the Offer up to a maximum of 14,492,753 Ordinary Shares. Following the Offer and at Admission it is expected that CF Woodford Equity Income Fund, Woodford Patient Capital Trust PLC and any other Woodford Fund will hold in aggregate up to a maximum of 31,159,419 Ordinary Shares representing 34.6 per cent. of the Ordinary Shares (assuming full take-up of the Offer and no exercise of the Over-Allotment Option).

B.7	Selected historical key financial information	The selected financial information set out below has been extracted without material adjustment from Historical Financial Information relating to the Arix Holdings Group and Arthurian Life Sciences Limited for the period from 15 September 2015 to 31 March 2016 and for the 3 years ended 31 March 2016 respectively covered in "Part X – Historical financial information" in this Prospectus:

Consolidated statement of Comprehensive Income of Arix Holdings Group

	Period ended 31 March 2016 £'000
Revenue	1
Administrative expenses	(2,210)
Operating loss	(2,209)
Share-based payment charge	(1,401)
Exceptional costs	(596)
Finance income	10
Loss before taxation	(4,196)
Income tax expense	–
Loss for the period	(4,196)
Other comprehensive income, net of tax	
Foreign currency translation differences	(8)
Total comprehensive loss for the period, net of tax	(4,204)
Loss attributable to owners of Arix Bioscience plc	(4,204)
Basic and diluted loss per share	(41.1)p

Consolidated Statement of Financial Position of Arix Holdings Group

	Period ended 31 March 2016 £'000
Non-current assets	
Property, plant and equipment	7
Investments	5,071
Total non-current assets	5,078
Current assets	
Trade and other receivables	442
Cash and cash equivalents	40,638
Total current assets	41,080
Total assets	46,158
Equity and liabilities	
Equity attributable to the owners of the Arix Holdings Group	
Issued share capital	1
Share premium	48,017
Translation reserve	8
Retained earnings	(2,803)
Total equity	45,223
Liabilities	
Current liabilities	
Trade and other payables	935
Total current liabilities	935
Total liabilities	935
Total equity and liabilities	46,158

Consolidated statement of cash flows of Arix Holdings Group

	Period ended 31 March 2016 £'000
Net cash flow from operating activities	(2,311)
Finance income	10
Net cash used in operating activities	(2,301)
Cash flows used in investing activities	
Purchase of property, plant and equipment	(7)
Purchase of investments	(5,071)
Net cash used in investing activities	(5,078)
Cash flows from financing activities	
Proceeds from issuance of shares	50,050
Costs of issuance of shares	(2,033)
Net cash from financing activities	48,017
Net increase in cash and cash equivalents	40,638
Cash and cash equivalents at incorporation	–
Cash and cash equivalents at end of the period	40,638

Statement of Comprehensive Income of ALS

	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Revenue	1,972	1,733	3,198
Administrative expenses	(1,583)	(1,694)	(3,042)
Operating profit	389	39	156
Finance costs	(19)	(31)	(21)
Profit before taxation	370	8	135
Income tax expense	(75)	(6)	(34)
Profit for the year	295	2	101
Other comprehensive income, net of tax	–	–	–
Total comprehensive income for the year, net of tax	295	2	101
Profit attributable to owners of the company	295	2	101

Statement of Financial Position of ALS

	1 April 2013 £'000	*31 March 2014 £'000*	*31 March 2015 £'000*	*31 March 2016 £'000*
Assets				
Non-current assets				
Investments	–	–	–	3,800
Deferred taxation	62	–	–	–
Current assets				
Trade and other receivables	324	595	1,048	249
Cash and cash equivalents	38	137	19	50
Total current assets	362	732	1,067	299
Total assets	424	732	1,067	4,099
Equity and liabilities				
Equity attributable to the owners of the parent company				
Share capital	–	–	–	–
Share premium	–	–	–	250
Capital reserve	–	–	–	2,909
Retained earnings	(282)	13	15	116
Total equity	(282)	13	15	3,275
Liabilities				
Current liabilities				
Financial liabilities – borrowings	–	–	69	–
Trade and other payables	532	145	519	587
Deferred revenue	174	211	211	211
Current income tax liabilities	–	13	13	26
Total current liabilities	706	369	812	824
Non-current liabilities				
Financial liabilities – borrowings	–	279	240	–
Trade and other payables	–	71	–	–
Total non-current liabilities	–	350	240	–
Total liabilities	706	719	1,052	824
Total equity and liabilities	424	732	1,067	4,099

Cash flow statements of ALS

	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Cash (used in) generated from operations	(160)	(104)	124
Income tax paid	–	(13)	(13)
Net cash (used in) generated from operating activities	(160)	(117)	111
Cash flows from financing activities			
Interest paid	(3)	(1)	(21)
Proceeds from borrowings	262	–	–
Repayment of borrowings	–	–	(309)
Share issuance	–	–	250
Net cash generated by (used in) financing activities	259	(1)	(80)
Net increase (decrease) in cash and cash equivalents	99	(118)	31
Cash and cash equivalents at beginning of year	38	137	19
Cash and cash equivalents at end of year	137	19	50

The selected financial information set out below has been extracted without material adjustment from the unaudited financial information relating to Arix Holdings Group and Arthurian Life Sciences Limited for the six months ended 30 September 2016.

Financial information relating to Arix Holdings Group

Consolidated statement of Comprehensive Income

	Six months ended 30 September 2016 £'000
Revenue	306
Administrative expenses	(4,362)
Operating loss	(4,056)
Share-based payment charge	(9,325)
Exceptional costs	3,198
Fair value gains and losses on investment	687
Fair value gains and losses on carried interest investment	(120)
Finance income	18
Foreign exchange gains	76
Loss before taxation	(9,522)
Income tax expense	–
Loss for the period	(9,522)
Other comprehensive income, net of tax	
Foreign currency translation gains	243
Total comprehensive loss for the period, net of tax	(9,279)
Loss attributable to owners of Arix Bioscience plc	(9,279)
Basic and diluted loss per share	(29.8)p

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing activities.

Consolidated Statement of Financial Position

	As at 31 March 2016 £'000	*As at 30 September 2016 £'000*
Non-current assets		
Property, plant and equipment	7	729
Intangibles	–	2,415
Investments	5,071	11,155
Investment in carried interest	–	3,819
Total non-current assets	5,078	18,118
Current assets		
Trade and other receivables	442	788
Cash and cash equivalents	40,638	32,189
Total current assets	41,080	32,977
Total assets	46,158	51,095
Equity and liabilities		
Equity attributable to the owners of the Arix Group		
Issued share capital	1	51
Share premium	48,017	–
Translation reserve	8	251
Retained earnings	(2,803)	46,967
Total equity	45,223	47,269
Liabilities		
Current liabilities		
Trade and other payables	935	2,669
Total current liabilities	935	2,669
Non-current liabilities		
Deferred tax liability	–	1,157
Total non-current liabilities	–	1,157
Total liabilities	935	3,826
Total equity and liabilities	46,158	51,095

Consolidated statement of cash flows

	Six months ended 30 September 2016 £'000
Net cash flow from operating activities	(3,853)
Finance income	18
Net cash used in operating activities	(3,835)
Cash flows used in investing activities	
Purchase of property, plant and equipment	(810)
Purchase of investments	(5,134)
Payments for acquisitions net of cash acquired	(670)
Net cash used in investing activities	(6,614)
Cash flows from financing activities	
Proceeds from issuance of shares	2,000
Net cash from financing activities	2,000
Net decrease in cash and cash equivalents	(8,449)
Cash and cash equivalents at 1 April 2016	40,638
Cash and cash equivalents at end of the period	32,189

Financial Information relating to Arthurian Life Sciences Limited

Statement of Comprehensive Income

	Six months to 30 September 2016 £'000	*Six months to 30 September 2015 £'000*
Revenue	655	1,624
Administrative Expenses	(325)	(1,212)
	330	412
Fair value Gains and Losses on Investment	19	–
Finance Costs	–	–
Profit Before Taxation	349	412
Income Tax Expense	–	–
Profit After Taxation	349	412
Other Comprehensive Income, Net of Tax	–	–
Total Comprehensive Income for the Period, Net of Tax	349	412

Statement of Financial Position

	As at 30 September 2016 £'000	*As at 31 March 2016 £'000*
ASSETS		
Non-Current Assets		
Investments	3,819	3,800
	3,819	3,800
Current Assets		
Trade and other receivables	312	249
Cash and cash equivalents	47	50
	359	299
TOTAL ASSETS	4,178	4,099
EQUITY AND LIABILITIES		
Equity		
Share Capital	–	–
Share Premium	250	250
Retained Earnings	465	116
Capital Reserve	2,909	2,909
	3,624	3,275
LIABILITIES		
Current Liabilities		
Trade and Other Payables	554	587
Deferred Revenue	–	211
Current Income Tax Liabilities	–	26
	554	824
TOTAL EQUITY AND LIABILITIES	4,178	4,099

		Statement of Cash Flows *Six months to 30 September 2016 £'000* / *Six months to 30 September 2015 £'000* **Cash Generated from Operations** 23 / 35 Income Tax Paid (26) / (1) **Net Cash (Used in)/Generated From Operating Activities** (3) / 34 **Cash Flows from Financing Activities** Interest Paid – / – Repayment of Borrowings – / (23) **Net Cash Used in Financing Activities** – / (23) **Net Decrease in Cash and Cash Equivalents** (3) / 11 Cash and Cash Equivalents at Beginning of Period 50 / 19 Cash and Cash Equivalents at End of Period 47 / 30 Certain significant changes to the Company's financial condition and operating results occurred as follows: ● during the period under review, the following occurred: – on 31 December 2015, the Company entered into a subscription agreement to subscribe for units in BioMotiv LLC at an aggregate subscription price of up to US$22.5 million; – a number of institutional investors subscribed for Series B Shares in the Company on 8 February 2016 for a total amount of £50.05 million; on 15 April 2016, additional Series B Shares were issued for a total amount of £2.0 million; – on 2 March 2016, the Arix Holdings Group acquired 2,136,752 series A preferred shares in Autolus Limited at a price of £1.56 per share. In addition, Arix Holdings committed to pay in total £6,666,667 to Autolus Limited conditional on the satisfaction of certain key performance indicators in two tranches of £3,333,333 each at a price of £1.56 per share which the Company expects to occur in the 12-18 month period following Admission; – on 29 July 2016, Arix Holdings made a payment of £1.9 million to Verona pursuant to a placing undertaken by Verona Pharma plc with the possibility of a further subscription of £1.9 million conditional on Verona having successfully listed on Nasdaq (such listing is expected within 180 days from the completion of the Verona placing); – on 6 May 2016, Arix Holdings acquired an interest of approximately 18 per cent of Depixus SAS share capital for an aggregate amount of €1.24 million, to be paid in three tranches upon achievement of certain technological development. The first tranche of €620,000 was paid in May 2016; – on 9 June 2016 Arix Bioscience Inc. entered into a subscription agreement to acquire units in OptiKira LLC for an aggregate subscription amount totaling US$1.2 million having been paid in two instalments; and – on 20 September 2016, Arix Holdings subscribed for shares in Artios for a payment of £1,896,250 with a conditional commitment to pay a further £3.23 million in two further tranches. ● following the period under review, the following occurred: – on 12 December 2016, a further US$1.25 million was drawn down by BioMotiv LLC, in line with the subscription agreement; BioMotiv intends to use the proceeds to fund three new investments in its portfolio. As at 31 December 2016 a total of US$3.75 million had been drawn; and – on 13 December 2016, a further €310,000 was paid to Depixus SAS, after the company achieved its first pre-agreed technical milestones, in line with the subscription and shareholder agreement. As at 31 December 2016 total funding of €930,000 had been paid.
B.8	Selected key pro forma financial information	The unaudited consolidated pro forma financial information has been prepared to illustrate the effect of the Offer on the net assets statement of the Group and the effect of the acquisition of ALS on the income statement of the Group as if they had taken place on 30 September 2016 and 1 April 2015, respectively, and has been prepared for illustrative purposes only, in accordance with the accounting policies adopted by the Company in preparing the historical financial information. The unaudited consolidated pro forma financial information has not been prepared in accordance with Article 11 of Regulation S-X, promulgated by the United States Securities and Exchange Commission. In addition, the unaudited consolidated pro forma financial information, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position and does not purport to represent the results of operations for any future period or the financial condition at any future date.

Unaudited consolidated pro forma net asset statement

	Net assets of the Arix Holdings Group as at 30 September 2016 £'000	*Adjustment Net proceeds of the Offer £'000*	*Unaudited Pro Forma £'000*
Assets	*Note 2*	*Note 4*	*Note 6*
Non-current assets			
Plant, property and equipment	729	–	729
Intangible assets	2,415	–	2,415
Investments	11,155	–	11,155
Investment in carried interest	3,819	–	3,819
Total non-current assets	18,118	–	18,118
Current assets			
Trade and other receivables	788	–	788
Cash and cash equivalents	32,189	91,000	123,189
Total current assets	32,977	91,000	123,977
Total assets	51,095	91,000	142,095
Liabilities			
Current liabilities			
Trade and other payables	(2,669)	–	(2,669)
Total current liabilities	(2,669)	–	(2,669)
Non-current liabilities			
Deferred tax liability	(1,157)	–	(1,157)
Total non-current liabilities	(1,157)	–	(1,157)
Total liabilities	(3,826)	–	(3,826)
Total net assets	47,269	91,000	138,269

Unaudited consolidated pro forma income statement

	Adjustment			
	Arix Holdings Group results for the seven months ended 31 March 2016 £'000	*ALS results for the year ended 31 March 2016 £'000*	*Inter-company trading £'000*	*Total Unaudited pro forma £'000*
	Note 2	*Note 3*	*Note 5*	
Revenue	1	3,198	(900)	2,299
Administrative expenses	(2,210)	(3,042)	–	(5,252)
Operating (loss)/profit	(2,209)	156	(900)	(2,953)
Share-based payment charge	(1,401)	–	–	(1,401)
Exceptional costs	(596)	–	–	(596)
Finance income	10	–	–	10
Finance expense	–	(21)	–	(21)
(Loss)/profit before taxation	(4,196)	135	(900)	(4,961)
Income tax expense	–	(34)	–	(34)
(Loss)/profit for the period	(4,196)	101	(900)	(4,995)

Notes

(1) The unaudited consolidated pro forma financial information has been prepared in a manner consistent with the accounting policies applied in the preparation of the Arix Holdings Group consolidated historical financial information for the periods to 31 March 2016 and to 30 September 2016.

(2) The Arix Holdings Group consolidated financial information has been extracted, without material adjustment, from the Historical Financial Information of the Arix Holdings Group for the period ended 31 March 2016 as presented in "Part X – Historical Financial Information" in this Prospectus and from the unaudited interim financial information for the six months ended 30 September 2016 as presented in Part XI.

(3) The ALS financial information has been extracted, without material adjustment, from the Historical Financial Information of ALS for the year ended 31 March 2016 as presented in "Part X – Historical Financial Information" in this Prospectus.

		(4) The net proceeds of the Offer of £91 million are calculated on the basis that the Company issues 48,309,179 New Ordinary Shares each at a price of 207 pence per share, net of estimated expenses in connection with the Offer of approximately £9 million. (5) This column eliminates the impact of fees of £900,000 charged by ALS to Arix Holdings Group in respect of the £50.05 million private placing in February 2016. The corresponding costs to Arix Holdings Group was charged to the share premium account. (6) No adjustment has been made to reflect the trading results of the Arix Holdings Group or ALS since 31 March 2016. (7) No adjustment has been made to reflect ALS acquisition costs. These costs will not have a continuing impact on the Group. (8) This unaudited consolidated pro forma financial information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006. Shareholders should read the whole of this Prospectus and not solely rely on the financial information contained in this section.
B.9	Profit forecast or estimate	Not applicable. No profit forecasts or estimate are made or included in this Prospectus.
B.10	Audit report – qualifications	Not applicable. There are no qualifications in the report from PricewaterhouseCoopers LLP on the historical financial information included in Part X of this Prospectus.
B.11	Explanation in respect of insufficient working capital	Not applicable. The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the 12 months from the date of this Prospectus.

SECTION C – SECURITIES		
C.1	Type and class of the securities being offered and admitted to trading including the security identification number	On Admission, there will be up to 48,309,179 New Ordinary Shares available to Investors under the Offer at the Offer Price of 207 pence per New Ordinary Share (before any exercise of the Over-Allotment Option). All of the New Ordinary Shares under the Offer will be issued at the Offer Price which will be payable in full. The issue of up to 48,309,179 New Ordinary Shares is expected to raise gross proceeds of £100 million, less commissions to the Bookrunner of £3 million and other estimated fees and expenses of approximately £6 million. When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BD045071 and SEDOL number BD04507.
C.2	Currency of the securities issue	The Ordinary Shares are denominated in UK Pounds Sterling and the subscription price paid is UK Pounds Sterling.
C.3	Issued share capital and value per share	On Admission assuming gross proceeds of £100 million: ● the nominal value of the issued Ordinary Share capital of the Company of £901.18 will be divided into 90,117,579 Ordinary Shares of 0.001 pence each, all of which will be fully paid (assuming no exercise of the Over-Allotment Option save that all Ordinary Shares held by the Founders and the ESS Shareholders on Admission are calculated as if the Over-Allotment Option is exercised in full consistent with their agreed percentage of the Ordinary Share capital as set out in the Restrictive Share Agreement); ● the nominal value of the issued Deferred Share capital of the Company of £882.45 will be divided into 88,245,473 Deferred Shares of 0.001 pence each, all of which are fully paid (calculated on the basis that the Over-Allotment Option is exercised in full); and ● the nominal value of the issued C Share capital of the Company of £49,671 divided into 49,671 C Shares of £1 each, all of which are fully paid.
C.4	Rights attached to the securities	Shareholders will have the right to receive notice of and to attend and vote at any meetings of members. Each Shareholder entitled to attend and being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such Shareholder present in person or by proxy will have one vote for each Share held by him. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. Seniority shall be determined by the order in which the names of the holders stand in the register of members in respect of the joint holding. The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time. All members who are entitled to receive notice under the Articles must be given notice. Subject to the Companies Act 2006, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. On a voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company and subject to the Companies Act 2006 and the Insolvency Act l986 (as amended), divide among the Shareholders in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.
C.5	Restrictions on transferability	Subject to the Articles, the Directors can refuse to register the transfer of any shares which are not fully paid.

		Unless the Articles say otherwise, a Shareholder may transfer some or all of his certificated shares. The transfer must be either in the usual form or in any other form which the Directors may approve. No transfer of Ordinary Shares in certificated form will be registered if, in the reasonable determination of the Directors, the transferee is or may be a Prohibited Person (being any person whose legal or beneficial ownership of Ordinary Shares, in the opinion of the Directors, would or would reasonably be likely to: (i) require the Company to register as an "investment company" under the US Investment Company Act; (ii) require the Company to register under the US Exchange Act or result in the Company not being considered a "foreign private issuer" as such term is defined in Rule 3b-4(c) under the US Exchange Act; (iii) result in a Plan Investor holding shares in the Company; or (iv) subject the Company to regulation in the United States as a bank, bank holding company or other financial institution, or is or may be holding such Ordinary Shares on behalf of a beneficial owner who is or may be a Prohibited Person). In addition, if the Board becomes aware that any Ordinary Shares are owned directly or beneficially by a Prohibited Person, the Board may give notice to such person requiring such person either: (i) to provide the Board within 30 days of receipt of such notice with sufficient documentary evidence to satisfy the Board that such person is not a Prohibited Person; or (ii) to sell or transfer his Ordinary Shares to a person who is not a Prohibited Person within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the Board is entitled to arrange for the sale of the relevant Ordinary Shares on behalf of the registered holder. If the Company cannot effect a sale of the relevant Ordinary Shares within five Business Days of its first attempt to do so, the registered holder will be deemed to have forfeited his Ordinary Shares. Notwithstanding the foregoing, prior to any transfer of Ordinary Shares, the Company may require the intended transferee thereof to represent and warrant, in such form as is acceptable to the Company, in its sole and absolute discretion, that such intended transferee (i) is not, and shall not be a Prohibited Person as of the time of transfer and (ii) in the event that such intended transferee subsequently becomes a Prohibited Person, and does not notify the Company, in writing, within five (5) Business Days of such change in status, such intended transferee will be deemed to have forfeited his Ordinary Shares effective immediately upon the expiration of such period. If the ownership of Ordinary Shares by a person will or may result in the Company's assets being deemed to constitute "plan assets" under the Plan Asset Regulation, as modified by Section 3(42) of ERISA, the Ordinary Shares of such person will be subject to the terms of the immediately preceding paragraph. The Directors shall have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of interests in Ordinary Shares in the Company in uncertificated form.
C.6	Application for admission to trading on a regulated market	Application has been made to the FCA for all of the Ordinary Shares (issued and to be issued) to be admitted to a Standard Listing on the Official List and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 22 February 2017.
C.7	Dividend policy	The Group is primarily seeking to achieve capital growth for its Shareholders. It is the Board's intention during the current phase of the Group's development to retain the Group's earnings, to the extent any are generated, for the foreseeable future to finance growth and expansion and for investment in the infrastructure of Group Businesses. The Directors do not anticipate declaring any dividends in the foreseeable future but may recommend dividends at some future date, depending upon the realisation of profits and the Group's financial position, when it becomes commercially prudent to do so. The Board can give no assurance that it will pay any dividends in the future, nor, if a dividend is paid, what the amount of such dividend will be.

SECTION D – RISKS		
D.1	Key information on the key risks that are specific to the issuer	● The Company lacks an operating history therefore Investors have a limited basis on which to evaluate the Company's ability to achieve its objective of sourcing opportunities, financing and developing Group Businesses. Given they are early stage and their technology is in development, the Group Businesses may be difficult to value accurately. ● Failure or delay in completing clinical studies for any Group Businesses' products may prevent it from obtaining regulatory approval on a timely basis, or at all, which would require the Group to incur additional costs and would delay or prevent receipt of any product revenue, or prevent commercialisation of products of such Group Businesses. ● The intellectual property licences of Group Businesses may terminate or fail. Termination of a material licence or failure in science or technology or invalidity or expiry of patent protection may have a material adverse effect on the financial condition and prospects of the Group. ● As the intellectual property rights licensed to a Group Business will generally be licensed on an "as-is" basis without warranties and the Group Business therefore bears the risk of defects in the ownership, validity, scope or enforceability of the licensed patents or other intellectual property

		of a Group Business. Claims alleging infringement of a third party's intellectual property could also result in significant losses and expenses to the Group and the loss of material rights. ● A change in the applicable legislation or in the operating model of the Company may result in it constituting an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive and as such would have to comply with relevant regulatory requirements. *Key risks specific to the Company's industry* ● The market's demand for funding of early-stage companies may impact the Company's ability to realise equity returns. ● The Group may require additional financing in the long term and there is no guarantee that it will be able to obtain such funding on commercially acceptable terms or at all. ● The Company may face competition, including from organisations with access to greater capital within the industry sector. ● The Group is subject to risks associated with developments in the healthcare and life science sector. The success of the Group Businesses is principally based on the ability to successfully identify, develop and take to market viable products in the healthcare and life science sector. The Company cannot be certain that such successful outcome is possible. An inability to carry out business in the healthcare and life science sector on this basis could have a material adverse effect on the business, financial condition, future trading performance and prospects of such Group Business. The healthcare and life science sector is characterised by rapid technological changes, frequent new product introductions and enhancements and evolving industry standards as a result of which the Group Businesses may encounter unforeseen operational, technical and other challenges. ● Changes in legislation and policy may impact the resources and technology available to the Group. ● There may be unforeseen changes in the laws and regulations upon which public monies are made available to universities, research institutions or relevant organisations. There may also be changes in law or regulation which impact the operations of the Group or Group Businesses.
D.3	Key information on the key risks that are specific to the securities	● A Standard Listing affords less regulatory protection than a Premium Listing, which may have an adverse effect on the valuation of the Ordinary Shares. ● Prior to the Offer, there has been no public trading market for the Ordinary Shares and a liquid market for the Ordinary Shares may not develop even after Admission. ● The value of the Ordinary Shares may be impacted by any event which detrimentally effects other companies engaged in early-stage scientific research and development activities. ● There are restrictions on the ability to resell the Ordinary Shares in the United States, and the Company does not intend to file a registration statement with respect to the Ordinary Shares. ● There is no guarantee that the Company will be able to migrate to a premium listing on the Official List of the UKLA and to trading to the Main Market of the London Stock Exchange and no assurance is given by the Directors or the Company that a premium listing will be forthcoming at any time in the future.

SECTION E – OFFER		
E.1	Total net proceeds and estimate of total expenses of the issue/offer, including estimated expenses charged to investors	The Company intends to raise gross proceeds of up to £100 million through the Offer, assuming the maximum number of New Ordinary Shares are issued pursuant to the Offer and before any exercise of the Over-Allotment Option. The estimated Net Proceeds are approximately £91 million. The total expenses incurred (or to be incurred) by the Company in connection with Admission are approximately £9 million (inclusive of amounts in respect of VAT). No expenses will be charged by the Company to any Investor who subscribes for New Ordinary Shares pursuant to the Offer.
E.2	Reasons for the offer and use of proceeds	The Company is targeting Net Proceeds of £91 million which it intends to utilise to further the Group's business strategy of providing strategic, operational and clinical direction to its Group Businesses by: ● acquiring interests in new Group Businesses; ● providing funding to support the expansion of its existing and new Group Businesses; ● providing funding to ALS or ALS' subsidiaries to expand its fund management business and potential investments into life sciences funds globally where it is the manager of such funds (including the potential investment into the WLSIF); ● building the Group's infrastructure including expanding its high quality operating team; and ● financing the Company's commitments to and support the Group's existing university relationships and to establish new relationships with academia.

		The extent to which the Company applies the Net Proceeds to each of the above purposes will depend on the amount of the Net Proceeds which, as the Offer is not being underwritten, is not known at the date of this Prospectus. Although, the Company is targeting Net Proceeds of £91 million the Offer and Admission is not subject to a minimum amount of Net Proceeds. The Group's business strategy is highly scalable. For example, if the Net Proceeds are nil, the Company intends to scale its business strategy with limited escalation in operating costs by utilising the Group's existing cash resources of £28.9 million as at 31 December 2016, being the latest practicable date prior to publication of this Prospectus as follows: ● providing funding to support the expansion of its existing Group Businesses; ● making further small investments in the Group's infrastructure, with the recruitment of up to three additional members of the operating team; and ● financing the Group's commitments to and support of the Group's existing university relationships; and ● acquiring interests in new Group Business to an appropriate scale.
E.3	Terms and conditions of the offer	There are up to 48,309,179 New Ordinary Shares available to Investors under the Offer at the Offer Price of 207 pence per New Ordinary Share (before any exercise of the Over-Allotment Option). All of the New Ordinary Shares under the Offer will be issued at the Offer Price which will be payable in full. The Offer comprises an Institutional Offer and an Intermediaries Offer. Under the Institutional Offer, the Ordinary Shares are being made available (i) to certain institutional and professional investors in the UK and elsewhere outside the United States in reliance on Regulation S and (ii) in the United States, only to persons reasonably believed to be QIBs and/or accredited investors, as defined in Rule 501(a) of Regulation D of the US Securities Act (who are, in each case, also Qualified Purchasers) pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Under the Intermediaries Offer, the Ordinary Shares are being offered to certain intermediaries appointed by the Company to enable them to facilitate the participation of their retail investor clients in the UK, the Channel Islands and the Isle of Man. The Bookrunner has agreed, subject to certain conditions, to use reasonable endeavours to procure Investors to subscribe for New Ordinary Shares to be issued by the Company under the Offer. It is expected that Admission will take place and dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 22 February 2017. This date and time may change. It is intended that settlement of Ordinary Shares allocated to Investors will take place by means of crediting Ordinary Shares to relevant CREST stock accounts on Admission. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned. The Offer is conditional on the satisfaction of conditions contained in the Placing Agreement which are customary for transactions of this type, including Admission becoming effective by no later than at 8.00 a.m. on 22 February 2017 (or such later time as may be determined in accordance with the terms of the Placing Agreement) and the Placing Agreement not having been terminated on Admission. Certain conditions are related to events which are outside the control of the Company and the Bookrunner. None of the New Ordinary Shares under the Offer may be offered for subscription, sale or purchase or be delivered, or be subscribed, sold or delivered, and this Prospectus and any other offering material in relation to the Ordinary Shares may not be circulated, in any jurisdiction (including, without limitation, the US) where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.
E.4	Interests material to the issue/offer, including conflicting interests	Other than as disclosed in Section B.6 above, there are no interests, including conflicting interests, that are material to the Offer.
E.5	Name of the offerors/Lock-up agreements	Not applicable. No person or entity is offering to sell the relevant securities. Pursuant to the Placing Agreement, each of the Directors has agreed that they shall not, without the prior written consent of the Bookrunner, offer, sell, contract to sell, pledge or otherwise dispose of any Ordinary Shares which they hold directly or indirectly in the Company for a period commencing on the date of the Placing Agreement and ending and ending 365 days after Admission. Subject to certain exemptions, the Company has agreed to not issue any new Ordinary Shares during a 180-day period following the date of the Placing Agreement. The restrictions on the ability of the Directors to transfer their Ordinary Shares are subject to certain usual and customary exceptions for: transfers for estate planning purposes; transfers to trusts (including any direct or indirect wholly-owned subsidiary of such trusts) for the benefit of the Directors or their families; transfers to any direct or indirect subsidiary of the Company, a target company or shareholders of a target company; transfers of any Ordinary Shares acquired

		after the date of Admission in an open market transaction; the acceptance of, or provision of, an irrevocable undertaking to accept a general offer made to all Shareholders on equal terms; and transfers to satisfy certain tax liabilities in connection with, or as a result of transactions related to, completion of the Offer. Woodford Patient Capital Trust PLC, CF Woodford Equity Income Fund, Rathbone Nominees Limited, Christopher Chipperton, Arig Risk Management JLT, Ectoplasm Limited, Serenity Investments LLC, Daniel V. Tierney 2011 Trust, PAL Trustees Limited and the ESS Shareholders have also entered into lock-up arrangements pursuant to the terms of a Lock-Up Deed whereby they have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of any of their interests (for a period commencing on the date of Admission and ending on (a) the date that is 180 days from the date of Admission (in respect of Woodford Patient Capital Trust PLC, CF Woodford Equity Income Fund, Rathbone Nominees Limited, Serenity Investments LLC, and Daniel V. Tierney 2011 Trust only) and 365 days from the date of Admission (in respect of Christopher Chipperton, Arig Risk Management JLT, Ectoplasm Limited, PAL Trustees Limited and the ESS Shareholders), or (b) such earlier date as agreed in writing by the Company and/or the Bookrunner) (the "**Lock-Up Period**") and further will not affect any disposal of any of their interests in (i) all or any Ordinary Shares which are legally or beneficially owned by them at Admission, and (ii) all or any Ordinary Shares which are allotted or issued to them pursuant to any capital reorganisation (including, for the avoidance of doubt, by way of capitalisation of profits or any capital or reserve account of the Company) in respect of Ordinary Shares beneficially owned, held or controlled by them on Admission. This lock-up arrangement shall apply in respect of in aggregate 37,641,733 Ordinary Shares representing 41.8 per cent. of the issued Ordinary Share capital of the Company on Admission (assuming full take up of the Offer, no take up of any of the Offer by any Shareholder subject to a lock-up agreement and no exercise of the Over-Allotment Option save that all Ordinary Shares held by the Founders and the ESS shareholders on Admission are calculated as if the Over-Allotment Option is exercised in full consistent with their agreed percentage of the Ordinary Share capital as set out in the Restrictive Share Agreement). The restrictions on the ability of such Shareholders to transfer their Ordinary Shares during the Lock-Up Period are subject to certain usual and customary exceptions for, amongst other matters, (i) any disposal notified in writing in advance to the Company and/or the Bookrunner and to which the Company and/or the Bookrunner have given their prior consent in writing, (ii) any disposal of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares in the Company, and (iii) any disposal to an associate or associated undertaking provided such person is not a Prohibited Person under the Articles (subject, in each case, to the transferee agreeing to bound by the restrictions of the Lock-Up Deed).
E.6	Dilution	Not applicable. There is no immediate dilution resulting from the Offer in respect of the Ordinary Shares. Not applicable. There is no subscription offer to existing equity holders.
E.7	Estimated expenses charged to investors by the Company	No expenses will be charged to the Investors. Any expenses incurred by an Intermediary are for its own account. The Intermediaries are not permitted to charge any fees, charges or commissions to underlying applicants for making an application for shares through the Intermediaries Offer.

PART II

RISK FACTORS

Prospective investors should note that any investment in the Ordinary Shares would be subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should therefore consider carefully the factors and risks associated with any investment in the Ordinary Shares, the Group's business and the healthcare and life science industry in which it operates and invests, and intends to operate and invest, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Additional risks and uncertainties that are not currently known to the Group, or that it currently deems immaterial, may also have an adverse effect on the Group's business, financial condition and operating results. If this occurs the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.

Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares summarised in this Part II of the Prospectus are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that, may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in this Part II of the Prospectus but also, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Ordinary Shares.

RISKS RELATING TO THE BUSINESS OF THE GROUP

The Company has a limited operating history

The Company is a recently formed entity with scant operating results which has commenced operations in December 2015. The Company lacks a meaningful operating history therefore Investors have a limited basis on which to evaluate the Company's ability to achieve its objective of sourcing opportunities, financing and developing its Group Businesses.

The Company and the Group Businesses depend on key personnel and the loss of such personnel could have a material adverse effect on the Group

The industries in which the Group operates are specialised areas and the Group therefore requires highly qualified and experienced employees. The Company intends to significantly increase the number of employees of the Group by the end of 2017. The Company's failure to attract and retain the highly-trained, very experienced personnel that are integral to its business model may limit its ability to commercialise technology and generate revenue from Group Businesses. There is a risk that the employees of a Group Business may be approached and solicited by competitors or other scientific and technology-based companies or organisations, or decide to leave the Group Business for other reasons.

In addition, attention is drawn to the fact that the Directors have, or may come to have, other fiduciary obligations, including to other companies on whose board of directors they currently sit or to other companies whose board of directors they may join in the future. To the extent that they identify business opportunities that may be suitable for the Group or other companies on whose board of directors they may sit, the Directors may honour any pre-existing fiduciary obligations ahead of their obligations to the Company. Accordingly, they may refrain from presenting certain opportunities to the Company that come to their attention in the performance of their duties as directors of such other entities unless the other companies have declined to accept such opportunities or clearly lack the resources to take advantage of such opportunities.

As the Company sources opportunities through long term personal and professional relationships of its Directors and management, the loss of a Director or member of the management could have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

A significant part of the Group's value is likely to depend on its businesses being able to source and/or retain appropriately skilled personnel. In particular, the Company may not have the financial resources to compete with the salary and other incentivisation packages offered by competitors or other scientific and technology based companies or organisations which will affect the ability to run or advise Group Businesses successfully and could limit the flow of suitable opportunities to the Group. The loss of key personnel or inability to attract qualified personnel could have a material adverse effect on the Group's business, financial condition, future trading performance and prospects.

The Group may fail to identify the most promising new technologies in the healthcare and life science sector markets

The Group's business model is dependent to a significant degree on its ability to identify and evaluate potentially promising new technologies developed at universities for which it has existing memoranda of agreements in place and intended to be in place in the future (together, "**University MOA**"), through the Group's direct contacts in the healthcare and life science sector and through its privileged access to leading US institutions and universities through BioMotiv and to a range of opportunities in German universities through Max Planck – Lead Discovery Centre. The Group may fail to identify the most promising new technologies available for any number of reasons, including because it lacks a relationship with the relevant institution, or because the institution has already transferred ownership of, or granted a licence to, the relevant intellectual property to others in instances where the Group does not have exclusivity. Although the Group has agreements with a number of universities (and has access to innovations through BioMotiv and Max Planck – Lead Discovery Centre), there will inevitably be potentially relevant institutions with which it does not have a relationship. Also, innovations to which it does not have access and some of the University MOAs may terminate (or an agreement may not be entered into with the universities following an MOA) in accordance with their terms. This may result in promising new technologies developed by those institutions not coming to the Group's attention. In addition, the Group's size and resources mean that there can be no guarantee that it will identify the most promising new technologies developed at institutions with which it does have a relationship. In addition, institutions may decide to retain the relevant intellectual property for future development on their own or to refuse to permit it to be commercially developed at all. Any of these could lead to the Group's failure to identify promising new technologies for commercial development whether pursuant to the agreements with the universities or otherwise.

Even where the Group is successful in identifying new technologies, it may fail accurately to assess the technical feasibility or commercial prospects of the new technology. There is no guarantee that technologies to which the Company has access can in fact be satisfactorily developed into commercially viable products or intellectual property. The new technologies pursued by Group Businesses may be less technically feasible or less commercially attractive than competing technologies of which the Group is unaware or which it mistakenly views as less attractive. In addition, development of the new technologies pursued by the Group Business may not be feasible without the acquisition of additional intellectual property that cannot be acquired by that Group Business on commercially acceptable terms, if at all. Any failure by the Group to identify promising new technologies or to accurately evaluate technical or commercial prospects of new technologies could adversely affect the business, results of operations or financial condition of the Group as a whole.

The Group may fail to acquire the rights to promising new technologies on commercially acceptable or most efficient terms

In a competitive environment, there can be no guarantee that a Group Business will be free of competition for such technologies and exclusivity agreements may not always be available to be entered into. In addition, the universities and institutions from where the Group sources opportunities are not necessarily subject to the same commercial pressures as a private business enterprise would be. As such, the negotiation process in respect of any particular intellectual property may be arduous, and its outcome difficult to predict. The Group Business may not be able to secure the rights it seeks or where it does, it may be compelled to agree to potentially onerous terms and conditions in order to secure relevant intellectual property.

Any of these arrangements, alone or in combination, may lead to a significant portion of the value of the Group's commercial development of a new technology of a Group Business to be payable to others,

which could have a material adverse effect on the Group's business, results of operations or financial condition as a whole.

The Group may not be successful in forming relationships with additional universities or research institutions and existing university relationships may end

The Group's ability to expand its business by entering into additional links and collaborative arrangements with universities, research intensive institutions and other commercial partners will depend on the willingness of organisations of suitable quality to enter into such arrangements on terms acceptable to the Group (including duration). Failure to successfully initiate new and additional partnerships may limit the Group's ability to expand.

One or more of the universities or other institutions with which the Company has entered into an agreement with or with whom the Company has a partnership or other collaborative relationship, may choose to close those parts of the university which are dedicated to identifying research and which has potential commercial interest or to reduce funding to the extent that potential new technology cannot be exploited. The Company has no control over such a decision by a university or other institution.

In addition, certain of the Group's arrangements with universities are conditional on the Company raising a minimum amount of proceeds in the Offer or being able to commit a certain amount of funding to the relevant university's projects over a specific period.

The operating history of the Group Businesses may be limited

Some of the Group Businesses may have very limited operating histories due to being in the early stages of commercialisation of their technology. This initial development stage makes the evaluation of business and prospects difficult. Prospective investors should consider the risks and difficulties frequently encountered by early-stage companies in new and rapidly evolving markets. The Company cannot be certain that its business strategy will be successful or that it will successfully manage these risks. If the Company fails to address adequately any of these risks or difficulties, this could potentially have a material adverse effect on the Group's business and prospects.

The Group has no record in generating gains or revenues through the sale of Group Businesses

Whilst the Group has an established model for identifying and evaluating new technologies, to date its revenues have been limited and it has not generated gains through the sale of any of its Group Businesses. The ability of the Company to attract new investors depends in part on the market's appetite for healthcare and life science companies with a limited or no trading history. As such, there can be no guarantee that the expenditure made to date by the Group and the expenditure the Group expects to make going forward will produce returns. Returns that are lower than expected, or non-existent, could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

The Group Businesses are at an early-stage and carry inherent risk

The Company intends to use the net proceeds from the Offer principally to acquire new Group Businesses, to finance its existing Group Businesses and to take advantage of the future opportunities to capitalise on the intellectual property of entities in the healthcare and life science sector. The Group Businesses may be in early-stage companies which may be subject to one or more of the following risks (or a combination of these risks). In particular, the science and technology developed by any business which the Company has invested in may fail and/or the Group Business may not be able to develop the relevant intellectual property into commercially viable products or technologies. This may be due to any one or more of the following factors:

- The success of a Group Business may depend upon regulatory approval for certain clinical trials being granted and the assumption that regulatory approval will be forthcoming.
- An early-stage Group Business may not be able to secure subsequent rounds of funding which may restrict its ability to fund on-going research and the development and commercialisation of their intellectual property.

- A Group Business may not be able to source and/or retain appropriately skilled personnel. In particular, they may not have the financial resources to compete with the salary and other incentivisation packages offered by their competitors or other scientific and technology based companies or organisations.
- Competing technologies may enter the market which may adversely affect the ability of any Group Business to commercialise their intellectual property or alternatively the relevant Group Business may not have been able to adequately protect their intellectual property (whether due to lack of financial resource or otherwise) or patent applications may not proceed through to grant.

There is no certainty that any Group Business will: (i) reach the stage where the economic benefits resulting from expenditure on research activities become achievable, or (ii) generate any, or any significant, returns (for example, a return on capital from a relevant exit event) for their shareholders (including the Company) or that the Company will be able to secure a profitable return from any Group Business.

The occurrence of any of these risks or a combination of these risks may adversely affect the development and value of a Group Business and, consequently, the business, financial condition, results of operations and prospects of the Group as a whole.

The market's demand for funding of early-stage companies may impact the Company's ability to realise equity returns

One or more Group Businesses may have significant funding requirements in the future. The Company may seek to meet these funding requirements through arrangements with third party investors. The success of the relevant Group Business, and the availability of third party funding, may be influenced by the market's appetite for investment in, or lending to early-stage companies. As a result, it may take longer than anticipated to develop the business or it may not be able to develop the business at all. Consequently, it may take longer for the Company to realise value from equity holdings in the relevant Group Business which have significant funding requirements and the consideration received by the Company may include shares and/or deferred cash consideration, the value of which may depend upon the future performance of the relevant Group Business. Alternatively, the Company may not realise value from such holdings at all.

Any such occurrence may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may require additional financing in the long term and there is no guarantee that it will be able to obtain such funding on commercially acceptable terms or at all

The Group expects to incur further significant expenses in the long term in connection with funding further research, expansion activity and business development. The additional financing may be achieved through equity realisations from the relevant Group Business or from new equity or debt sources, at either Company or lower level. The Company's equity realisations from its Group Businesses may not be sufficient to provide the requisite amount of additional financing, and the Group may be unable to obtain additional capital on a timely basis on commercially acceptable terms, if at all. If the Group fails to obtain sufficient capital on acceptable terms, it may be forced to curtail or abandon its planned expansion activity and to forego further development of its current business.

Moreover, additional equity financing could dilute the number of the shares in issue and therefore the value of the Ordinary Shares for Shareholders, while additional equity financing at lower level would dilute the interests of the Group (and thus of its Shareholders) in the future results of the Group Business. In addition, any future debt financing could restrict the Group's ability to make capital expenditures or incur additional indebtedness, all of which could impede returns.

Any of these developments could result in a reduction of funding available to the relevant Group Business and could thereby reduce the Group's revenues, increase its losses and adversely affect its business, financial condition or results of operations and prospects.

The Company's ability to realise value from equity holdings in a Group Business may be restricted by only holding a minority interest

It is possible that with a minority position in a Group Business other third parties could possess control over a sale of the relevant company or be able to influence other material transactions. In the event this were to occur, the Company might be required to become subject to provisions which could force the Company to exit from that company at a time and/or price determined by other investor(s) (for example, by the exercise of drag-along rights). If the Company was forced to exit out of a Group Business on unfavourable financial terms over which it has little control, this could have a material adverse effect on the Company's business, financial condition or results of operations and prospects.

There may also be restrictions on the issue or the transfer of shares of a Group Business (for example, pre-emptive rights or drag along or tag along rights) which could mean that the Company will not be able freely to transfer its interest or holding in a Group Business in which it has invested. In addition, a Group Business may have employee share plans or management incentive arrangements in place which may have the effect of diluting the Company's overall interest in a Group Business. If the Company was unable to realise its interest in a Group Business or suffered material dilution of its shareholding, this could have a material adverse effect on the Group's business, financial condition or results of operation and prospects.

The Company may face competition, including from organisations with access to greater capital

Universities, research institutions together with healthcare and life science companies, both existing and starting-up, may create intellectual property that competes, directly or indirectly, with that generated and/or licensed by any Group Business. There are a number of other companies and other organisations seeking to invest in start-ups and other companies in the healthcare and life science sector. These operate a variety of business models and include venture capital funds, hedge funds, the technology transfer offices of certain universities, business angels and other boutique investors. Certain universities and other research intensive institutions may also in future become increasingly proactive at seeking to raise private sector funding to support their in-house technology commercialisation activities. Whilst the Directors believe that potential competitors would face challenges in recreating the Arix Bioscience business model, the Company may well face significant competition from organisations which have much greater capital resources than the Company. Such companies and organisations may also have more experience in identifying, acquiring and selling companies and have greater financial and management resources, brand name recognitions or industry contacts. Increased competition in the identification and commercialisation of promising new technologies could have a material adverse effect on the business, financial condition, trading performance and/or prospects of the Group.

The value of the Group as a whole may be dominated by a single or limited number of Group Businesses

A large proportion of the overall value of the Group may at any time reside in a small proportion of Group Businesses. Accordingly, there is a risk that if one or more of the intellectual property rights relevant to a substantial Group Business was impaired this would have a material adverse impact on the overall value of the Group. Furthermore, a large proportion of the overall revenue generated by the Group may at any time be the subject of one, or a small number of, licensed technologies to a Group Business. Should the relevant licences be terminated or expire this would be likely to have a material adverse effect on the revenue received by the Group. Any material adverse impact on the value of the business of a Group Business could, in the situations described above, have a material adverse effect on the business, financial condition, trading performance and/or prospects of the Group.

The Group is subject to risks associated with developments in the healthcare and life science sector

The success of the Group Businesses is principally based on the ability to successfully identify, develop and take to market viable products in the healthcare and life science sector. The Company cannot be certain that such successful outcome is possible. An inability to carry out business in the healthcare and life science sector on this basis could have a material adverse effect on the business, financial condition, future trading performance and prospects of such Group Business.

The healthcare and life science sector is characterised by rapid technological changes, frequent new product introductions and enhancements and evolving industry standards. The Group Businesses may

encounter unforeseen operational, technical and other challenges as their products and services are deployed and tested, some of which may cause significant delays, trigger contractual penalties, result in unanticipated expenses and/or damage to their reputation. A Group Business may also be liable for product warranty claims as a result of defects or failures of such new products and services, which may prove costly in terms of litigation or settlement costs, reputational damage, loss of business to competitors, damage relationships with suppliers and time devoted to remediation of any such defects or failures. The occurrence of any of these events may have a material adverse effect on the Group's businesses, financial condition, future trading performance and prospects.

Failure or delay in completing clinical studies for any of the Group Businesses' products may prevent it from obtaining regulatory approval on a timely basis, or at all, which would require the Group to incur additional costs and would delay or prevent receipt of any product revenue, or prevent commercialisation of products of such Group Businesses

Clinical studies are typically expensive, complex and time-consuming and generally have a high rate of failure. It is therefore expected that clinical studies will have uncertain outcomes. Failure can occur at any stage of the testing and the relevant future Group Business may experience a number of unforeseen events during, or as a result of, the clinical study process that could delay or prevent commercialisation of its product. All of the future Group Businesses will be subject to such risks, including those in their late stage of product development from trials designed to validate their product's safety and efficacy. Future Group Businesses may rely on third parties to enrol qualified subjects and conduct, supervise and monitor its clinical studies, which will reduce their control over the trials without relieving them of their regulatory responsibilities. Failure of such tests or issues and concerns associated with such testing could give rise to failure or delay to the clinical studies. In addition, clinical studies based on preclinical models may not be predictive of human response to a product candidate. In addition, future Group Businesses may be subject to litigation as a result of any adverse effects on humans of potential products during clinical trials. This could lead to failure to obtain approval for the product, reputational damage and financial liability. Failure or delay in clinical studies and any failure or delay to receive or maintain, approval or clearance of the products of future Group Businesses could have a material adverse effect on the Group's business, results of operations or financial conditions in the future.

Equity realisations and payments under licences may vary from year to year

As equity realisations from Group Businesses are expected to be achieved through liquidity events, including trade sales and initial public offerings, the total income receivable by the Company from these sources may vary substantially from year to year. In addition, payments under licences are often subject to milestones which may not be achieved, meaning the total income receivable by the Company from these sources may also vary substantially from year to year. These variations may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group as a whole.

Intellectual property within a Group Business may become, or be found to be, invalid or obsolete or uneconomical

The Company's success depends on its ability to stay ahead of scientific and technological advances. There is no assurance that the Company's competitors will not seek to invest in companies which may develop products and/or create intellectual property that are more efficient or effective, or bring products to the market earlier, rendering the products and/or intellectual property of a Group Business economically unviable or unattractive. There is therefore no guarantee that the Group will in the future be able to compete successfully in such a marketplace. Such competition and any failure to compete successfully may have a material adverse effect upon the Group's business and prospects.

The market sectors in which the Group Businesses participate are highly competitive and constantly subject to rapid technological changes. The Company has competitors engaged in developing and commercialising products in the life sciences sector, including pharmaceutical companies and biotechnology companies. Many of the Company's competitors have greater financial, technical and other resources. The nature of the competition in the market sectors where the Group is seeking to develop its products could materially adversely affect the Group's business, prospects, financial condition and results of operations.

Intellectual property rights may be challenged, invalidated, rendered unenforceable, circumvented, infringed or misappropriated. For example, technology subject to patent applications, and even issued patents, can be invalidated if it is determined that the patents or patent application are based on claims that are excessively broad and they may therefore not be effective to prevent others from utilising inventions or technology which is substantially similar to the intellectual property to which these rights relate (and which becomes publicly disclosed by applying for patent protection). This could have a material adverse effect on the business, financial condition, trading performance and/or prospects of the Group.

In addition, third parties may already independently own, or may in future develop, similar or superior technologies which may or may not infringe any intellectual property owned, licensed to or used by a Group Business. It is also possible that a patent owned by or licensed to a Group Business may expire or remain in force for only a short period following commercialisation, thereby reducing the benefit of the protection. The limitations on the rights and arrangements relating to intellectual property rights relating to technologies used by a Group Business, the absence of such rights and arrangements in relation to certain technologies and/or the early expiration of patents or patent applications owned by or licensed to a Group Business could have a material adverse effect on the business, financial condition, trading performance and/or prospects of the Group.

All intellectual property owned by a Group Business may not be fully protected and defects could impact the effectiveness of the Group

Each Group Business will be dependent upon innovative technology and will seek to benefit from the intellectual property protection of such technology. The Company will wish to see that Group Businesses create value from developing and commercialising technologies and (where appropriate) protected by appropriate intellectual property rights. However, the technologies are in many cases at an early stage and there can be no guarantee that they will be capable of successful further technical development or commercialisation. Any failure of such development or commercialisation could have a material adverse effect on the business, financial condition, trading performance and/or prospects of the Group.

The intellectual property could be protected by one or more of the following types of protections: patent, trademark, trade dress, copyright, unfair competition and/or trade secret laws, confidentiality obligations or other contractual restrictions. However, these rights and other arrangements may not apply to all technology or intellectual property used by a Group Business and, where they do apply, they may frequently provide only limited protection.

The value of the intellectual property owned by or licensed to a Group Business may depend, in part, on how successfully it can be enforced against third party infringers

Intellectual property litigation claims may be defended on a number of grounds, including where third parties can show prior use, or ownership of similar technologies or that a patent licensed to, held by or applied for by a Group Business has been framed too widely. In addition, confidentiality and non-disclosure agreements protecting intellectual property might be breached in circumstances in which the Group Business may not be able to obtain adequate redress for the breach. Despite any efforts by a Group Business to protect key technologies by holding and, if necessary, enforcing intellectual property rights relating to them, unauthorised parties may use aspects of such technologies, or may obtain and use without restriction technological or other commercially sensitive information which a Group Business needs to develop or commercialise its products.

It will be very difficult for the Company and each Group Business to monitor and identify all instances of use by others of technology which may be infringing intellectual property rights of a Group Business. There can be no assurance that the unauthorised use, disclosure or reverse-engineering of such technology will not take place. Any successful defence against an attempt by a Group Business to enforce its intellectual property or other rights and any unauthorised use, disclosure or reverse-engineering of the technology to which its intellectual property relates could, if the technology concerned were material to the Group as a whole, have a material adverse effect on the business, financial condition, trading performance and/or prospects of the Group.

Prior to the acquisition of an interest in a Group Business, the Group may only be able to conduct limited investigations into the strength and scope of the intellectual property rights to use the technologies

Whilst the Group will conduct an assessment of patentability and potentially competitive technologies, such investigations are limited in scope and frequently do not permit a comprehensive assessment of these risks in particular if the timing of the proposed acquisition of an opportunity does not allow for this. Accordingly, some acquisitions may be made upon the assurances of other owners or managers of a Group Business in the absence of sufficient independent due diligence. Therefore, the Company may not establish the absolute validity or enforceability of licensed intellectual property or conduct an exhaustive review to identify third party technologies which may compete with those which it uses, or in order to identify patents or other intellectual property rights that may be infringed by the use of technology of a potential Group Business. Further, the Company will not in every case of an acquisition of a Group Business obtain opinions of legal counsel as to validity, enforceability, or its own or its licensors' freedom to exploit such technology or intellectual property without infringing the intellectual property rights of others. There is no certainty that a patent, if sought, will be granted or that, if issued, will be valid or enforceable. As a result of the considerations described above, there is no certainty that intellectual property of a Group Business will be valid or enforceable. There is no certainty that third parties will not own rights in relation to technology used by a Group Business which would entitle them to prevent or restrict its use of technologies which are important to its business or prospects.

Licensors of patent applications (and their intellectual property) in favour of a Group Business may give limited representations as to ownership or as to the validity, scope or enforceability, of the patents or other intellectual property

As the intellectual property rights licensed to a Group Business might be licensed on an "as-is" basis without warranties, that Group Business may bear the risk of defects in the ownership, validity, scope or enforceability of the licensed patents or other intellectual property of a Group Business.

There can also be no guarantee that any originator of technology (for example, inventors) or other persons who may have developed the intellectual property, will provide ongoing assistance required for its successful commercialisation by a Group Business. This may be essential in the markets in which a Group Business intends to operate. Any such lack of assistance required for successful commercialisation could have a material adverse effect on the business, financial condition, trading performance and/or prospects of the Group.

Claims alleging infringement of a third party's intellectual property could result in significant losses and expenses to the Group and the loss of material rights

The value of the intellectual property owned by or licensed to a Group Business depends, in part, on how successfully it can be used to defend against claims that the Group Business is infringing the intellectual property rights of third parties. A Group Business may over time receive notice that it is infringing intellectual property of a third party, or that the intellectual property protection sought by a Group Business should not be granted. In addition, the validity of intellectual property rights (such as patents) relating to technology utilised by the Group Business may become subject to claims and/or challenges by third parties.

Litigation proceedings in relation to intellectual property rights is a risk in most technology businesses and, from time to time, competitors and other third parties may seek to assert the right to restrict the use of patent, copyright, trade mark or other intellectual property rights relating to technologies. Intellectual property litigation can be expensive, complex and lengthy and its outcome is frequently difficult to predict. If a Group Business were to receive an infringement claim, the claim could consume significant time, financial and other resources of the Company or the Group Business, irrespective of its merits, and this might result in key technical and management personnel diverting attention and focus away from their normal duties and operations.

If a Group Business were unsuccessful in defending an intellectual property infringement claim, it may have to pay substantial damages and/or legal costs to the successful third party and/or may have to cease the development, manufacture, use or sale of infringing technologies, products or process, and/or expend significant resources to develop or acquire the right to use non-infringing technology (including by way of a licence). This may materially affect the ability of the Group Business to exploit its intellectual

property and may result in a loss of value of the Group Business. Accordingly, any such event could have a material adverse effect on the business, financial condition, trading performance and/or prospects of the Group.

A Group Business may be subject to claims that its employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties

A Group Business may employ individuals who were previously employed at other technology companies and so may be subject to claims that it or its employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of its employees' former employers or other third parties. Litigation may be necessary to defend against these claims. There is no guarantee of success in defending these claims, and the Group Business could be required to pay substantial damages and could lose rights to important intellectual property. Even if the Group Business is successful, litigation could result in substantial cost and be a distraction to its management and other employees.

There may be limitations or milestones within licensing agreements which may lessen the value a Group Business

A Group Business may be licensed to use and commercialise, and benefit from the protection of, certain patents and/or patent applications and know-how by third parties (such as universities and other intellectual property owners), and therefore may enforce only the rights it received under licensing agreements. In some licence agreements, the licensor's consent may be required to enforce the licensed patents. If such consent is not obtained, the Group Business may be unable to enforce its intellectual property rights against third party infringers, including competitors, and such inability could significantly lessen the value it might be able to realise from such intellectual property.

The licence may also be limited to a specified field of use, which may limit the scope of application of the intellectual property. The majority of the patent applications licensed under the licensing agreements have not yet resulted in definitive patent grants and the Company cannot guarantee that patent protection will be ultimately obtained for any or all of the material technologies which the Company seeks to commercialise.

The licensing agreements of a typical Group Business might expire concurrently with the expiration of statutory patent protection or the abandonment of patent applications concerning the inventions to which the licensing agreements relate. Any failure by the licensor to obtain or maintain statutory patent protection, or by the Group Business, would impair the ability of the Group to exploit its rights under the relevant licensing agreement and could have a material adverse effect on the Group Business, financial condition, future trading performance and prospects.

In addition, some of the licensing agreements may require a Group Business (which is the licensee) to meet certain development milestones. These licensing agreements may be terminable on short notice at the option of the licensor if the licensee fails to meet these milestones or if there is a material breach of the licensing agreements. These milestones may be performance-based and often require the licensee to achieve certain commercialisation or research and development targets (for example, developing a prototype or making commercial sales within a certain deadline).

Achieving the milestones stipulated in some typical licensing agreements requires performance both on the part of a Group Business but also depends on the successful work of suppliers, contractors and sub-licensees over whom the Group Business does not have control. Accordingly, the Company can have no assurance that there will not be some scientific, operational, or other matter that will prevent the Group Business from achieving milestones to which it has agreed. The Company may have no ability to enable or enforce a Group Business to re-negotiate milestones, including, but not limited to, extending deadlines or modifying terms related thereto.

If the Group Business fails to successfully renegotiate milestones in these circumstances, or if a licensee fails to meet all applicable milestones, a licensor may institute a claim for breach of contract or terminate a licence to the intellectual property upon which the Group Business relies, which would significantly decrease the prospects of successful development of the Group Business. Alternatively, a licensor may

impose additional goals or requirements (including increased or additional fees) on the Group Business as a condition of agreeing to extend the time for performance of the Group Business' milestone obligations. Any failure to achieve milestones or otherwise any termination of any licence agreement may have a material adverse effect on the ability of the Group Business to exploit the full value in any licensed technology and may result in losses. For the reasons described above, any failure to meet milestones in the licence of Group Businesses may have a material adverse effect on the business, financial condition, trading performance and prospects of the Group.

The intellectual property licences of Group Businesses may terminate or fail

Licences or agreements by a Group Business with respect to owned intellectual property or sub-licences or agreements by a Group Business with respect to intellectual property are often terminable, *inter alia*, on a few months' notice without cause by the licensee, so that there is no contractual certainty of a particular licence, sub-licence or agreement relating to it lasting beyond that period and, therefore, continuing to produce revenue.

On termination of a licence, the licensee has no further rights to use the intellectual property granted pursuant to the licence, which reverts to the licensor. Where a Group Business is the licensor, it may seek to re-licence the intellectual property to a third party, but there is no certainty that it will be able to do so on the same or better terms, or at all.

In addition, licences may be terminated, fail to generate revenue or cease to be valid where the science or technology which relates to the licence fails or is not commercially viable or where the patent which forms the basis of the licence is determined to be invalid or the relevant patent period expires. Licences can contain periods permitting cure or rectification of the breach for a limited period.

Any termination of a material licence or failure in science or technology or invalidity or expiry of patent protection or failure to rectify the breach within the available period may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

Changes in legislation and policy may impact the resources and technology available to the Group

There may be unforeseen changes in the laws and regulations upon which public monies are made available to universities, research institutions or relevant organisations. There may also be changes in law or regulation which impact the operations of the Group or Group Businesses. A change in legislation or policy may: (i) adversely affect the monies and resources available to Group Businesses; (ii) affect their entitlement to enter into funding agreements under which the Company would have a role in exploiting the intellectual property; or (iii) affect the right of the universities, research institutions and any other relevant organisations to transfer intellectual property to, or to share revenues with a Group Business and/or the Company itself. If the universities, research institutions or relevant organisation experience a pronounced reduction in their research funding, this may have an adverse effect on the quantity and quality of the output from the research and development conducted at these institutions, thereby reducing the quantity and value of the relevant intellectual property. This could result in universities, research institutions and relevant organisations no longer being able, or for it to become commercially unattractive for them, to own, exploit or protect intellectual property. This may have an adverse effect on the financial position or performance of the Group.

Changes in government policy or legislation (including changes to tax legislation) or other terms upon which research academics are incentivised could make it commercially unattractive for research academics to participate in the commercialisation of intellectual property which they create. This would represent a fundamental risk to the viability of the Group's business and prospects.

If the Company is deemed to be an "investment company" subject to regulation under the United States Investment Company Act of 1940, as amended, applicable restrictions could make it impractical for the Group to continue its business as contemplated and could have a material adverse effect on its business

The United States Investment Company Act of 1940, as amended (the "**Investment Company Act**") regulates companies which are not otherwise exempt and engaged primarily in the business of investing, reinvesting, or trading in securities. Under the Investment Company Act, an investment company is

defined to include (i) any company that is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities, and (ii) any company that owns or proposes to acquire investment securities having a value exceeding 40 per cent. of the value of its total assets (excluding government securities and cash items) on an unconsolidated basis (the "40 per cent. test"). Securities issued by companies other than majority-owned subsidiaries ("consolidated partner companies") are generally considered "investment securities" for purposes of the Investment Company Act.

If the Company were deemed to be an investment company under the Investment Company Act, it would be subject to substantial regulations with respect to capital structure, operations, transactions with affiliates and other matters. It would also be required to register with the SEC and would be subject to such regulations, which would be unduly burdensome and costly for it, make it impractical for it to continue its business as currently conducted, impair the agreements and arrangements between and among the Group, and materially adversely affect the business, financial condition and results of operations. In addition, measures taken to assure that the Company is not an investment company could materially restrict the Company's ability to manage and grow its businesses.

The Company may not be able to achieve profitable levels of third-party reimbursement for products

The Company's ability to successfully commercialise its Group Businesses or to attract potential strategic partners may depend in part on the price levels and the extent to which reimbursement for the costs of treatment relating to diagnostic and other products will be available from government health administration authorities, private health insurers and other third party payers. Governments and other third party payers are increasingly attempting to contain health care costs, in part by challenging the price of medical products and services and restricting eligibility for reimbursement. Health care cost pressure could lead to pricing pressure, which would adversely affect pricing of the products of Group Businesses. Seeking and ensuring adequate third party reimbursement can be both time-consuming and costly. It may require Group Businesses to provide scientific and clinical support for the use of each of their products to each third-party payer separately. The Directors believe that uncertainty always exists as to the payment status of newly approved medical products in any jurisdiction.

The unavailability or inadequacy of third party reimbursement may have an adverse effect on the price level and, consequently, the market acceptance of the diagnostic products of a Group Business. In addition, the Company is unable to forecast what additional legislation or regulation relating to the healthcare industry or third party reimbursement may be enacted in the future, or what effect such legislation or regulation would have on its business. Any such event may have a material adverse effect on the Group's business, financial condition, future trading performance and prospects.

The products of a Group Business may be complex and, if they contain latent defects, the Group could incur costs and losses

The complexity of the products of Group Businesses increases the risk that latent defects or faults or inadequate training could be discovered by end users after those products have been shipped. This could result in a number of adverse effects on the relevant Group Business, including litigation, material recall and replacement costs for product warranty and support, delay in recognition or loss of revenues, loss of market share or failure to achieve market acceptance and diversion of the attention of personnel from development. Customer relationships could also be adversely impacted by the occurrence or recurrence of significant defects. In addition, any defects or other problems with the products of a Group Business could result in financial or other damage to its customers who could seek damages for their losses. Any claim brought against Group Businesses, even if unsuccessful, would likely be time consuming and costly to defend and could have a material adverse effect on the Company's reputation, business, financial condition and results of operations.

Group Businesses may establish collaborations in the future and its ability to do so may affect its development and commercialisation plans

For some product candidates, a Group Business may seek to collaborate with other third party entities and companies for the development and potential commercialisation of those products. A Group Business may face significant competition as well as risks in seeking and maintaining appropriate

collaborators. Whether a Group Business reaches a definitive agreement for collaboration will depend upon, among other things, its assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. Those factors may include the design or results of clinical studies, the likelihood of approval by regulatory authorities, the potential market for the product, the costs and complexities of manufacturing and delivering such product to patients, the potential of competing product candidates, the existence of uncertainty with respect to the Group Business ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge, and industry and market conditions generally. The collaborator may also consider alternative products or technologies for similar indications that may be available to collaborate on and whether such collaboration could be more attractive than the one with a Group Business for its product. Any collaboration agreement into which a Group Business may enter may call for licensing or cross-licensing of potentially blocking patents, know-how or other intellectual property. Due to the potential overlap of data, know-how and intellectual property rights, there can be no assurance that any Group Business collaborators with a Group Business will not dispute its right to use, licence or distribute such data, know-how or other intellectual property rights, and this may potentially lead to disputes, liability or termination of the collaboration. In addition, the Group Business may also be restricted under future licence agreements from entering into agreements on certain terms with potential collaborators.

Should any Group Business seek to enter into collaboration agreements, it may not be able to negotiate the terms of such agreements on a timely basis, on acceptable terms, or at all. It may have to curtail the development of a product or reduce or delay its development programme or one or more of its other development programmes. This would delay the potential commercialisation or reduce the scope of any sales or marketing activities of a Group Business as well as increase its expenditures to develop and commercialise its product candidates and could materially adversely affect its business, prospects, financial condition and results of operations of the Group as a whole.

The Group Businesses may be difficult to value accurately given that they are early stage and their technology is in development

Holdings in early stage companies 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. Equally, the financing of companies just commencing the commercial stage is also difficult to value since sales, cash flow and tangible assets are limited, they have only commenced initial receipts of revenues which may not be representative of future significant revenues and valuations are still dependent on expectations of future development.

The Company may not be able to control certain governance aspects of Group Businesses

The Company will have a minority interest in a number of its Group Businesses. Alternatively, the Company may agree to solely contractual arrangements (such as licences) with third parties in relation to an opportunity (whether directly or through a special purpose vehicle). As a result, the Company may not be able to exercise control over the affairs of the Group Business or the commercialisation of the technology in relation to which the Group has contractual arrangements with a third party. If the affairs of one or more such businesses were to be conducted in a manner detrimental to the interests or intentions of the Group Business, its reputation and prospects and therefore that of the Company and the Group may be adversely affected.

Groups Businesses may fail, lose value or fail to generate the anticipated level of returns

Due to the early stage nature of the Group Businesses, even those that are in the advanced stages of development or in which the Company has invested significant capital, may fail or not succeed as anticipated, resulting in an impairment on the value and/or profitability of the Group Businesses. Action to address underperforming businesses can include restructuring of management, termination of services agreements of employees or termination of consultancy arrangements. Failure of any Group Business for which it has invested significant capital as well as any new businesses or failure of the Company to promptly identify and address underperforming businesses or failure to successfully redirect capital to an alternative commercial path, or failure to terminate a relevant project of the Group Business early

may each have an adverse effect on the financial performance of the Company and otherwise impact the Group's business, results of operations or financial condition. Underperforming businesses, particularly those where the Company has already invested significant capital, may make it more difficult for other Group Businesses to raise additional capital, given the impact such failure(s) may have on the reputation of, and therefore investor confidence in, the Group, its management team and/or its businesses as a whole.

The Directors may apply the proceeds of the Offer to uses that shareholders may not agree with and may acquire Group Businesses or incur expenditure that fail to produce income or capital growth or that lose value

The Directors will have discretion in the application of the net proceeds of the Offer and holders of Ordinary Shares must rely on the judgement of the Directors regarding the application of such proceeds. The Directors' allocation of the net proceeds is based on current plans and business conditions. The amounts and timing of any expenditure will vary depending on the amount of cash generated by the Group's operations and competitive and market developments, among other factors. The net proceeds may be used for acquisitions of Group Businesses that fail to produce income or capital growth or that lose value.

The Group Businesses (or some of them) may fail to commercialise their technologies, lose value or fail to generate the anticipated level of returns

Due to the nature of the Group Businesses, some of them which include those in which the Group has invested significant amounts, may fail to commercialise their products or not succeed as anticipated, resulting in an impairment on the Group's value and/or profitability. In addition, certain Group Businesses may not perform as expected, requiring the Group to assess on-going development and commercialisation activity and take action to address the underperforming business. Failure of any Group Business, including any in which it has invested significant capital, may have an adverse effect on the financial performance of the Group and otherwise impact the Group's business, results of operations or financial condition. As a result of the relatively long period of time necessary to bring a healthcare and life science product to successful production, the Group may fail to promptly identify and address underperforming Group Businesses or to successfully redirect the business or the Group's capital to an alternative commercial path or to terminate the Group Business at a sufficiently early stage, each of which may have an adverse effect on the financial performance of the Group and otherwise impact the Group's business, results of operations or financial condition. Any underperforming Group Business (particularly those where the Group has already invested significant capital) may have a negative impact on the reputation of, and therefore investor confidence in, the Group, its management team and/or its businesses which may lead to difficulties raising any additional capital and the Group's ability to source and finance other opportunities.

A change in applicable legislation or in the operating model of the Company may result in it constituting an alternative investment fund ("AIF") for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD") and as such would have to comply with the regulatory requirements applicable to an AIF

The Company's current business, assets and operating model does not constitute an AIF. However, if the Company's business model were to change in the future resulting from the success and the timing of the implementation of the Company's business strategy, the Company may be considered to be an AIF. In addition, there may be a change in the AIFMD (or the current interpretation of it) as a result of which the Company may become an AIF. If the Company were to become an AIF, the Company may either appoint an external alternative investment fund manager or would seek authorisation from the FCA to become a self-managed AIFM. A depositary would also have to be appointed. Compliance with the AIFMD would result in incurring additional costs. Furthermore, certain Shareholders may not wish or be able to hold shares in an AIF. If this were the case such Investors may sell their Ordinary Shares in the Company and this could have a material adverse effect on the trading price of the Ordinary Shares as well as an adverse impact on the Group's ability to raise further funds.

Termination of the agreements (or some of them) with universities, the BioMotiv Agreement or other collaborations through which the Group sources its opportunities for the acquisition of the Group Business

The Group's business, results of operations and prospects are partially dependent upon the continuation of the memoranda of agreements with universities and the agreements with research accelerators such as BioMotiv and the Max Planck Lead Development Center, pursuant to which it has direct or indirect access to technology and scientific innovation. If such arrangements (or some of them) were to be terminated (for example, as a result of the Group's failure to perform certain obligations under the relevant memoranda of agreement with universities, or the BioMotiv Agreement) or expire at the end of their term and not be renewed, then the Group would lose any rights that it has to review and access the opportunities and projects generated by such universities or other research institutions. This could potentially have a material adverse effect on the Group's business, results of operations, performance and prospects.

The Group's ability to expand its business through the entering into of further partnerships and/or other collaborative arrangements with universities and research institutions will depend on the willingness of organisations of suitable quality to enter into such arrangements on terms acceptable to the Group (including, without limitation, as to exclusivity and duration). There can be no guarantee that the Group will be able to obtain further agreements.

The Wales Life Sciences Investment Fund may remove Arthurian Life Sciences Limited as its manager

Arthurian Life Sciences Limited is an FCA authorised and regulated entity and the fund manager for the Wales Life Sciences Investment Fund. Arix Bioscience conditionally acquired Arthurian Life Sciences on 21 December 2015. The acquisition was subject to FCA approval which was given on 20 June 2016 following which the acquisition was completed on 8 July 2016. Arthurian is entitled to up to 2.5 per cent. of the amount drawn down from the investors of WLSIF as an annual management fee and a potential for 20 per cent. carried interest (over an 8 per cent. hurdle rate) from WLSIF's future realisations. On completion of the acquisition of ALS by the Company, the Company has the economic benefit of the management fee and the carried interest as the parent company of ALS.

As a manager of the WLSIF, Arthurian Life Sciences is subject to certain obligations including raising additional funds for the WLSIF. Should Arthurian Life Sciences be in breach of certain of such obligations, there is a risk that such breach may result in the termination of ALS as the fund manager and the Company may lose the economic benefit of the management fee.

Changes in taxation legislation or the interpretation of tax legislation could affect the Group's ability to provide returns to Shareholders

The Group's activities are conducted in the UK and consequently it is subject to UK taxation legislation. Revisions to taxation legislation or to its interpretation could result in increased tax rates or additional taxes.

Adverse changes in tax laws and any other reform of or changes in the interpretation of enforcement of applicable taxation legislation could have a detrimental effect the Group's business, financial condition and results of operations and could affect the Group's ability to provide returns to Shareholders.

Statements in this Prospectus concerned the taxation of Shareholders are based on current law and practice in the United Kingdom and the United States which are subject to change. The taxation of an investment in the Company depends on the individual circumstances of the relevant Shareholder.

GENERAL AND ECONOMIC RISKS

There can be no guarantee that there will be any appreciation in the value of the Group Businesses

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Group Businesses will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested. The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to future trends. Past records of the Directors in running successful companies does

not necessarily indicate that such success will be repeated in future. A decrease in the value of the Group Business would have an adverse impact on the Group's business and its prospects.

Performance of the Group may be influenced by global economic and financial conditions which may also result in restrictions on public or private spending

The performance of the Group may be influenced by global economic and financial conditions. Weak economic growth may have an adverse effect on trading conditions and the Group may find it increasingly difficult to raise new capital and/or realise the value of any Group Business in order to realise capital to invest in its existing or potential Group Businesses. This could adversely affect the business, financial condition, results of operations and prospects of the Group.

In addition, restrictions on spending, whether public or private, resulting from adverse global economic and financial conditions could lead to a reduction in the income and/or growth which the Group hopes to derive from the commercialisation of intellectual property rights. For example, prospective licensees of the Group's intellectual property rights may seek to reduce the costs incurred in securing rights over intellectual property, through lower upfront licence fees, while existing licensees and Group businesses may find it more difficult to sell products to generate income and growth and may seek to revise the terms of their current licence agreements. Any reduction in the expected revenue that the Group shall derive from the commercialisation of intellectual property rights may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

The vote by the United Kingdom electorate in favour of the UK's exit from the European Union in the "in-or-out referendum" on 23 June 2016 could adversely impact the Company's business, results of operations and financial condition

The European Union Referendum Act 2015 received royal assent on 17 December 2015 and made provision for the holding of a referendum in the UK and Gibraltar on whether the UK should remain a member of the EU ("**in-or-out referendum**").

Following the in-or-out referendum held on 23 June 2016, which was in favour of the UK exiting the European Union (commonly referred to as "**Brexit**"), it is expected that a process of negotiation will commence between the UK and EU Member States to determine the future terms of the United Kingdom's relationship with the European Union.

Depending on the terms negotiated between EU Member States and the UK following Brexit, the United Kingdom could lose access to the single European Union market and to the global trade deals negotiated by the European Union on behalf of its members. Such a decline in trade could affect the attractiveness of the United Kingdom as an investment centre and, as a result, could have a detrimental impact on corporate growth. Accordingly, the Group could be adversely affected by reduced growth and/or volatility in the United Kingdom economy and as a result, any of the foregoing factors could have a material adverse effect on the business, results of operations or financial condition of the Group.

RISKS RELATING TO THE ORDINARY SHARES

Minority Shareholders may have difficulty affecting the outcome of Shareholders' votes

Following the Offer, assuming full take-up of the Offer, no take up of any of the Offer by the Major Shareholders and no exercise of the Over-Allotment Option save that all Ordinary Shares held by the Founders and the ESS Shareholders on Admission are calculated as if the Over-Allotment Option is exercised in full consistent with their agreed percentage of the Ordinary Share capital as set out in paragraphs 3.14, 8, 17.6 and 18.1 of "Part XV – Additional Information"), the maximum percentage of Ordinary Shares that the Major Shareholders will be expected to own is approximately 34.8 per cent. Following Admission, the Major Shareholders will, through the votes each of them will be able to exercise at general meetings of the Company, continue to be able to exercise a significant degree of influence over, and in some cases determine, the outcome of certain matters to be considered by Shareholders. Some of the Ordinary Shares will be Restricted Shares pursuant to the Restrictive Share Agreement and therefore no voting rights will be exercised in relation to those shares for a period of time. (Details are set out in paragraph 17.6 of Part XV.) In addition if any of the Major Shareholders subscribes for New Ordinary Shares, their percentage holding of Ordinary Shares will change. In

particular, CF Woodford Equity Income Fund and Woodford Patient Capital Trust PLC (together, the "**WIM Funds**") who are presumed to be acting in concert for the purposes of the City Code and who together hold 50.5 per cent. of the Ordinary Shares at the date of publication of this Prospectus, may subscribe for New Ordinary Shares in the Offer. The WIM Funds (and any Woodford Fund) are expected to hold a maximum of 35.0 per cent. (assuming full take up of the Offer and no exercise of the Over-Allotment Option). If the Over-Allotment Option is exercised in full, the aggregate shareholding of the WIM Funds and any Woodford Fund would be diluted to a maximum of 32.0 per cent. of the Ordinary Shares following Admission (assuming full take up of the Offer) (further details are set out in paragraph 15 of "Part XV – Additional Information"). Accordingly, the WIM Funds (and any Woodford Fund) may, as a practical matter, be able to influence certain matters requiring shareholder approval. Such concentration of ownership may also have the effect of delaying or preventing any future change in control of the Company. In addition, if the WIM Funds (and any Woodford Fund) were to acquire further Ordinary Shares, they would have to make a general offer under Rule 9 of the City Code.

There has been no prior trading market in the Ordinary Shares

Prior to the Offer, there has been no public trading market for the Ordinary Shares and a liquid market for the Ordinary Shares may not develop even after Admission. The Offer Price may not be indicative of the market price for the Ordinary Shares following Admission. Following Admission, the trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this section, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Ordinary Shares, regardless of the Company's actual performance or conditions in its key markets.

The Company's ability to pay dividends in the future is not certain

The payment of dividends by the Company to Shareholders is highly dependent upon any dividends and profits that it receives from its operating companies. The Company has not in the past had, and cannot guarantee that in the future it will have, sufficient cash resources to pay dividends.

Pre-emptive rights may not be available to US or other shareholders

Under English law, existing shareholders have statutory pre-emptive rights to participate on the basis of their existing share ownership in the issuance of any new shares for cash consideration, unless those rights are disapplied by a resolution of the shareholder at a general meeting. US holders of the Ordinary Shares may not be able to receive, trade or exercise pre-emptive rights for new Ordinary Shares unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. The Company is not a registrant under US securities laws and is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction in respect of any such rights and shares.

If US holders of Ordinary Shares are not able to receive, trade or exercise pre-emptive rights granted in respect of their Ordinary Shares in any rights offering by the Company, then they may not receive the economic benefit of such rights. In addition, their proportional ownership interests in the Company will be diluted. Shareholders in other jurisdictions outside of the UK including, but not limited to, Australia, Canada, Hong Kong, Japan and Switzerland, may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction.

If securities or industry analysts do not publish research or reports about the Group's Business, or if they downgrade their recommendations, the market price of the Ordinary Shares and their trading volume could decline

The trading market for the Ordinary Shares will be influenced by the research and reports that industry or securities analysts publish about the Group or its businesses. If any of the analysts that cover the Group or its business downgrade it or them, the market price of the Ordinary Shares would likely decline. If analysts cease coverage of the Group or fail to regularly publish reports on it, the Group could lose visibility in the financial markets, which in turn could cause the market price of the Ordinary Shares and their trading volume to decline.

Impact of events affecting companies with comparable business models on the value of the Ordinary Shares

Any event which detrimentally affects the companies in the Company's comparator group may adversely affect the value of the Group and the value of the Ordinary Shares. Similarly, the value of the Group and the value of the Ordinary Shares may be impacted by any event which detrimentally affects other companies engaged in early-stage scientific research and development activities.

The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which may be out of the Company's control

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, some of which are beyond the Company's control, including: variations in operating results in the Company's reporting periods; changes in financial estimates by securities analysts; poor stock market conditions affecting companies engaged in technology commercialisation or engaged in early stage scientific and technological research activities; announcements by the Company of the acquisition of a significant interest in a Group Business, strategic alliances, joint ventures or other capital commitments; additions or departures of key personnel; any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts; and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares.

There is no guarantee that the Company will be able to migrate to a Premium Listing

There is no guarantee that the company will be able to migrate to a Premium Listing on the Official List and to trading to the Main Market of the London Stock Exchange and no assurance is given by the directors and the company that a Premium Listing will be forthcoming at any time in the future.

The investment in the Ordinary Shares may not be suitable for all recipients of this Prospectus

The Ordinary Shares may not be a suitable investment for all recipients of this Prospectus. Before making a final decision, prospective Investors are advised to consult an appropriate independent financial adviser authorised under the FSMA (if in the UK), or from another appropriately authorised independent financial adviser who specialises in advising on acquisition of securities.

The value of the Ordinary Shares, and any income received from them, can go down as well as up and Investors may receive less than their original investment. In the event of a winding-up of the Company, the Shares will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of creditors.

Further issuances of Ordinary Shares may be dilutive

The Company has adopted a number of share incentive schemes pursuant to which it will grant awards of Ordinary Shares to its directors and employees at nominal value, which will result in the reduction of voting interests of the shareholders in the Company. In addition, the Company may decide to offer additional shares in the future for capital raising or other purposes. Shareholders who do not take up or who are not eligible to take such an offer will find their proportionate ownership and voting interests in the Company to be reduced. An additional offering could also have a material adverse effect on the market price of the Ordinary Shares as a whole.

Investors in the Ordinary Shares who, despite being Prohibited Persons, are "Plan Investors" or "Non-ERISA Plans" for any period of time (see "Certain ERISA Considerations," below for definitions of terms used in this paragraph) may, if the Company's assets are deemed to be "plan assets" under the Plan Asset Regulation, as modified by Section 3(42) of ERISA, or under any Similar Laws, be subject to the fiduciary duty rules of "ERISA" and the US Tax Code or the rules of any Similar Laws, respectively

Being subject to the fiduciary duty rules of ERISA and the US Tax Code would result in, among other things: (i) the application of the prudence and other fiduciary responsibility standards of ERISA to

investments made by the Company and investments in the Ordinary Shares made by a Plan Investor, and (ii) the possibility that certain transactions that the Company might enter into, or may have entered into in the ordinary course of business, or investments in the Ordinary Shares made by a Plan Investor, might constitute or result in non-exempt prohibited transactions under section 406 of ERISA and/or section 4975 of the US Tax Code and might have to be rescinded. A non-exempt prohibited transaction, in addition to imposing potential liability upon fiduciaries of the "ERISA Plan", may also result in the imposition of an excise tax under the US Tax Code upon a "party in interest" (as defined in ERISA) or "disqualified person" (as defined in the US Tax Code), with whom the ERISA Plan engages in the transaction. "Non-ERISA Plans" (for example, plans that are governmental plans, certain church plans and non-US plans), while not subject to Part 4 of Subtitle B of Title I of ERISA or section 4975 of the US Tax Code, may nevertheless be subject to "Similar Laws."

Due to the foregoing, the Ordinary Shares may not be purchased or held by any Plan Investor, but may be purchased or held by a Non-ERISA Plan Investor (unless the Company, in its sole and absolute discretion, decides to prohibit such investment activity). Fiduciaries of Non-ERISA Plans should consult with their counsel before purchasing or holding any Ordinary Shares.

It may be difficult for investors to bring any action or enforce any judgment obtained in the US against the Company or the Directors, which may limit the remedies otherwise available to investors.

The Company is incorporated as a public limited company in England and Wales and the majority of its assets are located outside the US. In addition, most of the Directors are nationals and residents of countries, including the UK, outside of the US. As a result, it may be difficult or impossible for investors to bring an action against the Company or against these individuals in the US if they believe their rights have been infringed under the relevant securities laws or otherwise. In addition, a UK court may prevent investors from enforcing a judgment of a US court against the Company or these individuals based on the securities laws of the US or any state thereof. A UK court may not allow investors to bring an action against the Company or its Directors based on the securities laws of the US or any state thereof.

The Company expects that it will be a passive foreign investment company ("PFIC"), which may have adverse US federal income tax consequences for US holders

Based on the Company's current business model, the Company expects that it will be a passive foreign investment company within the meaning of Section 1297 of the US Tax Code, or PFIC, for the current taxable year and may continue to be a PFIC in future taxable years. PFIC status may have adverse US federal income tax consequences on US holders. If the Company is a PFIC for any taxable year during a US holder's holding period of the Ordinary Shares, such US holder generally will be required to treat any gain realised upon a disposition of the Ordinary Shares, or any excess distribution received on the Ordinary Shares, as ordinary income earned over the US holder's holding period for the Ordinary Shares, and to pay the applicable taxes on such ordinary income along with an interest charge at the rate applicable to underpayments of tax on a portion of the resulting tax liability, unless the US holder makes a timely and effective "mark-to-market" election or a QEF Election, in each case, to the extent available with respect to Ordinary Shares. If the Company is a PFIC, then each US holder generally will be treated as directly holding a proportionate share of the Company's direct and indirect investment in equity interests in subsidiaries and other entities that are PFICs ("Lower-tier PFICs") and will be subject to the PFIC rules just described with respect to certain distributions by a Lower-tier PFIC to, and a disposition of shares of a Lower-tier PFIC by the Company.

A US holder who makes an effective mark-to-market election, to the extent available, generally must include as ordinary income any gain recognised in a year that the Company is a PFIC in an amount equal to the excess of the fair market value of the Ordinary Shares over the holder's adjusted tax basis therein. A mark-to-market election is available only with respect to "marketable stock" within the meaning of US Treasury regulations. There can be no assurance that the Ordinary Shares will constitute "marketable stock" in any taxable year.

A US holder who makes an effective QEF Election generally must report on a current basis its share of net capital gain and ordinary earnings for any taxable year in which the Company is a PFIC, whether or not the Company distributes any amounts to Shareholders. To make a successful QEF election a US holder would need an annual QEF information statement which the Company may provide subject to specific request and to certain conditions at the Company's discretion. Please note that at this time the

Company has not undertaken any obligation to provide such information to a US holder. US holders should consult their own tax advisors regarding the PFIC rules and the US federal income tax consequences of the ownership and disposition of Ordinary Shares. Prospective investors that are US persons should closely consider the discussion below under "Part XIV – Taxation – US Federal Income Taxation – Passive Foreign Investment Company Rules".

If an active trading market for the new Ordinary Shares does not develop, the liquidity and value of such Ordinary Shares could be harmed

The New Ordinary Shares are a new issue of securities for which there is currently no trading market. There can be no assurance that an active trading market for the New Ordinary Shares will develop or be sustained. If an active trading market for the New Ordinary Shares fails to develop or be sustained, the trading price of the New Ordinary Shares could be adversely affected. Even if an active trading market for the New Ordinary Shares were to develop, the New Ordinary Shares could trade at prices that may be lower than the initial offering price.

The ability to resell the New Ordinary Shares under the US Securities Act is restricted, and the Company does not intend to file a registration statement with respect to the New Ordinary Shares

The Company will not register the New Ordinary Shares under the US Securities Act or any US state securities laws. The New Ordinary Shares may not be offered or sold in the United States unless they are registered or pursuant to an exemption from registration under the US Securities Act. The Company does not intend to, and will not be required to, file a registration statement with the United States Securities and Exchange Commission with respect to the New Ordinary Shares. As a result, for so long as the Ordinary Shares remain outstanding, they may be transferred or resold only in transactions exempt from the US securities registration requirements of federal and applicable state securities laws and you may not be able to sell your New Ordinary Shares at the time you wish or at a price that is acceptable to you. You should read the discussion under the heading "Notice to Investors" for further information about these transfer restrictions. If it is your obligation to ensure that your offers and sales of New Ordinary Shares complies with applicable securities laws.

The proposed Standard Listing of the Ordinary Shares will afford Investors a lower level of regulatory protection than a Premium Listing

Application has been made for the Ordinary Shares to be admitted to Standard Listing on the Official List. The Standard Listing will afford Investors a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing which is subject to additional obligations under the Listing Rules. Further details regarding the differences in the protections afforded to a Premium listing as against a Standard Listing are set out in "Part IV – Consequences of Standard Listing of this Prospectus".

PART III

IMPORTANT INFORMATION, EXPECTED TIMETABLE AND OFFER STATISTICS

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or make any representations in connection with the Offer, other than as contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Bookrunner or, WG Partners LLP (the "**Placing Agent**"). No representation or warranty, express or implied, is made by the Bookrunner or the Placing Agent as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Bookrunner or the Placing Agent as to the past, present or future. Without prejudice to the Company's obligations under the FSMA, the Prospectus Rules, Listing Rules and Disclosure and Transparency Rules, neither the delivery of this Prospectus nor any subscription made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information contained herein is correct as at any time after its date.

The Company will update the information provided in this Prospectus by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective Investors of the Offer occurs after the publication of the Prospectus or if this Prospectus contains any mistake or substantial inaccuracy. The Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to the Prospectus is published prior to Admission, Investors shall have the right to withdraw their applications for New Ordinary Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear business days after publication of the supplement).

Prospective Investors must not treat the contents of this Prospectus or any subsequent communications from the Company, the Directors, the Bookrunner, the Placing Agent or any of its affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters. Each prospective Investor should consult his own legal, financial or tax adviser for legal, financial or tax advice in relation to an investment in the Ordinary Shares.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Bookrunner or the Placing Agent or any of their representatives that any recipient of this Prospectus should subscribe for or purchase the New Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase the New Ordinary Shares, prospective Investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus carefully and not just rely on key information or information summarised within it.

The section headed "Summary" should be read as an introduction to this Prospectus. Any decision to invest in the New Ordinary Shares should be based on consideration of this Prospectus as a whole by the Investor. In particular, Investors must read the section headed "Section D – Risks" of the Summary together with the risks set out in "Part II – Risk Factors'' of this Prospectus.

Investors who subscribe for New Ordinary Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on the Bookrunner, the Placing Agent or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied on the information contained in this Prospectus, and no person has been authorised to give any information or to make any representation concerning the Group or the Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Director the Bookrunner or, the Placing Agent.

Neither the Bookrunner nor any person acting on its behalf, makes any representations or warranties, express or implied, with respect to the completeness, accuracy or verification of this Prospectus nor does any such person authorise the contents of this Prospectus. No such person accepts any responsibility or liability whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the Offer or Admission. The Bookrunner accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement. Neither the Bookrunner nor any person acting on its behalf, accepts any responsibility or obligation to update, review or revise the information in this Prospectus or to publish or distribute any information which comes to its attention after the date of this Prospectus, and the distribution of this Prospectus shall not constitute a representation by the Bookrunner or any such person that this Prospectus will be updated, reviewed, revised or that any such information will be published or distributed after the date hereof.

In connection with the Offer, the Bookrunner and any of its affiliates, in each case acting as an investor for their own account(s), may subscribe for New Ordinary Shares and, in that capacity, may retain, purchase, offer, sell or otherwise deal for their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the New Ordinary Shares being issued, offered, acquired, subscribed or otherwise dealt with should be read as including any issue or offer to, investment of, or subscription or dealing by, the Bookrunner and any of its respective affiliates acting as investors for its or their own account(s). In addition, the Bookrunner and any of its respective affiliates may in the ordinary course of their business activities enter into financing arrangements (including swaps) with investors in connection with which the Bookrunner (or its affiliates) may from time to time acquire, hold or dispose of Ordinary Shares.

This Prospectus is being furnished by the Company confidentially to a limited number of QIBs and/or accredited investors, as defined in Rule 501(a) of Regulation D of the US Securities Act who are, in each case, also qualified purchasers and non-US persons in connection with an offering exempt from registration under the US Securities Act solely to enable prospective Investors to consider the purchase of the New Ordinary Shares. The Company has not authorised it for any other purpose, and any other use is strictly prohibited. Each recipient hereof, but its acceptance of this Prospectus, shall be deemed to have agreed to hold the information contained in this Prospectus and the transactions contemplated herein on a confidential basis. This Prospectus may not be copied or reproduced in whole or in part. This Prospectus may not be distributed to any person, other than a person retained by a recipient to advise him in connection with the purchase of the New Ordinary Shares. These undertakings and prohibitions are for the benefit of the Company and may be enforced by it.

DISTRIBUTION OF THIS PROSPECTUS

General

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

Prior to making any decision as to whether to invest in the New Ordinary Shares, prospective Investors should read this Prospectus in its entirety. In making an investment decision, each prospective Investor must rely on their own examination, analysis and enquiry of the Company, this Prospectus and the terms of the Offer, including the merits and risks involved. The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Prospective Investors should inform themselves as to:

- the legal requirements within their own countries for the subscription purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the subscription purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and

- the income and other tax consequences which may apply in their own countries as a result of the subscription purchase, holding, transfer or other disposal of the Ordinary Shares or distributions by the Company, either on a liquidation and distribution or otherwise.

Prospective Investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and any investment in the New Ordinary Shares.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objectives will be achieved.

It should be remembered that the price of the Ordinary Shares, and any income from such Ordinary Shares, can go down as well as up.

This Prospectus should be read in its entirety before making any investment in the New Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles of Association of the Company, which Investors should review.

The distribution of this Prospectus and the offering of the New Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom who obtain possession of this Prospectus are required by the Company, the Directors and the Bookrunner to inform themselves about, and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of, this Prospectus under the laws and regulations of any territory in connection with any applications for New Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company, the Directors or the Bookrunner that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus other than in any jurisdiction where action for that purpose is required. None of the Company, the Directors nor the Bookrunner accepts any responsibility for any violation of any of these restrictions by any other person.

Notice to US Investors

The Ordinary Shares have not been registered with, recommended by or approved by the US Securities and Exchange Commission (the "**Commission**") or any other federal or state securities commission or regulatory authority, nor has any such commission or regulatory authority passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

The Ordinary Shares have not been registered and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**"), or any state securities laws, and may not be offered or sold within the US or to, or for the account or benefit of, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and such other applicable state securities laws. Accordingly, the Ordinary Shares may be offered and sold only (i) to (x) "qualified institutional buyers," as defined in Rule 144A of the US Securities Act ("**Rule 144A**"), who are also, in each case, "qualified purchasers," as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), for purposes of Section 3(c)(7) of the Investment Company Act and the rules promulgated thereunder, or (y) an "accredited investor" as defined in Rule 501(a) of Regulation D of the US Securities Act, who are also, in each case, qualified purchasers, in each case, in reliance on an exemption from, or a transaction not subject to, the registration requirements of the US Securities Act, or (ii) outside of the United States in reliance upon Regulation S under the US Securities Act ("**Regulation S**") to non-US persons in offshore transactions. See "Notice to Investors" in "Part XVI – Notices to Investors" of this Prospectus.

This Prospectus is being delivered solely for informational purposes in connection with the offering of the Ordinary Shares. We have submitted this Prospectus confidentially to a limited number of qualified institutional buyers and/or accredited investors who are, in each case, also qualified purchasers and non-US persons so they may consider a purchase of the Ordinary Shares. We have not authorised it for any other purpose, and any other use is strictly prohibited. Each recipient hereof, by its acceptance of this Prospectus, shall be deemed to have agreed to hold the information contained in this Prospectus and the transactions contemplated herein on a confidential basis. This Prospectus may not be copied or

reproduced in whole or in part. You may not distribute this Prospectus to any person, other than a person retained by you to advise you in connection with the purchase of the Ordinary Shares. These undertakings and prohibitions are for the benefit of the Company and may be enforced by it.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any security other than the Ordinary Shares.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Ordinary Shares by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof.

None of the Company, the Bookrunner, the Placing Agent or any other person or entity is making any representation or warranty to any offeree or purchaser of the Ordinary Shares regarding the legality of any investment therein by such offeree or purchaser under applicable legal investment or similar laws.

The distribution of this Prospectus and the Offer in certain jurisdictions are restricted by law. Persons into whose possession this Prospectus comes are required by the Company and the Bookrunner to inform themselves about, and to observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer and sale of ordinary shares. See "Notice to Investors" herein.

Prospective investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

The information contained in this Prospectus was obtained from the Company, the Bookrunner and other sources, but no assurance can be given as to the accuracy or completeness of such information. The Bookrunner does not offer an opinion as to, and do not assume any responsibility for, the adequacy, accuracy or completeness of any information contained herein or for the omission of any information relating thereto, and the Bookrunner shall not be liable for any loss or damages of any kind resulting from the use of the information contained herein or otherwise supplied. The Bookrunner assumes no responsibility for the performance of any obligation of the Company or any other persons described in this Prospectus or for the due execution, validity or enforceability of the Ordinary Shares or any instrument, agreement or document delivered in connection with the Ordinary Shares.

You may rely only on the information contained in the Prospectus. Neither the Company nor the Bookrunner nor the Placing Agent has authorised anyone to provide you with information different from that contained this Prospectus. When you make a decision whether to invest in the New Ordinary Shares, you should not rely on any information other than the information contained in this Prospectus. Neither the delivery of this Prospectus nor the sale of the New Ordinary Shares means that the information contained in this Prospectus is correct after the date of this Prospectus. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front cover of this Prospectus the business, financial condition, results of operations and prospects of the Company may have changed since that date.

In making an investment decision, potential investors must rely on their own examination of the Company and the terms of this offering, including the merits and risks involved. The contents of this Prospectus are not to be construed as legal, business, ERISA, Similar Law or tax advice. Each prospective investor should consult its own attorney, business advisor, ERISA advisor and tax advisor as to legal, business, ERISA, Similar Law or tax advice.

The Company may be considered a "covered fund" for purposes of the final rule adopted by the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the SEC and the Commodity Futures Trading Commission, to implement section 13 of the United States Bank Holding Company Act of 1956, as amended, which was added by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Volcker Rule**"); and the securities that may be offered hereby may be considered "ownership interests," as defined under the Volcker Rule. The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include US banks and bank holding companies and many non-US banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an "ownership interest" in or sponsoring a "covered fund" and (iii) entering

into certain relationships with any such funds. The Volcker Rule became effective on 1 April 2014. The general effects of the Volcker Rule remain uncertain. Any prospective investor, including a US or foreign bank or subsidiary or other affiliate thereof, should consult its own legal advisors regarding the matters described above and other effects of the Volcker Rule.

This Prospectus contains summaries believed to be accurate with respect to certain terms of certain documents, but reference is hereby made to the actual documents for complete information with respect thereto, and all such summaries are qualified in their entirety by such reference.

Each Person receiving this Prospectus acknowledges that it has been afforded an opportunity to request from the Company and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein, it has not relied on the Bookrunner or any of its affiliates in connection with its investigation of the accuracy of such information or its investment decision, and no Person has been authorised to give information or to make any representation other than as contained herein and information given by officers and employees of the Company in connection with investors' examination of the Company and the terms of the offering of the Ordinary Shares and, if given or made, such other information or representation should not be relied upon as having been authorised by the Company or the Bookrunner.

Each Person receiving this Prospectus, prior to delivery hereof, has agreed, and its acceptance hereof constitutes its further agreement, that it will hold the information contained or referred to herein and the transactions contemplated hereby in confidence.

No representation or warranty, express or implied, is made as to the accuracy or completeness of the information set out herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation, whether as to the past or the future.

Available information: The Company is not subject to the reporting requirements of section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended (the "**US Exchange Act**"). For so long as any Ordinary Shares are "restricted securities" within the meaning of Rule 144 of the US Securities Act, the Company will, during any period in which it is neither subject to section 13 or 15(d) of the US Exchange Act nor exempt from reporting pursuant to Rule 12g3- 2(b) thereunder, provide, upon written request, to holders of such Ordinary Shares or any prospective purchaser designated by such holder or owner, the information required to be delivered pursuant to Rule 144A under the US Securities Act.

Enforcement of judgments: The Company is incorporated under the laws of England and Wales. It may not be possible for Investors to effect service of process within the United States upon the Company, or any Directors who are not US citizens or residents of the US, or to enforce outside the United States judgments obtained against the Company, or any Directors who are not US citizens or residents of the US, including, without limitation, judgments based upon the civil liability provisions of the US federal securities laws or the laws of any state or territory within the United States. There is doubt as to the enforceability in the United Kingdom, in original actions or in actions for enforcement of US court judgments, of civil liabilities predicated solely upon US federal securities laws. In addition, awards for punitive damages in actions brought in the United States or elsewhere may be unenforceable in the UK.

Stabilising Transactions: In connection with the Offer, Jefferies as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Ordinary Shares or effect other stabilisation transactions with a view to supporting the market price of the Ordinary Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the New Ordinary Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. In no event will measures be taken to stabilise the market price of the Ordinary Shares above the Offer Price. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

Notice to Investors in the European Economic Area

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

(i) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Bookrunner for any such offer; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Ordinary Shares shall result in a requirement to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State. Each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Bookrunner and the Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)I of the Prospectus Directive or any measure implementing the Prospectus Directive in any Relevant Member State.

For the purposes of this provision, the expression an "offer to the public" in relation to any Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied for that Member State by any measure implementing the Prospectus Directive in that Member State.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant Member State to qualified investors as so defined, or in circumstances in which the prior consent of the Company and the Bookrunner have been obtained to each such proposed offer or resale. The Company, the Bookrunner and their affiliates, and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Notwithstanding the above, a person who is not a qualified investor and who has notified the Bookrunner of such fact in writing may, with the prior consent of the Bookrunner, be permitted to acquire Ordinary Shares in the Offer.

Information for Investors in Switzerland

This Prospectus and its contents serves for information purposes only and does not constitute an offer. In Switzerland, this Prospectus can only be handed over to qualified investors within the meaning of Art. 10 para. 3 lit. a and b of the Swiss Collective Investment Schemes Act (CISA), such as banks, securities traders, fund management companies, asset managers of collective investment schemes, central banks and regulated insurance institutions. Distribution activities to qualified investors within the meaning of Art. 10 para. 3 lit. c and d and Art. 10 para. 3bis and 3ter CISA as well as to non-qualified investors are not permitted in Switzerland.

Information for Investors in Sweden

This Prospectus is for recipients only and may not in any way be forwarded to any other person or to the public in Sweden. It has not, and will not be registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority) pursuant to the Swedish Financial Instruments Trading Act

(*Sw. Lagen om handel med finansiella instrument*) (1991:980 (as amended). Accordingly this Prospectus may not be made available, nor may any securities that may be offered, be marketed or offered in Sweden other than in circumstances which are deemed not to be an offer to the public in Sweden under the Swedish Financial Instruments Trading Act (1991:980) (as amended).

Certain overseas jurisdictions

The Ordinary Shares have not been and will not be registered under the US Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada, Japan, New Zealand or the Republic of South Africa. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or to any national, resident or citizen of Australia, Canada, Japan, New Zealand or Republic of South Africa (for further information please see "Part XVI – Notices to Investors" of this Prospectus).

No securities commission or similar authority in Canada has in any way passed on the merits of the securities offered hereunder and any representation to the contrary is an offence.

No document in relation to the issue of the Ordinary Shares has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (or any other regulatory body in Australia).

No registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the issue of the Ordinary Shares.

Data protection

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

(a) verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;

(b) carrying out the business of the Company and the administering of interests in the Company;

(c) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere; and

(d) disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

(a) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective Investors; and

(b) transfer personal data to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective Investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data. In providing such personal data, Investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective Investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

Selling and transfer restrictions

Prospective Investors should consider (to the extent relevant to them) the notices to residents of various countries set out in "Part XVI – Notices to Investors".

Forward-looking statements

This Prospectus includes statements that are, or may be "forward-looking statements", within the meaning of securities laws of certain jurisdictions. Such forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should" or, in each case, their negative or other variations or comparable terminology. All statements other than statements of historical facts included in this Prospectus may be forward-looking statements, including those which relate to the future prospects, financial position, results of operations, developments and strategies of the Company. The forward looking statements, which may appear in a number of places throughout the Prospectus, are based on the intentions, beliefs or current expectations of the Company and the Board of Directors and are subject to known or unknown risks, uncertainties which could cause actual results, performance and achievements to differ materially from any results, performance or achievements expressed or implied by such forward looking statements. Factors which may cause actual results to differ materially from those expressed or implied by such forward looking statements include, but are not limited to, those described in "Part II – Risk Factors". Prospective Investors should carefully review the "Risk Factors" in Part II of this Prospectus for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. Prospective Investors should note that nothing in this paragraph is intended to qualify of the statements made as to the sufficiency of working capital contained in paragraph 13 in "Part XV – Additional Information".

Forward-looking statements contained in this Prospectus apply only as at the date of this Prospectus. Subject to any obligations under the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules, neither the Company nor the Placing Agent nor any other party intends review or to publish any update of any forward-looking statement, whether as a result of new information, future developments or otherwise.

The information in this Prospectus will be updated as required by the Prospectus Rules. Prospective Investors are advised to read this Prospectus and, in particular, the Summary, "Part VI – Information on the Group, the business of the Group and industry", "Part VIII – Operating and Financial Review" and "Part II – Risk Factors" for a further discussion of the factors that could affect the Group's future performance and the industries and markets in which it operates.

Market data

Where information contained in this Prospectus has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Presentation of financial information

The Company publishes its financial statements in UK Pounds Sterling. Unless otherwise indicated, all references to "**US dollars**" or "**US$**" or "**$**" are to the lawful currency of the US all references in this Prospectus to "**Sterling**" or "**£**" are to the lawful currency of the UK and all references to "**Euro**" or "**€**" are to the common currency of the European Union. The abbreviation "£m" represents millions of pounds sterling and references to "pence" and "p" represent pence in the UK.

The financial information presented in a number of tables in this Prospectus has been rounded to the nearest whole number of the nearest decimal place. Therefore, the sum of the numbers in a table may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Historical Financial Information

The historical financial information in this Prospectus (has been prepared in accordance with the requirements of the Prospectus Directive Regulation, the UK Listing Rules and International Financial Reporting standards as issued by the International Accounting Standards Board and as endorsed for use in the EU ("**IFRS**").

The historical financial information contained in this Prospectus consists of (i) the consolidated financial information of the Arix Holdings Group as of, and for the period from, its date of incorporation to 31 March 2016 and (ii) the audited financial information of ALS as of, and for the years ended 31 March 2014, 2015 and 2016.

The Company acquired ALS on 8 July 2016. As a result, the historical financial information of the Arix Holdings Group does not include any results of operations or balances of ALS as of and for the period from incorporation to 31 March 2016. The ALS acquisition represents a significant financial commitment, and accordingly, the ALS historical financial information as of and for the three years in the period ended 31 March 2016 has been provided.

The historical financial information will not be reconciled with US GAAP (being the body of authoritative literature that comprises accounting and reporting standards in the US, including rules and interpretative releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants).

Pro Forma Financial Information

In this Prospectus, any reference to "pro forma" financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in "Part XII – Unaudited Pro Forma Financial Information".

The unaudited interim financial information for the period ended 30 September 2016, set out in Part XI, represents financial information of the Group, inclusive of ALS from the date of its acquisition being 20 June 2016.

The unaudited consolidated pro forma financial information has been prepared to illustrate the effect of the Offer and the acquisition of ALS on the net assets and income statement of the Group as if they had taken place on 30 September 2016 and 1 April 2015, respectively.

The pro forma net asset and income statements have been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Rules. By their nature, they address hypothetical situations and therefore do not represent the Group's financial position as of 30 September 2016 or results of operations for the year ended 31 March 2016, nor are they indicative of the results that may be expected in the future.

No incorporation of website

The contents of the website of the Company at www.arixbioscience.com or of any other person do not form part of this Prospectus.

Definitions

A list of defined terms used in this Prospectus is set out in "Part XVII – Definitions".

Governing law

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales and are subject to changes therein.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Prospectus	2 February 2017
Latest time and date for receipt of completed application forms from the Intermediaries in respect of the Intermediaries Offer	3.00 p.m. on 16 February 2017
Latest time and date for receipt of applications from retail investors by the Intermediaries	11.00 a.m. on 16 February 2017
Latest time and date for receipt of indications of interest from institutional investors in the Institutional Offer	3.00 p.m. on 16 February 2017
Commencement of conditional dealings in Ordinary Shares on the London Stock Exchange	8.00 a.m. on 17 February 2017
Admission and commencement of unconditional dealings in Ordinary Shares	8.00 a.m. on 22 February 2017
CREST members' accounts credited in respect of Ordinary Shares in uncertificated form	8.00 a.m. on 22 February 2017
Dispatch of definitive share certificates (where applicable) for Ordinary Shares in certificated form by no later than[3]	1 March 2017

Notes:

(1) All references to time in this Prospectus are to London time unless otherwise stated.

(2) The times and dates in the table above, except for the date of publication of this document, are indicative only and are subject to change without further notice.

(3) Or as soon as practicable thereafter. No temporary documents of title will be issued. Underlying applicants who apply to Intermediaries for Ordinary Shares under the Intermediaries Offer will not receive share certificates.

OFFER STATISTICS

Total number of Ordinary Shares unconditionally issued immediately prior to Admission[1][3]	41,808,400
Maximum number of New Ordinary Shares in the Offer[3]	48,309,179
Maximum number of Ordinary Shares subject to the Over-Allotment Option[2]	7,246,376
Total number of Ordinary Shares in issue following the Offer and Admission[1][3][4]	90,117,579
Offer Price per New Ordinary Share	207 pence
Estimated Net Proceeds receivable by the Company[3][4]	Approximately £91 million
Estimated costs of Offer and Admission[3][4]	Approximately £9 million
Estimated market capitalisation of the Company at the Offer Price following Admission[1][3][4][5]	£187 million
Ticker symbol	ARIX
SEDOL Code	BD04507

Note:

(1) This figure (a) includes all Ordinary Shares held by the Founders and the ESS Shareholders on Admission calculated as if the Over-Allotment Option is exercised in full; and (b) if the Over-Allotment Option is not exercised in full, this figure will be reduced by redesignating the relevant number of Ordinary Shares as Deferred Shares, which will be delisted as soon as practicable following the end of the Stabilisation Period, such that the Founders and the ESS Shareholders will hold as many Ordinary Shares consistent with their agreed percentage of the Ordinary Share capital as set out in paragraphs 3.14, 8, 17.6 and 18.1 of "Part XV – Additional Information".

(2) The maximum number of Ordinary Shares subject to the Over-Allotment Option is subject at all times to a maximum of 15.0 per cent. of the total number of the New Ordinary Shares in the Offer.

(3) Assuming the Offer is fully subscribed.

(4) This assumes no exercise of the Over-Allotment Option.

(5) The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price if any Ordinary Share will equal or exceed the Offer Price.

PART IV

CONSEQUENCES OF A STANDARD LISTING

APPLICATION HAS BEEN MADE FOR THE ORDINARY SHARES TO BE ADMITTED TO THE STANDARD LISTING SEGMENT OF THE OFFICIAL LIST. A STANDARD LISTING PROVIDES PURCHASERS OF ORDINARY SHARES WITH A LOWER LEVEL OF REGULATORY PROTECTION THAN THAT PROVIDED TO INVESTORS IN COMPANIES WHOSE SECURITIES ARE ADMITTED TO THE PREMIUM LISTING SEGMENT OF THE OFFICIAL LIST, WHICH ARE SUBJECT TO ADDITIONAL OBLIGATIONS UNDER THE LISTING RULES. IT SHOULD BE NOTED THAT NEITHER THE UK LISTING AUTHORITY NOR THE LONDON STOCK EXCHANGE WILL HAVE THE AUTHORITY TO (AND WILL NOT) MONITOR THE COMPANY'S COMPLIANCE WITH ANY OF THE LISTING RULES OR THOSE ASPECTS OF THE DISCLOSURE AND TRANSPARENCY RULES WHICH THE COMPANY HAS INDICATED HEREIN THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY TO SO COMPLY.

The Ordinary Shares will be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for standard listings.

An applicant that is applying for a standard listing of equity securities must comply with all the requirements listed in Chapter 2 of the Listing Rules, which specifies the requirements for listing for all securities. Where an application is made for the admission to the Official List of a class of shares, at least 25 per cent. of shares of that class must be distributed to the public in one or more EEA states. Listing Rule 14.3 sets out the continuing obligations applicable to the issuer and requires that the issuer's listed securities must be admitted to trading on a regulated market at all times. The applicant must have a minimum number of shares of any listed class (25 per cent.) in public hands at all times in the relevant jurisdictions and must notify the FCA as soon as possible if these holdings fall below the stated level. There are a number of other continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company.

These include:

- forwarding of circulars and other documentation to the FCA for publication through the national storage mechanism, and related notification to a Regulatory Information Service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- Regulatory Information Service notification obligations in relation to a range of debt and equity capital issues; and
- compliance with, in particular, Chapters 4, 5 (if applicable) and 6 of the Disclosure and Transparency Rules.

Whilst the Company has a Standard Listing, it is not required to comply with certain provisions of the Listing Rules as follows:

- Chapter 6 of the Listing Rules containing additional requirements for the listing of equity securities, to the extent that they are only applicable for companies with a premium listing;
- Chapter 7 of the Listing Rules, to the extent that they refer to the Premium Listing Principles;
- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not appointed, and does not intend to appoint, such a sponsor in connection with the Offer and Admission;

- Chapter 9 of the Listing Rules containing provisions relating to transactions, including, *inter alia*, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10 per cent. of market value, notifications and contents of financial information;
- Chapter 10 of the Listing Rules relating to significant transactions;
- Chapter 11 of the Listing Rules regarding related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

A company with a Standard Listing is not currently eligible for inclusion in any of the FTSE indices (FTSE100, FTSE250 etc.). This may mean that certain institutional investors are unable to invest in the Shares.

The Board of Directors has concluded that whilst not strictly required for a Standard Listing the Company shall adhere to the UK Corporate Governance Code, with the exception of the requirement for a non-executive chairman.

The Company is seeking admission to the standard segment of the Official List because the Company does not have a sufficient historic financial track record to satisfy the criteria for admission to the premium segment set out in Listing Rule 6 of the Listing Rules. It is the current intention of the Directors that the Company will consider making an application for a listing on the premium segment of the Official List when it is able to meet the full criteria set out in Rule 6 of the Listing Rules.

In the period between Admission and the Company's admission to listing on the premium segment of the Official List, the Company intends to voluntarily comply with the Premium Listing Principles at Listing Rule 7.2.lA (save for the provisions of the Restricted Share Agreement - details of which are set out in paragraphs 3.7 and 17.6 of this "Part XV – Additional Information", notwithstanding that they only apply to companies which obtain a Premium Listing on the Official List. In addition, the Company intends not to enter into any transaction which would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules without the specific prior approval of a majority of the non-executive Directors and adopt a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2 in relation to the Company's authority to purchase its own shares. As stated above, the Company intends to adhere to (notwithstanding that it is not strictly required to do so) the UK Corporate Governance Code so far as it is able to. As noted above, the UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply. However, the FCA would be able to impose sanctions for non-compliance where the statements in this Prospectus are themselves misleading, false or deceptive.

If the Company were to transfer to a premium listing in the future (and there can be no guarantee that the Company will be able to do so), the various Listing Rules highlighted above as rules with which the Company is not required to comply would become mandatory and the Company would comply with the continuing obligations contained within the Listing Rules in the same manner as any other company with a premium listing. Further, the Company would be required under the Listing Rules to explain in its annual report and accounts how it has applied the UK Corporate Governance Code throughout that financial year.

PART V

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Jonathan Peacock, *Chairman* Christopher Thomas Evans, *Deputy Chairman* Joseph Anderson, *Chief Executive Officer* James Hedley Rawlingson, *Chief Financial Officer* Franz Bernhard Humer, *Senior Independent Non-Executive Director* John Michael Middlecott Banham, *Independent Non-Executive Director* David Charles U'Prichard, *Independent Non-Executive Director* John Matthew Patrick Hutton of Furness, *Independent Non-Executive Director* Trevor Mervyn Jones, *Independent Non-Executive Director*
Company Secretary	Prism Cosec Limited 42-50 Hersham Road Walton-on-Thames Surrey KT12 1RZ
Registered Office and Business Address	20 Berkeley Square London W1J 6EQ United Kingdom
Global Coordinator and Bookrunner	Jefferies International Limited Vintners Place 68 Upper Thames Street London EC4V 3BJ United Kingdom
Intermediaries Offer Adviser	Scott Harris UK Limited 71 Queen Victoria Street London EC4V 4BE
Legal advisers to the Company as to English and US law	Brown Rudnick LLP 8 Clifford Street London W1S 2LQ United Kingdom One Financial Center Boston MA 02111 United States
Legal advisers to Bookrunner as to English and US law	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS United Kingdom

Auditor and Reporting Accountants	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA United Kingdom

PART VI

INFORMATION ON THE GROUP, THE BUSINESS OF THE GROUP AND THE INDUSTRY

1. OVERVIEW

Arix Bioscience is a global healthcare and life science company focused on generating value from the development and commercialisation of innovative technologies and discoveries. The Company was formed in response to opportunities in the healthcare and life science sector brought by the growing number of new therapies and technologies, driven by scientific innovation. Such innovation is increasingly led by small innovative businesses, and Arix aims to provide a solution to the volatility of the funding market available to such businesses. Simultaneously, the unique combination of the experience and skill-set of Company's senior leadership team enables the Company to take advantage of the opportunities afforded by these market developments.

The Company's business model is to source, finance and develop high quality healthcare and life science businesses globally that deliver or seek to deliver innovative therapies to patients. Combining its broad access to innovative science, the collective internal management experience and effective use of funding, the Company believes that it is well placed to generate significant value in the innovative healthcare and life science businesses with which it partners ("**Group Businesses**").

The Company proposes to carry out its strategy by:

- searching for innovative technologies and discoveries to become Group Businesses from a rich pipeline of opportunities derived from multiple sources;
- providing strategic and operational direction to Group Businesses in order to generate significant value by:
  - assisting Group Businesses towards successful commercialisation;
  - assisting with scientific and regulatory support to Group Businesses, including the planning, resourcing and execution of clinical trials;
  - reviewing and enhancing the capabilities of the management and leadership of Group Businesses;
- assisting Group Businesses in obtaining financing throughout the life cycle of their development.

The Company believes that Arix Bioscience should be differentiated within the healthcare and life science sector by:

- its scalable business model based on its extensive contractual, privileged and informal networks throughout Europe and the US;
- the ability to provide and source capital to enable the long-term support of Group Businesses;
- the unique combination of entrepreneurial, management, financing and operating skills embodied in the senior leadership team; and
- its ability to add value to Group Businesses by providing high-quality services as a stakeholder to which they may otherwise have no access.

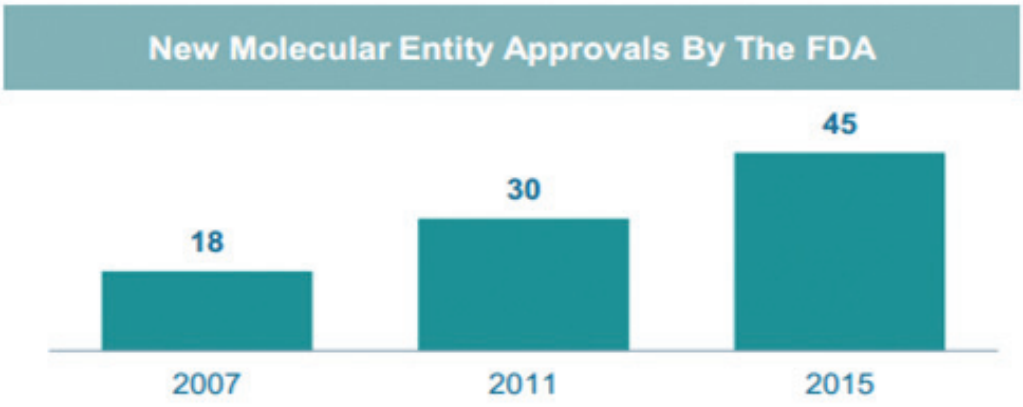
The Company has a very experienced senior leadership team consisting of Dr Joseph Anderson, Chief Executive Officer, Jonathan Peacock, Chairman and Professor Sir Christopher Evans, Deputy Chairman. Each provides the Company with highly complementary skills covering a wide range of healthcare and life science disciplines from academic science, through clinical and commercial strategy, company operations to venture capital, M&A and corporate finance. Collectively, they have founded, financed, developed and operated multiple life science companies, both large and small, and have contributed to the creation of substantial value for shareholders. In addition, Arix Bioscience has recruited and will continue to recruit additional personnel to enable the Group to further implement its business strategy both in London and New York.

2. MARKET OPPORTUNITY

Recent years have seen significant innovation in the healthcare and life science sector. The worldwide peak sales potential of newly US Food and Drug Administration ("**FDA**") – approved drugs rose strongly to approximately $57 billion in 2015 from $22.5 billion in 2011 which suggests that innovation also drives economic opportunity. Between 2010 and 2015, there have been a number of breakthroughs in the healthcare and life science sector including:

- the approval of ipilimumab (Yervoy) by the FDA for the treatment of melanoma in March 2011;
- the grant of investigational new drug ("**IND**") status for PVS-RIPO for glioblastoma by the FDA in 2011;
- the FDA approval for Kalydeco in January 2012 as the first treatment for cystic fibrosis targeting defective CFTR gene;
- the European Commission approval of the gene therapy Glybera (alipogene tiparvovec), a treatment for patients with lipoprotein lipase deficiency suffering from recurring acute pancreatitis in 2012;
- the FDA approval for Sovaldi in December 2013 as the cure for chronic hepatitis C;
- the test for relapsed or refractory acute lymphoblastic leukemia of CD19 CAR T-cell therapy in October 2014;
- the FDA approval for Opdivo, an immunotherapy drug for the treatment of melanoma in December 2014;
- the release of clinical data showing very powerful cholesterol-lowering effects of mAbs against PCSK9 in March 2015;
- the reports about CRISPR techniques to edit the genomes of human embryos in China in April 2015; and
- the announcement of the world's first new antibiotic in 30 years in the US in 2015.

The Company believes this has been largely driven by increased focus on commercialisation of novel technologies at universities, the entrepreneurial environment of smaller companies, regulatory developments, and selected enhancements in the availability of capital to fund research and development.



In support of future product development, the number of global life science patents granted rose to 59 thousand patents in 2014[1], also an all-time high. The regulatory changes which have also been contributing to these records include the Adaptive Pathways (2014) programme by the European Medicines Authority and the Breakthrough Therapies (2012) designation by the US FDA.

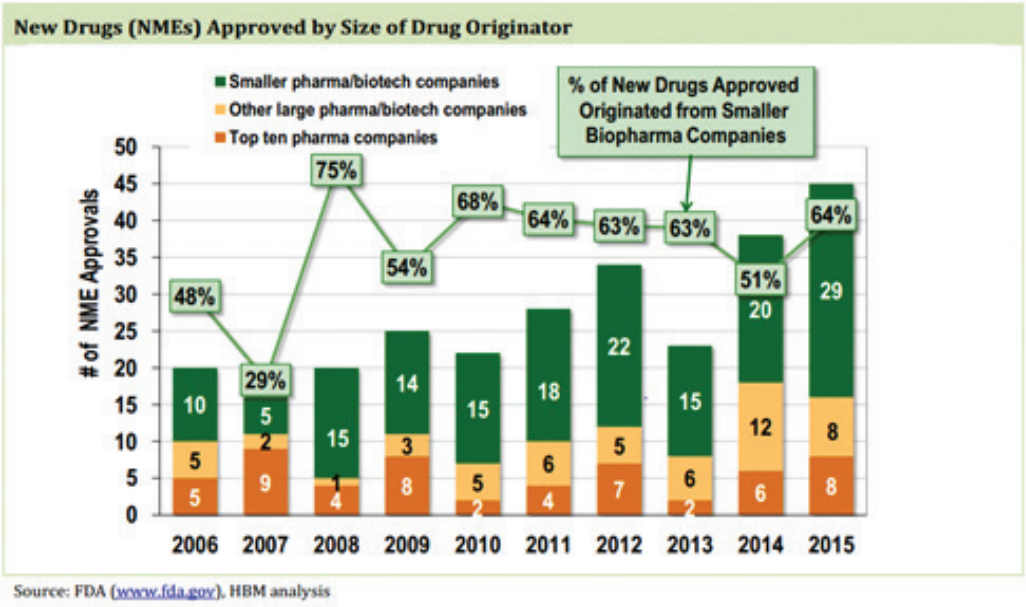
[1] Source: WIPO IP Statistics Data Centre.

A number of regulatory changes have also had a positive impact upon the healthcare and life science landscape encouraging innovative development including:

- the Affordable Care Act signed with comprehensive health insurance reforms in March 2010 in the US;
- the JOBS Act signed in April 2012 in the US;
- the GAIN Act signed in July 2012 in the US;
- the FDA created a breakthrough drug designation in the US in July 2012;
- the National Institute for Health and Care Excellence was established in legislation in England in April 2013;
- the finalised revision of the orphan drug regulation of 1992 was made in the US in July 2013;
- the European Medicines Agency launched Adaptive Pathways pilot in March 2014; and
- the UK's House of Commons approved mitochondrial DNA replacement therapy in February 2015.

The Company believes that the number of new product approvals is likely to remain high for the foreseeable future.

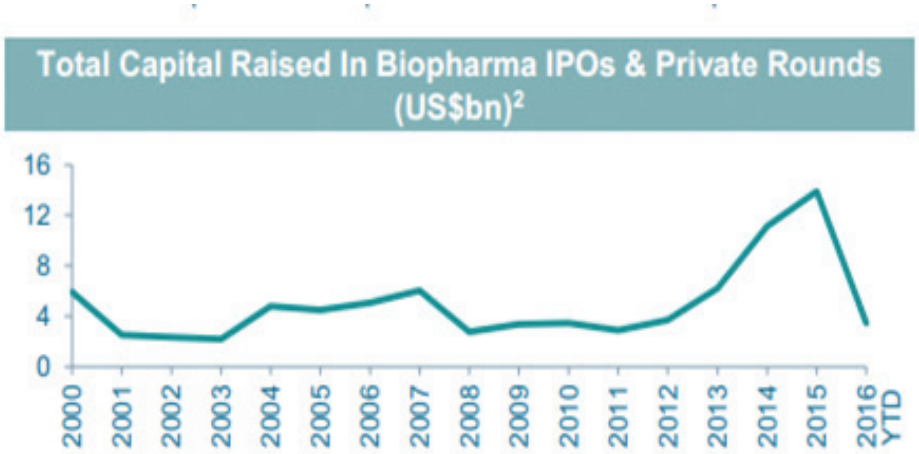
New product approvals have been primarily originated by small companies, with approximately two-thirds of all drugs approved since 2010 discovered by such entities.[2]



As the development of new pharmaceuticals is a lengthy and capital-intensive process, small companies are highly dependent on external capital to fund their research and bring their NMEs to the market. Whilst the capital is typically used for similar processes, for example to test product candidates for clinical efficacy, safety, and suitability characteristics, the actual trial designs can vary significantly from one product candidate to another. Small companies, in particular, are expected to benefit from not only the external capital to fund such research, but also the guidance that a sophisticated strategic advisor can provide on the use of such resources.

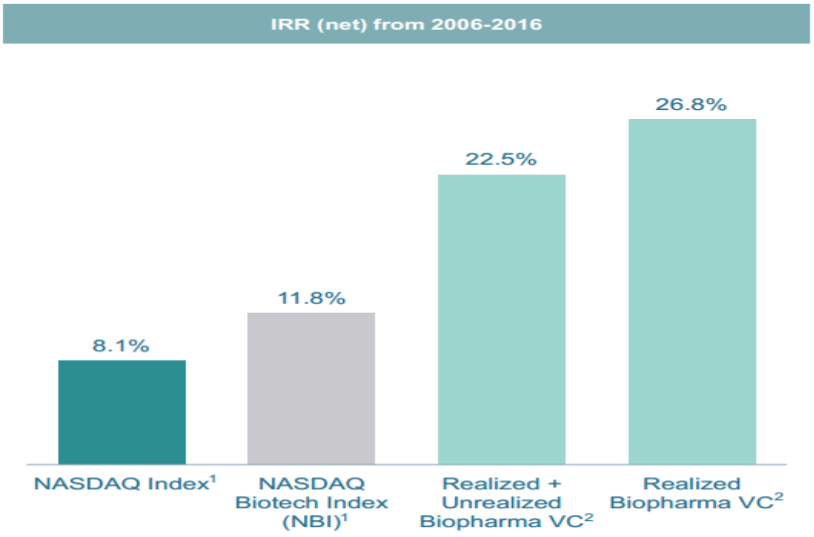
In addition, despite improvements in some areas, the availability of capital to fund research activities is volatile and dependent on many factors outside of the control of the drug developer. The Directors believe that the volatility in funding markets for healthcare, as illustrated in the graph below, provides opportunities for the Company in the healthcare and life science sector.

[2] FDA, BLA, HBM; small companies defined as those ranked below the Top 30 pharma companies in global sales.



As such, the Company believes that there is a significant need for a more flexible approach to funding drug development and that uncoupling the development cycle from the capital cycle will lead to more efficient development of novel drugs, and improved outcomes for patients and payers. In the context of a global pharmaceutical market worth over $1 trillion[3] by 2016, the Company believes that potential high-impact new drugs in need of strategic, operational and financial resources will remain a structural feature of the market due to existing limited approaches to sourcing and support of such opportunities.

The Company also believes that innovation in the healthcare sector is delivering value for shareholders as illustrated in the graph below:



3. BUSINESS STRATEGY

Arix Bioscience's business strategy is to source, finance and develop breakthrough innovative technologies and discoveries in the healthcare and life science sector worldwide. The Company intends to execute its strategy by sourcing world class innovation from a rich pipeline of opportunities. The pipeline of opportunities is derived from four key sources (set out in more detail below):

- personal and professional networks;
- academia;
- research accelerators; and
- fund managers.

[3] Source: IMS Health Market Prognosis, July 2012.

The Company expects that it will be able to enhance the breadth of each of these four sources both as a result of the availability of proceeds from the Offer, but also the publicity that will be derived from the Offer and Admission.

Once an attractive opportunity is identified, the next phase of the strategy is for the Company to work with the originator of the innovation to create a strategic and operational plan. This plan is ultimately focused on generating significant value for shareholders by steering the nascent opportunity towards successful commercialisation. As each milestone of the strategic and operational plan is achieved, the Company may provide funding and financing support through a combination of capital investment and by leading external funding rounds.

The Company's strategy is the on-going strategic and operational development of Group Businesses and the Company intends to be very actively involved in supporting the development of each Group Business. The combination of, *inter alia*, management support for the development of the clinical and commercial plans, guidance on resourcing and governance and sourcing of further funding will facilitate each Group Business achieving the key milestones set-out in its and strategic and operational plan ultimately achieving commercialisation.

3.1 ***Sourcing opportunities***

The Company expects to source breakthrough technologies and innovations as follows:

- ***Personal and Professional Networks:*** the senior leadership team, along with other Directors and key personnel of the Group, bring high quality and extensive networks of personal, professional and industry contacts (including an extensive network of scientists and key opinion leaders in medicine both inside and outside pharmaceutical corporates). In particular, such extensive networks provide the Group with opportunities to pursue relationships with pharmaceutical companies which are both a potential source of innovative opportunities to be developed as Group Businesses and potential acquirers of Group Businesses. To date, the Company has entered into one strategic agreement with a major pharmaceutical company, UCB S.A., and intends on pursuing discussions with other large pharmaceutical companies. Further details of which are set out in paragraph 17.15 of "Part XV – Additional Information";
- ***Academia:*** privileged agreements as a preferred partner with leading universities and other academic and research institutions globally provide direct access to innovative technologies, ahead of third parties (further details of which are set out below in sub-paragraph 4.1);
- ***Research accelerators*** such as **BioMotiv** and **Lead Discovery Centre GmbH** ("**LDC**") provide the Company with a constant, "renewable" source of opportunities:
  - ***BioMotiv:*** Arix Bioscience has privileged access to innovations from leading US institutions and universities through BioMotiv, which collaborates with The Harrington Project for Discovery & Development, a not for profit organisation (further details of which are set out below in sub-paragraph 5.3(A));
  - ***LDC:*** Arix Bioscience entered into a strategic partnership agreement with LDC enabling it to obtain access to a range of opportunities in German universities (further details of this arrangement is set out below in sub-paragraph 5.3(B)) LDC was jointly developed by Max Planck Innovation GmbH and the Max Planck GesellschaftzurFörderung der Wissenschaftene.V.; and
- ***Fund managers:*** the Company intends to maintain contractual relationships with, or to acquire interests in, fund managers who can provide the Group with a source of innovative opportunities to be developed as potential Group Businesses, such as Arthurian Life Sciences (further details of which are set out below in sub-paragraph 5.4).

The Company believes that these sources offer the Group a rich pipeline of innovative technologies. The Group also intends to increase (depending on the amount of Net Proceeds received on Admission) the number of partnerships with research organisations (including academia and research accelerators) to around 20 partnerships with select, leading, commercially-minded research organisations from around the world in the 12-month period following Admission as well as pursue contractual relationships with more fund managers and pharmaceuticals globally.

3.2 ***Development funding***

The Company intends to support Group Businesses while maintaining appropriate capital discipline within an operationally efficient model. Accordingly, the Company intends to provide scale-up working capital to its Group Businesses at various stages when there is a compelling clinical or commercial rationale for so doing.

The Company's ability to offer finance throughout the life cycle of a Group Business (whether early stage research funding, growth capital or later stage development capital) should mean that its Group Businesses are cushioned against the volatility in funding for healthcare and life science companies. The Group may fund Group Businesses directly from its own cash resources, attract co-investors or assist them in obtaining third party financing. The Group therefore offers significant flexibility in financing the Group Businesses. The ownership stakes of the Group in the Group Businesses may vary from minority, majority stakes to wholly owning the Group Businesses. The Directors believe that the rigorous selection process of the Group Businesses coupled with the strategic and operational oversight together with the unique combination of skillset and experience of the senior leadership team should help to encourage third party institutional investors to invest alongside the Company. The Company entered into a strategic agreement with UCB S.A., a European pharmaceutical company pursuant to which the Company will form a joint advisory committee with UCB S.A. to identify potential Group Businesses, share ideas and due diligence, promote R&D and seek to build companies in areas of common interest.

Compared to other types of financing arrangements, the Company believes that its financing structure should allow Group Businesses greater freedom to develop the technologies by affording more certainty in relation to the availability and timing of funding as and when required without unduly distracting management teams from the development of the technologies.

The Group formulates an appropriate financing strategy for each Group Business alongside with a plan for the Group Business' operational development with a view to ensure that the Group Business has adequate funding to efficiently implement each phase of its operational development plan.

3.3 ***Operational and strategic development***

The purpose of the Group's operational and strategic direction over the Group Businesses is to drive the commercialisation and creation of value from the operations of Group Businesses.

The Group intends actively to engage in every stage of the operational and scientific development of Group Businesses utilising the collective experience of its senior leadership team. The Company anticipates providing strategic and operational direction and scientific expertise to Group Businesses, including the following:

- supporting the management of the Group Businesses to execute their clinical development and commercialisation plans;
- providing input to the management in evolving the operating model and resourcing of the Group Business;
- assisting the Group Businesses in preparing for and sourcing further funding; and
- ensuring strong governance at a management and board level of Group Businesses.

3.4 ***Commercialisation and value realisation***

The ultimate objective of the Company's business strategy is to drive each Group Business towards value inflection points and successful commercialisation. Inherent in the Company's commercialisation strategy is a belief that realisation of Group Businesses should not be attempted until significant value has been achieved. The Company's business strategy in relation to the realisation of value from its Group Businesses is not defined or restricted by any specific timeline, the amount of working capital allocated to any Group Business or a requirement to spread financial risks. The development time of each technology or discovery varies considerably in the healthcare and life science industry, particularly given that regulatory approvals need to be secured before the product can reach the market, and accordingly, the Company intends to utilise a range of avenues for value realisation, including, but not limited to, commercial revenues, initial public offerings, trade sales (in whole or in part), licensing arrangements, joint ventures or return on equity from continued ownership of profitable Group Businesses.

4. BUSINESS MODEL

Arix Bioscience's primary business objective is to be a global healthcare and life science company focusing on the sourcing, financing, development and commercialisation of innovative technologies and discoveries. In addition, the Group intends to provide asset management services, through Arthurian Life Sciences Limited, its regulated subsidiary. Arthurian Life Sciences is the fund manager of the Wales Life Sciences Investment Fund.

Arix Bioscience's business model is premised on the understanding that although inventors and academic institutions have the technology and knowledge to create innovative products, they may lack (i) the experience to create successful operational, clinical research and development and financial plans to commercialise their products; and (ii) the funding required to implement commercialisation plans.

Arix Bioscience can assist new and promising healthcare and life science businesses in both of these areas. It will do so through the sourcing and identification of promising technologies, the arrangement of appropriate financing for those technologies and experienced management oversight of the structured development of the technologies and, ultimately, their commercialisation.

This should be to the advantage of both:

- the inventors of the technologies, to whom Arix Bioscience and its management can act as scientific consultant as well as a provider and arranger of financing, and
- third party finance providers, to whom Arix Bioscience can effectively act as introducer and specialist asset manager, as well as providing an expert assessment of the scientific potential of specific opportunities.

Instead of charging fees for its services, the Group will generally take equity stakes in the businesses that it helps develop, with the inventors of the technology (and, where appropriate, their academic institution) and, if relevant, third party co-investors, holding the remaining equity. Arix will often hold minority stakes, but with rights (including board seats) which entitle it to take a leading role in the oversight and development of the relevant technology. To the extent that a business requires third party financing, Arix will help lead each funding round.

The business model is based on the utilisation of the Company's sources, in-house infrastructure together with its external network of advisers and experts so as to fully deploy its funds within the projected time of around two years from Admission and increase the number of high-quality Group Businesses.

4.1 *Identifying and sourcing potential Group Businesses*

Arix Bioscience intends to further grow its existing sources of opportunities. In particular, the Company maintains contact with research organisations with which it has entered into agreements through face-to-face visits, telephone calls and emails. The Group's scientific and commercial experts visit the universities regularly and in addition the Company's senior leadership team has frequent interaction with university technology transfer personnel, professors, deans, post-doctorate students, academics and researchers. The personal interface between the universities and the Group's personnel should increase parallel with the Group recruiting additional staff in the 12 months after Admission. Certain of the arrangements in relation to the sourcing of potential Group Businesses from academia are subject to the Company raising specific amounts of funds within a certain period of time (please see details in paragraph 17.20 of "Part XV – Additional Information"). The Company, based on the strength of these relationships and the commercial realities of these arrangements, believes that, should it not be able to raise such amounts by the relevant times, the academic institutions would agree to either formally extend the deadline or continue with the arrangements regardless.

In conjunction with the regular interaction with the universities, the senior management of the Company intends to continue nurturing the contacts within their personal and professional networks. The senior leadership team also intends to build close relationships with the academic institutions introduced to it through the Group's arrangements with the research accelerators such as BioMotiv in the US and LDC in Germany.

The breakdown by sources of the technologies currently under review by the Group demonstrates the breadth of Group's network through which opportunities can emerge. As at 16 November 2016, of the

452 technologies that the Group examined since January 2016, 128 opportunities were introduced by the management of Arix Bioscience, 124 were referred through academia (whether directly or via a research accelerator), 111 resulted from contacts with intermediaries through the professional network of the management and senior leadership team of the Group, 52 businesses approached the Group directly and 37 were the result of in-house research within the Group.

4.2 ***Evaluating potential Group Businesses***

Every opportunity introduced to the Group through one of its sources will be subject to a rigorous evaluation process and is categorised as "preliminary", "intermediary" or "final" level opportunity as follows:

"Preliminary" level opportunity

Opportunities introduced to the Group through one of the Company's established sources are subject to a "triage-type" initial high level assessment as a result of which approximately 75 per cent. of them are expected to be rejected. The remaining projects are then categorised as "preliminary" level opportunities and are further examined according to the following criteria:

- does the technology have a potential market;
- are there any competing technologies known to be under development;
- at what stage of development is the technology;
- basic assessment of intellectual property rights; and
- vetting of the team of the business owning the technology.

"Intermediary" level opportunity

An opportunity which having passed the "preliminary" level criteria is categorised as an "intermediary" level opportunity and subject to more detailed assessment. At this stage, the Group will typically enter into a confidentiality agreement to review more substantial information in relation to proprietary technology. This involves a screening by the senior leadership team and management team, direct consultation with the inventor(s), and technical and scientific validation by the Group's network of key opinion leaders (such as the BioMotiv Advisory Board and relevant universities). The Group will generally assign more resource (financial as well as personnel) to the evaluation of "intermediary" level opportunities to ascertain the following:

- whether the technology has breakthrough quality;
- if the scientific base of the proposal is sound;
- ownership of intellectual property rights in relation to the technology (including patentability, "freedom to operate" and identifying if any third party intellectual property rights are necessary for the further development and ultimate commercialisation of the innovation);
- assessment of the suitability of the development of the technology from a regulatory perspective (in particular whether there are any potential reasons for refusing the licensing of a product candidate); and
- to identify the requirements and approximate timing of achieving commercialisation.

"Final" level opportunity

Once an opportunity is assessed to be suitable for becoming a Group Business, the senior leadership team will examine the findings of the due diligence in relation to that opportunity to ascertain the available options to incorporate such opportunity into the Group as a Group Business. At this stage, detailed negotiations with the existing management of the potential Group Business (or the inventor or the university) are ordinarily entered into with a view to signing term-sheets and shortly thereafter execute legally binding agreements. Prior to signing a term-sheet, a formal due diligence process will be conducted covering areas in which the Group can provide strategic and operational oversight to its Group Businesses:

- ***legal due diligence*** as to:
  - intellectual property rights, including ownership, restrictions to operations and licence arrangement;

  - corporate governance; and
  - existing financing arrangements;

- ***clinical due diligence*** as to:
  - robustness and fitness for purpose of the clinical trials and the suitability of the CRO;
  - any ethical and regulatory issues, requirements for permits and consents;
  - feasibility of key milestone achievement (such as a product candidate approval by relevant regulatory agencies) within pre-defined time frames and appropriateness of the proposed endpoints; and
  - targeted disease indication;

- ***commercialisation potential*** as to:
  - availability or achievability of CMC for Investigational New Drug applications (INDs) and New Drug Applications (NDAs);
  - projected cost and location of product manufacturing;
  - access to market and size of potential market;
  - product pricing and projected time and rate of return on development costs;
  - availability of one or more highly innovative product candidates, products or proprietary technologies targeting a significant medical and/or commercial need; and
  - presence of foreseeable sustainable competitive advantages;

- ***financing arrangements*** as to:
  - adequacy of existing finance;
  - assessment of financial strength of investors; and
  - availability of funding in addition to working capital from the Group;

- ***management team*** as to:
  - quality of their scientific and management credentials that can deliver; and
  - opportunity to strengthen governance and management.

In the course of negotiations with the management of a final level opportunity, the Group will typically seek to address any deficiencies which may have been uncovered by the final due diligence process by setting certain conditions which may include the following:

- adoption of appropriate development plan and business plan;
- bolster corporate governance;
- strengthen existing management team; and
- appropriate agreement with existing investors to secure the Group's ability to implement its strategic and operational oversight and influence over the future Group Business.

In identifying potential Group Businesses, the Company focuses on management teams with compelling opportunities who specifically want to benefit from, and make full use of, Arix Bioscience's unique business model, given the depth of resource and the strategic and operational support available to Group Businesses from the Company.

Having selected a potential opportunity as a Group Business, Arix Bioscience will ordinarily acquire an equity interest in the selected business through the appropriate Group Company. In view of the business model and strategy of the Group, Arix Bioscience does not have a typical model according to which it acquires and holds interests in Group Businesses. Each arrangement will be negotiated and agreed on the merits and individual circumstances, stage of development and specific needs of the Group Business.

The Group's equity interest in Group Businesses should provide compensation without the need to charge management fees for the operational input from Arix Bioscience at a time when Group Businesses prefer to guard their liquidity carefully for development purposes. It should also clearly align Arix Bioscience's interest with the long term success of the Group Businesses.

In the course of its proprietary research and company-specific due diligence, the Company will also encounter outstanding opportunities in later stage private or public companies where technologies which have been significantly mis-priced possibly through operational, funding or market inefficiencies. In such cases, the Company will investigate whether the value of the business may be increased through strategic or operational guidance and, where necessary, the provisions of finance through which the Group would acquire equity interest as a Group Business.

4.3 ***Strategic and operational development of Group Businesses***

The strategic and operational direction and oversight of its Group Businesses is an integral part of the Company's business strategy and, the Directors believe, a key differentiating factor of the Group in the industry. This is designed to be implemented in general through the provision of strategic and operational direction by the Group to each Group Business as they advance through research, clinical development activity and towards commercialisation. In addition to the focus on strategic and operational direction, the Group's technical and senior leadership team will monitor the progress and be available to Group Businesses to provide support in guiding the execution and to address business issues when needed. The Group's strategic and operational participation in its Group Businesses will ordinarily consist of assisting, advising and participating in (as appropriate for the relevant Group Business):

- preparation of a development plan (or verification of existing development plans) from current stage to product sale together with the management team of the Group Business;
- the planning of the Group Business' intellectual property management strategy;
- the recruitment of high quality personnel;
- the enhancement of the boards of directors and management teams of each Group Business;
- the determination of whether the provision of certain services should be outsourced or whether expertise should be developed in-house;
- the preparation (and/or review) of the business plan of the Group Business to ensure that:
  - appropriate development milestones are set;
  - adequate funding is available for each milestone; and
  - rigorous stress-testing is consistently applied;
- the on-going scientific monitoring of development activities and, especially, clinical trials (being the crucial stage of development in a life science business), including:
  - the mapping of the clinical trials and selecting the chosen clinical research organisation ("**CRO**"); and
  - the preparation of the chemistry and manufacturing controls (CMC) for Investigational New Drug applications (INDs) and New Drug Applications (NDAs).
- the strategy of the Group Business in relation to regulatory compliance and the planning of the regulatory pathways towards product approval; and
- the monitoring of competition to the Group Business and prevailing industry trends so that:
  - up-to-date information to the Group Business is available to facilitate strategic decision-making; and
  - the Group Business can identify the potential market for and the commercial viability of the product candidates.

In order to execute optimally the Company's strategy and to ensure alignment of shareholders' interests, the Company believes that it is vital to have consistent influence over the strategic and operational direction of the Group Businesses. This is (and is proposed to be) achieved by acquiring an equity interest (directly or as a member of a group of investors) with sufficient contractual rights to influence board

decisions. Notwithstanding the size of the Group's interest in a Group Business, the Directors believe that the management of the Group Businesses should request direction given that the fundamental principle of a business becoming a Group Business is its wish to benefit from Arix Bioscience's strategic and operational direction.

4.4 *Existing and potential Group Businesses*

Some illustration of the application by the Company of its business model includes the following:

- the building of its sourcing platforms:
  - existing arrangements with major Universities including *inter alia* King's College London, the Liverpool School of Tropical Medicine, the Universities of Dundee, Exeter, Liverpool, and Manchester and University of Technology, Sydney. Five of the current agreements with universities affords the Group "first look – first invest" at opportunities in the healthcare and life science research segment (further details of the Company's existing arrangements with universities are set out in paragraph 17.20 of "Part XV – Additional Information";
- the strategic partnership agreements with research accelerators, BioMotiv and LDC;
- the acquisition of Arthurian Life Sciences, the investment manager of the Wales Life Sciences Investment Fund ("**WLSIF**"). By December 2015, ALS had received and registered 791 business plans from companies developing innovations in the healthcare and life science sector; and
- the acquisition of interests in Autolus Limited, Depixus SAS, OptiKira LLC, Verona Pharma plc and Artios Pharma Limited;
- the strategic partnership agreement with a major pharmaceutical company, UCB S.A.

5. DEVELOPMENT OF THE GROUP

5.1 *Development milestones*

The Company was incorporated on 15 September 2015 and has two wholly-owned operating subsidiaries, Arix Bioscience Holdings Limited and Arix Bioscience, Inc. The Company has also conditionally acquired Arthurian Life Sciences Limited subject to FCA approval which was granted on 20 June 2016. Arix Holdings was incorporated with the intention of being the operating vehicle for Group Businesses in the UK. Arix US was incorporated to be the operating company for Group Businesses in the US. On 16 September 2016, a wholly-owned subsidiary of ALS was incorporated in Australia to be the operating company for future fund management business in Australia.

The Company raised gross proceeds of approximately £52.05 million in 2016 prior to the date of this Prospectus through the issuance of new shares to CF Woodford Equity Income Fund, Woodford Patient Capital Trust, The Elcot Fund Limited and Rathbone Investment Management Limited as key institutional shareholders providing capital to support the early phase of its expansion.

Contemporaneously with their appointment as chief executive officer and chairman of the Company, Joseph Anderson subscribed for new shares for £0.5 million (personally and through his IPS Pension Plan) and Jonathan Peacock subscribed for new shares for £1 million. In addition, Arig Risk Management JLT (a company wholly owned and controlled by C Chipperton, a Founder) also invested £10 million. On 7 July 2016 C Evans entered into a put and call option agreement with Arig Risk Management JLT ("**Arig**"). Pursuant to that agreement, Arig has the right to put 30 per cent. of the Ordinary Shares it holds in the Company upon C Evans and C Evans has the right to call for the purchase of 70 per cent. of the Ordinary Shares that Arig holds in the Company, in each case such Ordinary Shares to be transferred for a cash consideration per Ordinary Share equal to the higher of (a) the price per Ordinary Share at which the Ordinary Shares were issued pursuant to the Offer; and (b) the mean average of the market price on the last Business Day of the calendar month prior to the month in which the option was exercised. The respective options are exercisable for a period of ten years from the date of Admission. On the tenth anniversary of Admission the put option will lapse and, in the event (and to the extent) that the call option has not been exercised until then, the call option will deemed to be exercised on that date.

5.2 ***Directors and management***

Management experience and expertise

The Group's senior leadership team provides a balanced breadth of expertise across entrepreneurial, venture capital and big pharmaceutical business that is generally not present in competing organisations. The Group's senior leadership team also has an extensive privileged network providing access to an extensive range of opportunities.

The Company currently has nine Directors, four of whom are executive Directors and five who are non-Executive Directors. A brief description of each of the Directors' experience is as follows:

Executive Directors

Jonathan Peacock, Chairman, Age 58

Jonathan has 35 years global experience in operations, strategy and business development. Jonathan is the former CFO of Amgen Inc. based in California, USA and prior to that was the CFO of the Pharmaceuticals Division of Novartis AG, based in Switzerland with global responsibilities including business development and strategy. During Jonathan's tenure as CFO of Amgen, Amgen Inc.'s share price increased by approximately 125 per cent. from July 2010 to January 2014 and Novartis Pharma AG's operating profit increased over 40 per cent. during his tenure as CFO of that company. Before joining the pharmaceutical industry, Jonathan was a partner at McKinsey & Company where he was co-head of the European Corporate Finance practice. Jonathan was also a partner at PricewaterhouseCoopers in London and New York from 1993 to 1998. He has a Masters degree in Economics from the University of St Andrews in Scotland.

Jonathan has extensive expertise in strategy, finance and operations within the Biopharma industry. He has raised over $20 billion in new capital and has been engaged throughout his career in business development and mergers and acquisitions on both the buy- side and sell-side globally. Jonathan was the CEO until 11 November 2016 and currently is the Chairman of Bellerophon Therapeutics and is a non-executive director of Kite Pharma, both of which are listed on NASDAQ. He brings to the Company hands on experience in managing large and small Biopharma companies, and a unique perspective on the factors driving successful partnerships or investments by bigger Biopharma companies.

Professor Sir Christopher Evans OBE, Deputy Chairman, Age 59

C Evans is the founder and Chairman of Excalibur Group and a renowned scientist and highly successful entrepreneur with numerous prestigious awards and medals for his work over the last 30 years. He has created 11 successful academic spin-outs. C Evans directed the raising of approximately $450 million for Merlin Biosciences Funds and $2.6 billion from disposals including the sale of BioVex Group, Inc. to Amgen Inc. and Piramed Limited to Roche Group. Through Merlin Ventures Limited, he co-founded and advised Biotech Growth Trust plc. Arakis Limited, one of the companies developed by C Evans was sold to Sosei Co. Ltd for $187 million. As of the end of April 2016, C Evans has founded multiple listed companies with a collective market cap of around $2.4 billion. He has positively impacted many millions of lives with his work. C Evans has founded notable companies such as Chiroscience, Celsis, ReNeuron, Vectura, Biovex and Merlin Biosciences Ltd. Appointed an OBE in 1995 for services to medical bioscience he was knighted in 2001 for services to bioscience and enterprise.

Joseph Anderson, Chief Executive Officer, Age 57

Joseph has over 25 years' experience in the life sciences industry, with a successful track record of generating investment returns. Until recently he was a Partner at Abingworth LLP, for 12 years, where he led venture-capital style investments in public companies. He has founded and managed public equities funds and been a director of Algeta (acquired by Bayer Ag for $2.9 million), Amarin plc, Cytos (merged with Kuros), Epigenomics Ag, and is currently a director of Autolus Ltd. He began his career at the Ciba (now Novartis) Foundation, before joining the The Wellcome Trust in 1990 where he became head of the strategy team. He then moved to the City of London as a pharmaceuticals analyst at Dresdner Kleinwort Benson, before being appointed as Head of Global Healthcare and Portfolio Manager at the First State Investments, Commonwealth Bank of Australia, in London. Joseph has a PhD in Biochemistry and extensive board level experience of building successful life sciences companies.

James Rawlingson, Chief Financial Officer, Age 49

James has substantial experience at board and senior management level gained over 20 years of involvement in financial services and UK public companies. James' former role was Group CFO of Charles Stanley Plc, a leading wealth manager with over £20 billion funds under management and administration. Previously James was Group CFO for Coutts Bank, where he was responsible for the global finance function and held a key role in setting strategy. Before this James spent two years at UBS Wealth Management based in Zurich after promotion from his role as CFO of UBS Wealth UK.

Non-executive Directors

Franz Bernhard Humer, Senior Non-Executive Director, Age 70

Franz Humer has over 25 years of extensive experience in acting as an executive director of global blue chip companies. He was the managing director of Glaxo Pharmaceuticals UK Limited, was elected to the board of Glaxo Holdings plc and became the chief operating director for its worldwide operations in 1992. In 1995, he joined Hoffman-La Roche as the member of its board and the head of its pharmaceuticals division progressing to become chairman and chief executive officer in 2001 and between 2008 and 2014 the chairman of the board of directors of Roche Holding Limited. Franz joined the board of Diageo in 2005, became chairman in 2008 and resigned in December 2016. He is also a non-executive director of Citigroup, Inc., Chugai Pharmaceuticals Limited of Japan, Bial Pharmaceuticals of Portugal, Kite Pharma and WISeKey of Switzerland and the member of the international advisory board of Allianz SE. Dr Humer has a PhD in law from the University of Innsbruck and an MBA from INSEAD in Fontainbleau. He is the chairman of the board of directors of the International Centre for Missing and Exploited Children. Franz has been awarded the Singapore Public Service Star and the "Grosses goldenes Ehrenzeichen mit dem Stern für Verdienste" of Austria.

Sir John Banham, Non-Executive Director, Age 76

Sir John is a former Director-General of the Confederation of British Industry (CBI). On leaving the CBI in 1992, Sir John successively chaired four FTSE 100 companies: Tarmac, Kingfisher, Whitbread and Johnson Matthey. These companies all had major operations outside the UK and all delivered exceptional value for shareholders during his tenure. Sir John also has experience in the private equity sector serving as the Chairman of ECI Partners, a leading provider of funds to medium sized companies, for 13 years; and he was the founding chairman of Westcountry Television. Both ECI and Westcountry Television also produced exceptional returns for investors. He served on the Board of Invesco for 15 years, retiring in May 2015. He is currently Chairman of Innoveas International and an independent director of Cyclacel Pharmaceuticals Inc, a US-quoted biopharmaceutical company.

David U'Prichard, Non-Executive Director, Age 68

David trained as a pharmacologist in Scotland. During a 45-year career in the USA, David has been a leader in drug receptor research, pharmaceutical R&D, biotechnology and venture investing. With an academic career at the Johns Hopkins University and Northwestern University medical schools, David then led Zeneca's global research activities, and subsequently, Smith Kline Beecham's R&D in the 1990s. David led 3-Dimensional Pharmaceuticals, Inc. to an IPO in 2000 and then a sale to Johnson & Johnson in 2003. He is an experienced early stage venture capitalist and corporate director in both the USA and the UK. From 2012 David has worked to establish The Harrington Project for Discovery & Development, a USA-wide non-profit scholarship scheme to translate the best American academic research towards new drug development and is a member of the Board of Managers of BioMotiv, and the chairman of the Advisory Board of BioMotiv.

The Right Hon. Lord Hutton of Furness, PC, Non-Executive Director, Age 61

John Hutton was educated at Magdalen College, Oxford where he achieved his BCL. After a career in law he was elected as Member of Parliament for Barrow and Furness in 1992 and continued in this role until 2010. Following the election of the Labour Government in 1997, he served in cabinet positions first as Secretary of State for Work and Pensions then Secretary of State for Business and also Secretary of State for Defence. John Hutton is now an adviser to Bechtel and Lockheed Martin. He chairs the Nuclear Industry Association and is a Non-executive director at Circle Holdings Plc and Sirius Minerals Plc. In 2010 he was created a Life Peer as Baron Hutton of Furness.

Professor Trevor M. Jones CBE, Non-Executive Director, Age 74

Trevor has led a distinguished career in the pharmaceutical and biotech industry as well as in academia. He was Group R&D director at The Wellcome Foundation Ltd responsible for the development of AZT, Zovirax, Lamictal, Malarone and other medicines. He was a director of Allergan Inc. (USA) for 10 years until 2015. Trevor was formerly Director General of the Association of the British Pharmaceutical Industry (ABPI), served for 12 years as a member of the UK Government Regulatory Agency Medicines Commission and chairman of the UK Government Advisory Group on Genetics Research. He is a visiting professor at King's College, London and holds honorary degrees and Gold Medals from 6 universities. In 2004, he was appointed to the World Health Organisation Commission on Intellectual Property Rights, Innovation and Public Health. In 2003 Trevor was awarded the CBE for services to the pharmaceutical industry.

Employees

As at 2 January 2017, a team of 15 people were employed by the Group of which four are based in New York. The Group is currently in the process of recruiting additional personnel to be responsible for business development and operational management with a view that the primary responsibilities of the majority of the Group's employees should be the operational management of the Group Businesses. The team will be led by experienced senior professionals capable of servicing numerous academic, industry and investor relationships. The Company intends that the team should have a breadth of experiences and abilities to which small standalone companies would not otherwise have access, comprising strategic, scientific and technical expertise, clinicians and R&D, operating experience, pre-existing academic relationships and healthcare and life science industry experience.

5.3 ***Relationships with research accelerators***

A. BioMotiv LLC ("BioMotiv")

Arix Bioscience (through Arix US) currently holds a 15.1 per cent. membership interest in BioMotiv pursuant to an agreement entered into between BioMotiv and Arix US on 31 December 2015 for investment commitment of US$25 million of which US$3.75 million was paid. Pursuant to the agreement, Jonathan Peacock was appointed as a member of the BioMotiv Advisory Board which reviews and makes recommendations on technologies to be invested in BioMotiv. David U'Prichard, one of Arix Bioscience's non-executive Directors has been working since 2012 to establish BioMotiv and is the chairman of BioMotiv's Advisory Board and a member of the BioMotiv Board of Managers. At the same time, Arix Bioscience entered into a strategic agreement with BioMotiv setting the terms of cooperation between them (further details of which are set out in paragraph 17.9 of "Part XV – Additional Information").

BioMotiv is the mission-driven development company and for-profit accelerator associated with The Harrington Project for Discovery & Development, an US national initiative to accelerate breakthrough medical discoveries from research institutions into therapeutics for patients. BioMotiv is advancing a portfolio of promising discoveries that have the potential to be new medicines through an innovative model that efficiently aligns capital and collaborations for the benefit of inventors and ultimately physicians and patients. Therapeutic opportunities are identified by BioMotiv through its relationships with the Harrington Discovery Institute, universities and research institutions, disease foundations, and strategic industry partners. BioMotiv focuses principally on opportunities that have already been selected and received support from one of those sources. Through its efforts, BioMotiv has evaluated over 300 such opportunities emerging from over 40 research institutions that span the breadth of the US. The academic opportunities come from both well-known institutions located in the most active biotech regions in the US as well as strong research institutions that are distant from such hubs. To date, BioMotiv has initiated projects and companies based on technologies from the following academic institutions – New York University, Mt. Sinai School of Medicine, Johns Hopkins University, University of California at San Francisco, University of Washington, Case Western Reserve University, Rutgers University, SUNY Upstate Medical University, Indiana University, University of Auckland and University of Michigan – and has further extended the network reach through research collaborations with many other institutions.

Through BioMotiv the Company has continuing access to some of the best technologies originating from US institutions and universities, increasing the number of opportunities available from the US healthcare and life science market which have already been pre-qualified at the point of review by

BioMotiv, for the creation of Group Businesses. The Directors believe that the relationship with BioMotiv is particularly valuable for Arix Bioscience as it allows access to the expertise of BioMotiv's executive and managerial team and Advisory Board, and should enable exciting future possibilities of working with academic inventors and pre-formed companies as they approach BioMotiv for funding, and as companies exit BioMotiv-dominated funding, and, more broadly, brings insight into the US healthcare and life science market.

BioMotiv currently holds a majority interest in Orca Pharmaceuticals LLC, Dual Therapeutics, LLC, OptiKira, LLC, Sujana Biotech, LLC, Kodosil Bio, LLC, Z53 Therapeutics, LLC, Allinaire Therapeutics, LLC, Nynex Therapeutics, LLC and SapVac, LLC all of which are actively developing potential medicines for unmet medical needs of patients across many therapeutic areas, and are in various stages of their development. Two of these companies have already been partnered with companies such as Bristol-Myers Squibb, AstraZeneca and Brickell Biotech and one has attracted high interest from several other major pharmaceutical companies.

Arix US is the strategic partner of BioMotiv with respect to the financing of opportunities in conjunction with BioMotiv. Through its partnership with BioMotiv, Arix US is able to own businesses either through BioMotiv, alongside BioMotiv, as well as independently of BioMotiv. Through the BioMotiv Agreement, upon BioMotiv's decision to divest itself of a portfolio development company ("**PDC**") and upon BioMotiv's notice, Arix US has the right to present offers for acquisitions or financing to such PDC subject to the existing rights of any rights holder or other members of a PDC. In addition and as determined by BioMotiv, Arix US may co-invest in a portion of PDCs that seeks external funding excluding PDCs which existed before 31 December 2015. Further details in relation to the BioMotiv Agreement are set out in paragraph 17.9 of "Part XV – Additional Information" of this Prospectus.

B. Lead Discovery Center GmbH ("LDC")

Arix Bioscience entered into a strategic partnership agreement with LDC on 30 October 2015 (which was restated on 1 May 2016) to facilitate the funding of various high quality drug discovery projects and other opportunities derived from the research activities of LDC in the life science, healthcare and related sectors. LDC, a German limited liability company, was jointly developed by Max Planck Innovation GmbH ("**MI**") and the Max Planck GesellschaftzurFörderung der Wissenschaftene.V. ("**MPG**") as a central focal point to advance findings from excellent basic research into the development of innovative medicines. LDC was established in 2008 by MI, the technology transfer organisation of MPG, as a novel approach to translate the potential of excellent research into the discovery of new therapies for diseases with high medical need. LDC seeks to advance promising research projects into the development of novel medicines and it collaborates with MPG and other academic research institutions, universities and industry to transform promising and early-stage projects into attractive in-licensing or co-development opportunities. LDC takes basic pathobiology or novel targets from academia and runs through assay development and screening to produce leads or candidates for preclinical work.

MPG is a predominantly largely publicly funded, autonomous, non-profit German basic research organisation. MPG currently operates more than 80 research institutes in Germany as well as abroad through which it carries out research in life science, natural science and social sciences, employing over 17,000 people, approximately 30 per cent. of whom are scientists, and it receives approximately €1.7 billion in funding per year. MI is responsible for the commercialisation of technologies created within the institutes of MPG. Industry partners of the LDC include Boehringer Ingelheim International GmbH, Bayer Pharma AG, AstraZeneca PLC, Roche, Daiichi Sankyo Co., Ltd, Johnson & Johnson Innovation Ltd, Qurient Co., Ltd and Infinity Pharmaceuticals, Inc..

The Directors of the Company believe that this strategic partnership agreement provides unique opportunities to further finance, develop and commercialise selected unencumbered drug discovery projects from the institutes of MPG and other academic partners of LDC in the areas of biology, chemistry and medicine. Through the strategic partnership agreement, LDC has agreed to share with Arix Holdings on a "first look" basis information on its unencumbered project portfolio of its pipeline projects. Further details in relation to the strategic partnership agreement between Arix Holdings and LDC are set out in paragraph 17.21 of "Part XV – Additional Information" of this Prospectus.

5.4 ***Relationships with fund managers***

Arthurian Life Sciences Limited ("ALS")

Arix Bioscience conditionally acquired Arthurian Life Sciences on 21 December 2015. The acquisition was subject to FCA approval which was given on 20 June 2016 following which the acquisition was completed on 8 July 2016. ALS was established in 2012 by C Evans who is also one of the directors of ALS. ALS is an FCA authorised and regulated entity and the investment manager for the Wales Life Sciences Investment Fund.

ALS is both a source of innovative opportunities and has a proven execution capability, supporting the Group's business strategy of sourcing, financing and developing healthcare and life science technologies and discoveries. ALS also represents the Group's experience in utilising government funds by aligning the Group's economic interest with public interest.

ALS is entitled to up to 2.5 per cent. of the amount drawn down from the investors of WLSIF as an annual management fee and a potential for 20 per cent. carried interest (over an 8 per cent. hurdle rate) from WLSIF's future realisations. Since completion of the acquisition of ALS by the Company, the Company has the economic benefit of the management fee and the carried interest as the parent company of ALS.

ALS is the fund manager of WLSIF with a current fund size of £50 million and with an internal rate of return of 25.6 per cent.[4]. The current portfolio of WLSIF includes Simbec Research Ltd, Verona Pharma PLC, Medaphor Group PLC, Sphere Medical Holding PLC, CeQur SA, ReNeuron Group PLC, Orion Clinical Services, Interrad Medical, Inc., Proton Partners International and Apitope International NV. By December 2015, ALS had registered 791 business plans from companies developing innovations in the healthcare and life science sector and it has the ability to refer such opportunities to Arix Bioscience which do not meet the investment policy of WLSIF. In addition, ALS is in a position to offer cooperation to Arix Bioscience in relation to opportunities which do meet the investment criteria of WLSIF but are in need of strategic and operational participation in addition to funding requirements. ALS may also participate in the sourcing of funds for Group Businesses.

ALS also owns the partnership interest in Wales Life Sciences Carried Interest L.P., which is a limited partner in the WLSIF and has the right to receive the carried interest.

In addition, ALS may leverage its expertise by seeking appointment as a fund manager of other funds or to acquire other fund managers in other jurisdictions.

ALS is intending to expand its current strategy of managing the WLSIF to also include establishing and/or operating and managing new or existing life science funds (including acting as the regulated fund manager of the CURE Fund, as described more particularly in section 17.20 of "Part XV – Additional Information" of this Prospectus) as well as providing funding to such funds, (including in order to secure matching capital from sponsors). International scope enables access to new markets for the Group. These developments are subject to obtaining the regulatory permissions required from the FCA, and other international regulatory bodies as required, to do so.

Initially, ALS intends to pursue an investment into the WLSIF where it is already the manager, subject to agreeing terms, via a special purpose vehicle. The Directors believe that such investment would be commercially advantageous for ALS and the Group. Under the terms of the existing partnership agreement with the WLSIF, the Welsh Government, through its holding fund, may increase its commitment further to such an investment. In addition, ALS would be entitled to a management fee in relation to any such incremental investment as the manager of the WLSIF.

ALS intends to seek support from its parent company, Arix Bioscience, by way of loans on arm's length terms to be utilised for purposes as determined by ALS's board of directors. However, the ALS board may consider that such loans be used for the purpose of such investment into WLSIF and to further develop its fund management business under its expanded strategy.

[4] 3-year IRR at 31 March 2016.

5.5 ***Existing and potential Group Businesses***

A. Autolus Limited ("Autolus")

Autolus was introduced as an opportunity to the Company through the professional network of its senior leadership team. Having completed the selection process as described above, the Company entered into an agreement on 2 March 2016 with Autolus (together with a number of institutional investors and co-investors) and secured rights to an interest of up to 15 per cent. in the preferred shares of Autolus to be acquired over three separate tranches for up to £10 million in aggregate. As at 16 January 2017, the Company holds 12.3 per cent. of the preferred shares of Autolus. The Company also has rights to nominate one director to the board of Autolus and consent of the Company is required by way of a vote on certain strategic and operational matters. Following the acquisitions of interests in Autolus, Joseph Anderson was appointed to the Autolus Board of Directors.

Autolus was selected as a Group Business on the basis of its innovative technology which is in the pre-clinical stage of product development. It is a private British biopharmaceutical company founded upon the work of Dr. Martin Pule, an academic clinical haematologist and leader in T-cell engineering based at University College London ("**UCL**"). Autolus was spun-out of UCL by UCL Business PLC, the university's technology transfer company in January 2015 to develop cancer immunotherapies. In addition to Arix Bioscience's involvement, Autolus also secured funding from healthcare investment company Syncona LLP (an independent subsidiary of the Wellcome Trust) and Woodford Investment Management Ltd.

Autolus is primarily focused on the development and commercialisation of engineered T-cell immunotherapy products in the treatment of life-threatening cancers. Cancer immunotherapy treatments harness the power of a patient's immune system to combat their disease. Clinical trials of engineered T-cell therapies for B-cell malignancies suggest that these treatments have the potential to transform cancer therapy.

Chimeric Antigen Receptor (CAR) immunotherapy is key to Autolus' technology whereby a patient's own immune cells (T-cells) are re-programmed recognise and kill tumour cells. T-cells are collected from the patient's blood, manipulated outside the body to introduce a gene encoding the CAR, and returned to the patient by infusion. CARs are membrane-bound proteins, combining the tumour-recognition properties of an antibody with the naturally-occurring T-cell activation mechanism. This combination programs the engineered CART-cells to recognise a tumour cell, to kill that tumour cell, and to proliferate to produce more CAR T-cells, each with the same ability to target and destroy tumour cells.

Autolus' product candidate has not reached the clinical trial stage, but Arix Bioscience will closely be involved in mapping out the clinical trial of the product candidate.

B. Depixus SAS ("Depixus")

On 6 May 2016, Arix Holdings entered into an agreement with Depixus pursuant to which it has agreed to acquire an interest of up to approximately 18 per cent. of Depixus' share capital for an aggregate amount of €1.24 million, to be paid in three tranches upon achievement of certain technological development milestones. The first tranche of €620,000 was paid in May 2016, with a further tranche of €310,000 paid in December 2016.

Depixus was founded on work by academics at the École Normale Supérieure, Paris. The company is developing a core technology platform known as SIMDEQ™ (Single-molecule Magnetic Detection and Quantification), with which the goal is to extract genetic and epigenetic information from nucleic acids (DNA & RNA) at levels of detail and accuracy not achievable with current technologies. The Directors believe that one of the key strengths of Depixus' SIMDEQ technology is its capacity to sequence modified bases on both DNA and RNA. Many of these modified bases have important biological roles in areas such as the epigenetic regulation of gene expression and in nucleic acid repair. Most base modifications are challenging to sequence using current technologies.

One of the Group's employees has been appointed to the Depixus board of directors to help guide the company in its key strategic, intellectual property, and operational activities.

C. OptiKira

On 9 June 2016, Arix Bioscience, Inc entered into a subscription agreement pursuant to which it acquired 11,200 Class A Units in OptiKira, LLC ("**OptiKira**") for a subscription amount of US$350,000. Arix Bioscience, Inc. entered into a second subscription agreement pursuant to which it acquired 27,200 Class A Units in OptiKira for a subscription amount of US$850,000 on 29 July 2016. Arix Bioscience, Inc currently holds 32 per cent. of the issued ordinary share capital of Optikira (29 per cent. on a fully diluted basis). One of the Group's employees has been appointed to the board of OptiKira.

Extensive research by OptiKira's founders has helped in defining the biological pathway leading to progressive cell death that characterises diseases such as retinitis pigmentosa ("**RP**"), diabetes and amyotrophic lateral sclerosis.

OptiKira is a start-up company developing novel therapeutics to prevent cell death. OptiKira was formed in 2015 by BioMotiv, LLC ("**BioMotiv**"), the for-profit collaborator of The Harrington Project for Discovery & Development, the University of California, San Francisco (UCSF), and the University of Washington.

Using technologies stemming from intellectual property licensed from UCSF and the University of Washington, OptiKira is developing small molecule therapeutics that prevent cell death in pathologies caused by misfolded or unfolded proteins. The Unfolded Protein Response ("**UPR**") is the mechanism by which cells deal with functionally abnormal, misfolded proteins. When overloaded, the "terminal UPR" results in the accumulation of excessive unfolded proteins which lead to apoptosis – cell death.

RP is the first pathology that OptiKira will target with its novel class of drug, although several other diseases are caused by the failure of the UPR mechanism, including diabetes and amyotrophic lateral sclerosis. RP is a genetic disorder, typically diagnosed in adolescents and young adults, and affects 1 in 3,000 to 1 in 4,000 individuals. In the US alone, 80,000-100,000 people have RP. Patients report gradual and progressive visual loss between age 10 and 40 because photoreceptor cells (rods and cones) die. Accumulation of misfolded proteins within cells is a central causative mechanism in many forms of RP.

D. Verona

Arthurian Life Sciences SPV GP Limited ("**ALS SPV**") as the general partner of the WLSIF currently holds approximately 4.1 per cent. of the issued ordinary share capital of Verona. Arix Holdings subscribed for 64,517,620 new shares in the capital of Verona representing a 2.5 per cent. stake in Verona, pursuant to the placing announced by Verona on 17 June 2016 (the "**Verona Placing**"). The Verona Placing was conditional on, amongst other things, the approval of the shareholders of Verona, such conditions having been fulfilled on 22 July 2016. Arix Holdings and ALS SPV hold in aggregate approximately 10.6 per cent. of the enlarged share capital of Verona following the Verona Placing, and Arix Holdings is entitled to an additional 25,807,048 warrant shares, exercisable at a price of 3.4476 pence, upon the earlier of (i) the first anniversary of admission of the placing shares pursuant to the Verona Placing (the "**Verona Admission**"), and (ii) the listing of American Depository Shares in Verona on NASDAQ.

Verona is an AIM-listed drug development company that is developing inhaled medications to treat respiratory diseases with significant unmet medical needs, such as chronic obstructive pulmonary disease (COPD), cystic fibrosis and, potentially, asthma. Verona's lead product, RPL554, is a dual-acting phosphodiesterase (PDE)3 and phosphodiesterase (PDE)4 inhibitor, two enzymes known to be of importance in the development and progression of immunological respiratory diseases. According to Verona, targeting these enzymes means that it has anti-muscarinic bronchodilator effects and anti-inflammatory effects, which is currently only available in combination therapy.

Verona is raising additional finance pursuant to the Verona Placing to fund the next stage of development, notably Phase 2b trials in COPD to examine the efficacy of RPL554 on top of standard of care. This will bring the programme to phase 3-ready, which the Directors believe will be a significant value inflection point for the Company, as there have been few new drugs for COPD, and patients remain under-served.

E. Artios

Artios Pharma Limited ("**Artios**") is a leading independent DNA Damage Response (DDR) company focused on developing first-in-class treatments for cancer. Established in May 2016, the Company is led by an experienced scientific and leadership team with proven expertise in DDR drug discovery. Artios is building a pipeline of next-generation DDR programmes, including through a unique partnership with Cancer Research Technology (CRT), the drug discovery arm of Cancer Research UK (CRUK), and key collaborations with leading DNA repair researchers in the UK and worldwide.

Arix Holdings acquired its interest in this business for £5.125 million over three tranches (in respect of a total funding round of £25 million) and will be part of the investor majority. The first tranche of the Arix Holdings' investment, amounting to £1,896,250, completed on 20 September 2016 (the "**First Closing Date**"). On completion of the Company's investment over the three tranches, the Company will own 17.6 per cent. of the total issued share capital of Artios (and 14.9 per cent. on a fully diluted basis). The Company have appointed a director to the board of Artios with effect from the First Closing Date, and such right to appoint a board member shall continue until around 2019.

Proceeds of the funding round will be used to build a high value pipeline of DDR therapies, and to progress Artios' lead programme, Pol-theta, in-licensed from Cancer Research Technology (CRT), the drug discovery arm of Cancer Research UK (CRUK), into the clinic.

DDR therapies have demonstrated significant patient benefit in the treatment of cancer, following the recent success of AstraZeneca's PARP inhibitor Lynparza™ (olaparib). Artios aims to develop a novel, first-in-class DDR pipeline that will target tumour DNA repair mechanisms to selectively kill tumour cells), through a concept known as synthetic lethality.

F. Potential Group Businesses currently under consideration

As at 16 November 2016, Arix Bioscience has reviewed 452 opportunities globally, all of which went through an initial in-house screening process and the Group has directly acquired interests in five Group Businesses. 91 were categorised as "preliminary" level opportunities and underwent further due diligence, which usually involved evaluation of information available in datarooms and management presentations. Deeper due diligence has been undertaken on 56 "intermediary" level opportunities. As at 16 November 2016, 14 opportunities have been categorised as intermediary level. As at 16 November 2016, no opportunities have been assessed as "final" level opportunities in relation to which the negotiations for acquisition have been in late stages.

The geographical spread of the potential Group Businesses under examination as at 16 November 2016, illustrates the international breadth of the Group's opportunities as 150 of these are UK-based, 98 are from Europe, 16 are from Australia, 171 are located in the US and 17 are from other countries.

6. KEY STRENGTHS

Arix Bioscience possesses a number of strengths within its business model which the Directors believe are attractive in combination. In particular, the Directors believe that Arix Bioscience has the following key strengths:

Established to capitalise on substantial market opportunities

Arix Bioscience is structured to capitalise on a major opportunity in global healthcare and life science markets worth over $1 trillion[5]. Scientific innovation in these markets is driven by leading academic institutions and smaller companies within a supportive regulatory environment. However, smaller companies in this sector, as well as academic entrepreneurs, often do not have adequate company building skills, or access to patient capital. The Company believes that it can deliver strategic, operational, clinical and financial resources in support of potential new drugs, and other medical innovations, so unlocking substantial value for investors. The Company intends to provide a balanced exposure to a diverse range of emerging, private and public global biopharma companies. The Company believes that there is a significant need for a more flexible approach to funding drug development and that uncoupling the development cycle from the capital cycle will lead to more efficient development of novel drugs, and improved outcomes for patients and payers.

[5] Source: IMS Health Market Prognosis, July 2012.

As at 6 June 2016, the total number of publicly listed Pharmaceutical & Biotechnology companies with a market capitalisation between $50 million and $500 million in the US, Europe, Japan, South Korea and Australia was more than 400. Out of these companies, approximately 14 per cent. have less than 1 year of available cash balance. Arix Bioscience is positioned to provide support to these types of companies and has identified venture investment in public equity opportunities including:

- European clinical stage cell therapy company with multi-billion market potential
- UK drug discovery company with widely-applicable technology platform
- Clinical-stage pulmonary therapeutics company
- Implantable medical device company in early commercialisation phased into huge market
- Nanoparticle drug delivery company platform with oncology and anti-infective potential.

Core team with outstanding track record of value creation

The Group's senior leadership team provides a unique combination of entrepreneurial, investing and operating skills.

- Joseph Anderson has over 25 years' experience in the life science industry, including senior roles in venture capital, fund management and scientific development. He was previously at Abingworth LLP, First State Investments and The Wellcome Trust. He has a successful track record of generating investment returns and an extensive active board-level experience of building life science companies.

- Jonathan Peacock was previously Group CFO of Amgen and Novartis Pharmaceuticals, where he developed extensive operational and strategic experience globally. Prior to that, he was a Partner at McKinsey & Company and PWC.

- Professor Sir Christopher Evans is a highly successful entrepreneur, and has over the last 30 years built more than 50 medical companies from start-up and floated 20 new medical businesses on stock markets in six different countries. He has created 11 successful academic spin-outs and companies worth over $2.4 billion, and has raised $2.6 billion from disposals.

Unconstrained by any single institutional affiliation, geography or stage of company development

The Company believes that access to the broadest possible range of opportunities adds depth to the quality base from which to select the best ideas. No single institution has all the best ideas, nor do such ideas only originate from one country. Equally, huge value opportunities are available at all stages of company development, from start-up drug discovery companies to those embarking on commercialization of innovative products. Great ideas are found from the earliest academic spin-outs, to small public companies that have become orphaned by markets. Arix Bioscience has been carefully structured to access opportunities across this broad spectrum of sources and is resourced to provide real support and capital to innovators wherever they may be found.

Extensive contractual, privileged and informal innovation sourcing networks across Europe and the US

The Company has established and continues to build contractual access to a broad range of opportunities from multiple sources, encompassing:

- an expanding network of contractual partnerships with leading, commercially-minded, universities around the world which includes relationships with major pharmaceutical and biotechnology companies which, to date, has resulted in one strategic relationship agreement with UCB S.A. The directors intend to pursue further such agreements;
- arrangements with research accelerators such as BioMotiv and LDC which provide the Group with a constant, "renewable" source of access to opportunities;
- ownership of Arthurian Life Sciences, the investment manager of the Wales Life Sciences Investment Fund, and the ability to seek appointment as a fund manager of other funds, including in other jurisdictions;

- directed sourcing via the professional networks of the Company's senior leadership team.

Attractive and growing pipeline of opportunities

As at 16 November 2016, Arix Bioscience has reviewed 452 opportunities across a full breadth of therapeutic areas including, *inter alia,* oncology, rare diseases, immunology and inflammation and metabolism drawn from across its sourcing networks, across the UK, US, Australia and other countries. The Directors believe there is significant potential for deployment of capital over the coming months.

Availability of capital with financing flexibility and strategic optionality

Without the constraints of fixed-life investment mandates, the Company's ability to source funding from its own working capital enables it to offer finance throughout the life cycle of a Group Business, whether early stage research funding, growth capital or later stage development capital. The Company's strategy is focused on value creation, with a flexible approach to the timescales over which it operates or retains an ownership interest in its Group Businesses. The Directors believe that this results in the Group Businesses being cushioned against the volatility in funding for healthcare and life science companies, while providing flexibility for the Company to pursue an optimal course of action for its Group Businesses to maximise the delivery of shareholder value.

The Company's flexible approach allows it to increase or decrease its capital allocation to any Group Business, depending on needs of each specific opportunity, with no fixed constraints on capital allocation strategy or ownership percentages. The Company intends to consider all potential levels and forms of activity, including active, operating positions in companies, or projects, as well as minority stakes and attracting third party funding. Irrespective of the level of the Group's ownership interest, the Directors view the potential to apply strategic, clinical and operational direction to its Group Businesses as a critical factor in selecting opportunities.

Disciplined development of value through strategic, operational, clinical and financial direction

The Company's business model is to drive value through actively directing strategic, operational and clinical plans of Group Businesses and to provide support in the execution of those plans, including: strategic and operational direction with a long-term perspective on value creation; building and strengthening their boards and management teams to deliver on strategic and operational plans; injecting technical, operational and clinical experience and expertise where needed; and support in funding the business through each milestone.

Highly scalable platform capable of supporting long term growth

Arix Bioscience is building a global platform and infrastructure to support its long term strategy. The Directors believe that this infrastructure will, once fully developed, represent a highly scalable platform capable of originating opportunities and applying strategic, operational and clinical direction to a significant number of Group Businesses, with limited escalation in operating costs.

7. COMPETITIVE ENVIRONMENT

In seeking to capitalise on the market opportunity as described in paragraph 2 above in this Part VI, the Company may encounter a range of potentially competing businesses engaged in the development and commercialisation of products in the healthcare and life science sector or engaged in providing capital and/or management expertise to healthcare and life science companies. Such competitors may include:

- industry participants including pharmaceutical companies, biotechnological companies, medical device manufacturers and diagnostic technology providers;
- intellectual property commercialisation and business development organisations, including a number of UK listed companies operating principally in the UK or US;
- the technology transfer offices of certain universities, certain institutional investors; and specialist traditional venture capital investors;
- privately managed schemes based on government funding; or

- private individuals, both acting individually or collectively.

While the Company may from time to time encounter such entities, the majority operate in a different manner to the Company, including with respect to: technology discipline; geographic focus; investment horizon; ownership and management style; sourcing networks; or any combination of the above. In particular, the Board believes the Company is differentiated from certain or all of its potential competitors by virtue of the combination of the key strengths outlined in paragraph 6 of this Part VI above.

8. REASONS FOR THE ADMISSION AND OFFER

The Directors believe that Admission and the Offer will:

- create a significantly more liquid market in the Ordinary Shares;
- enhance the Group's public profile generally and its status with existing and potential academia partners;
- assist in the growth, incentivisation and retention of key management and employees; and
- provide funding to support growth of the Group and the expansion and support of the development activities of its Group Businesses depending on the amount of the Net Proceeds and afford the Company enhanced access to the capital markets should the Net Proceeds be less than the targeted amount.

9. USE OF PROCEEDS

The Company is targeting Net Proceeds of £91 million which it intends to utilise to further the Group's business strategy of providing strategic, operational and clinical direction to its Group Businesses by:

- acquiring interests in new Group Businesses;
- providing funding to support the expansion of its existing and new Group Businesses;
- providing funding to ALS or ALS' subsidiaries to expand its fund management business and potential investments into life sciences funds globally where it is the manager of such funds (including the potential investment into the WLSIF);
- building the Group's infrastructure including expanding its high quality operating team; and
- financing the Company's commitments to and support the Group's existing university relationships and to establish new relationships with academia.

The extent to which the Company applies the Net Proceeds to each of the above purposes will depend on the amount of the Net Proceeds which, as the Offer is not being underwritten, is not known at the date of this Prospectus. Although, the Company is targeting Net Proceeds of £91 million the Offer and Admission is not subject to a minimum amount of Net Proceeds.

The Group's business strategy is highly scalable. For example, if the Net Proceeds are nil, the Company intends to scale its business strategy with limited escalation in operating costs by utilising the Group's existing cash resources of £28.9 million, as at 31 December 2016, as follows:

- providing funding to support the expansion of its existing Group Businesses;
- making further small investments in the Group's infrastructure, with the recruitment of up to three additional members of the operating team; and
- financing the Group's commitments to and support of the Group's existing university relationships; and
- acquiring interests in new Group Business to an appropriate scale.

It should be noted, however, that certain of the Group's arrangements with universities are conditional on the Company raising a minimum amount of proceeds in the Offer or being able to commit a certain amount of funding to the relevant university's projects over a specific period.

10. CURRENT TRADING AND PROSPECTS

Since 31 March 2016, the senior management team of the Company has continued to review potential early-stage opportunities in the healthcare and life science sector sourced from the personal and professional network of the senior leadership team and universities directly or through BioMotiv. As a result, the opportunities selected for "intermediary" level due diligence evaluation include:

- a business developing gene therapy for rare genetic diseases;
- a business developing a portfolio of novel antibacterial agents;
- a business developing a platform that enables discovery of drugs that impact protein translation;
- a business developing a gene therapy for common eye disease;
- a business developing biological agents to target rare bone disorders;
- a spin-out opportunity with a drug to target cardiac valve calcification; and
- a business developing RNA-based therapeutics for a range of diseases.

11. MANAGEMENT INCENTIVISATION AND EMPLOYEES

The success of the Group depends to a great extent on the talent of its management and employees. Arix Bioscience has significant expertise across a range of healthcare and life science technology disciplines and seeks to ensure that its management team and its employees and consultants working within the Group are fairly and appropriately rewarded and incentivised. Arix Bioscience seeks to achieve this through a combination of competitive levels of remuneration that is appropriate to the scale of responsibility and performance of the employee or consultant and incentives tied directly to increasing shareholder value.

The Company believes that it is important that remuneration is weighted toward rewarding entrepreneurial achievement and the creation of shareholder value over time. Accordingly, Arix Bioscience has established share incentive plans with the aim of incentivising and rewarding employees to achieve long term shareholder value. For further details of the incentive plans of the Group, please see paragraph 19 of "Part XV – Additional Information" of this Prospectus.

In addition to the awards of options under the Company's executive share incentive plan, thereby closely aligning their interest as stakeholders with that of the shareholders of the Company, the Company's senior leadership team personally invested into the Company through subscription for new shares by J Anderson and J Peacock. C Evans, further to his existing interest of 4.2 per cent. in the Ordinary Shares (in aggregate with Ectoplasm Limited, holding Ordinary Shares for the benefit of C Evans and his close family) also entered into a call and put option agreement by C Evans in relation to the purchase of Ordinary Shares from Arig Risk Management JLT (further details of C Evans' interest in the Ordinary Shares are set out in paragraph 5.1 of this Part VI and paragraph 7 of "Part XV – Additional Information").

Arix Bioscience operates an executive share incentive plan for certain executives of the management team. For further details of the Executive Share Option Plan and existing awards thereunder, please see paragraphs 3.15 and 18 of "Part XV – Additional Information" of this Prospectus. In addition, the Company also adopted the Employee Share Plans, further details of which are set out in paragraph 18 of "Part XV – Additional Information" of this Prospectus.

All the Non-Executive Directors agreed pursuant to their respective letters of appointment that 50 per cent. of their fees will be satisfied by the issue of the Ordinary Shares at prevailing market price following Admission (further details are set out in paragraph 7.3.2 of "Part XV – Additional Information".

Arix Bioscience has also agreed under the Restrictive Share Agreement to release a number of Restricted Shares (representing in total 5 per cent. of the ordinary share capital of the Company immediately on Admission) as Incentive Shares to the Founders subject to the terms and conditions set out in the Restrictive Share Agreement. For further details of the Founders Incentive Arrangement, please see paragraph 18.1 of "Part XV – Additional Information".

12. DIVIDEND POLICY

The Group is primarily seeking to achieve capital growth for its shareholders.

It is the Board's intention during the current phase of the Group's development to retain the Group's earnings, to the extent any are generated, for the foreseeable future to finance growth and expansion and to act as a source of funds for acquiring equity stakes in new Group Businesses.

The Directors do not anticipate declaring any dividends in the foreseeable future but may recommend dividends at some future date, depending upon the realisation of profits and the Group's financial position, when it becomes commercially prudent to do so.

The Board can give no assurance that it will pay any dividends in the future, nor, if a dividend is paid, what the amount of such dividend will be.

PART VII

DIRECTORS AND CORPORATE GOVERNANCE

1. The Directors

Details of the Directors are set out below.

Name	*Age*	*Position*
Jonathan Peacock	58	Chairman
Christopher Evans	59	Deputy Chairman
Joseph Anderson	57	Chief Executive Officer
James Rawlingson	49	Chief Financial Officer
Franz Bernhard Humer	70	Senior Independent Non-Executive Director
John Banham	76	Independent Non-Executive Director
David U'Prichard	68	Independent Non-Executive Director
John Matthew Patrick Hutton	61	Independent Non-Executive Director
Trevor Jones	74	Independent Non-Executive Director

The address for service for each of the Directors is 20 Berkeley Square, London, W1J 6EQ.

2. The Founders

The Company's founders are C Evans (who initially held sixty per cent. of the shares in the Company) and C Chipperton (who initially held forty per cent. of the shares in the Company). The initial operation of the Company was partially financed by ALS. For further details please see paragraph 3 of "Part XV – Additional Information" of this Prospectus.

3. Corporate governance

3.1 ***General***

The Board is committed to the highest standards of corporate governance. The Company intends to voluntarily observe the requirements of the UK Corporate Governance Code, so far as it is able, as if it were admitted to trading to the premium segment of the Official List even though it is not obliged to do so by virtue of having a Standard Listing. As at the date of this Prospectus the Company is, and at the date of Admission will be, in compliance with the UK Corporate Governance Code save as described below.

3.2 ***Observance of UK Corporate Governance Code***

The Company intends to comply with the following provisions of the UK Corporate Governance Code as set out below:

(a) The Company will report to its Shareholders on its compliance with the UK Corporate Governance Code as if it were complying with the relevant requirements of the Listing Rules (applicable only to those with a Premium Listing).

(b) The UK Corporate Governance Code recommends that a chairman of a company with a premium listing on the Official List should meet the independence criteria set out in the UK Corporate Governance Code. Due to the nature of the strategic objectives of the Company and its recent incorporation, the Company has as Chairman the highly experienced executive Director Jonathan Peacock. The Company considers it essential to have leadership of this quality and calibre available to it combined with a Board containing experienced Non-Executive Directors. The Non-Executive Directors will form the various Board committees described in paragraph 4 below.

(c) The UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company, excluding the chairman, should comprise non-executive directors determined by the board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, the director's

judgment. The Board includes five independent non-executive Directors. The Board has determined each of the Non-Executive Directors to be independent for the purposes of the UK Governance Code. The Board considers that the Company is therefore compliant with the UK Corporate Governance Code in this regard.

(d) The UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List should appoint one of the non-executive directors to be the Senior Independent Director to provide a sounding board for the chairman and to serve as an intermediary for the other Directors when necessary. The Senior Independent Director should be available to Shareholders if they have concerns, which contact through the normal channels of the Chief Executive Officer has failed to resolve or for which such contact is inappropriate. The Company is delighted that Franz Bernhard Humer has agreed to be appointed as Senior Independent Director of the Board from the date of this Prospectus.

(e) As envisaged by the UK Corporate Governance Code, the Board has established three committees: an audit committee, a nomination committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

3.3 ***Market Abuse Regulation 2014***

The Company will be subject to the provisions of the Market Abuse Regulation 2014 and the Market Abuse Regulation Instrument 2016 ("**MAR**"). The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the MAR by the Directors and persons discharging managerial responsibilities. The FCA is the competent authority for MAR and has powers to intervene as competent authority and will be responsible for the investigation and enforcement of breaches of MAR.

4. Board Committees

4.1 ***Audit Committee***

The Audit Committee is chaired by Sir John Banham and its other member will be Lord Hutton in compliance with the UK Corporate Governance Code. Its role is to assist the Board with the discharge of its responsibilities in relation to internal and external audits and controls, including reviewing the Group's annual financial statements, considering the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal control systems in place within the Group. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The Audit Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules. The Audit Committee will normally meet not less than four times a year.

The UK Corporate Governance Code recommends that an audit committee should comprise at least three members, or in the case of smaller companies (which are below the FTSE 350 index) two members, who are independent non-executive directors and that at least one member should have recent and relevant financial experience. The Audit Committee's other member will be Lord Hutton of Furness in compliance with the UK Corporate Governance Code. The Directors consider that Sir John Banham as Chairman of the Committee has recent and relevant financial experience in accordance with the requirements of the UK Corporate Governance Code.

From the date of Admission, the Audit Committee chairman will be available at annual general meetings of the Company to respond to questions from Shareholders on the activities of the Audit Committee.

The Audit Committee has taken appropriate steps to ensure that the Company's Auditors are independent of the Company and obtained written confirmation from the Company's Auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

4.2 ***Nomination Committee***

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise.

The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board, retirements and appointments of additional and replacement directors and committee members and will make appropriate recommendations to the Board on such matters.

The UK Corporate Governance Code recommends that a majority of the members of a nomination committee should be independent non-executive directors. The Nomination Committee is chaired by David U'Prichard and its other member will be Franz Humer in compliance with the UK Corporate Governance Code. The Nomination Committee will meet not less than once a year.

4.3 ***Remuneration Committee***

The Remuneration Committee is chaired by Franz Humer. It recommends what policy the Company should adopt on executive remuneration, determines the levels of remuneration for each of the Executive Directors and recommends and monitors the remuneration of members of senior management (including the administration of the Founders' Share Scheme). The Remuneration Committee will also be responsible for generating the annual remuneration report to be approved by the shareholders of the Company at its annual general meeting. The Remuneration Committee will normally meet not less than twice a year.

The UK Corporate Governance Code recommends that all members of the Remuneration Committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Remuneration Committee's other member is Professor Trevor Jones in compliance with the UK Corporate Governance Code.

5. Conflicts of interest

5.1 ***Potential areas for conflicts of interest in relation to the Company include:***

(a) Some of the Directors (including some of the Executive Directors) may have conflicts of interest in allocating management time among various business activities. Sir John Banham, David U'Prichard, Lord John Matthew Patrick Hutton of Furness and Professor Trevor Jones intend to commit an amount of time that would be standard for a non-executive director working in the sector. Amongst the Executive Directors, C Evans and Jonathan Peacock have a number of commitments (details of which are set out in sub-paragraph (b) below) in addition to their directorship in the Company. However, both of them do (and are contractually obliged to) commit such time as is required for the proper performance of their respective duties as Directors.

In the course of their other business activities, the Directors may become aware of business opportunities which may be appropriate for presentation to the Company as well as the other entities with which they are affiliated. They may have conflicts of interest in determining to which entity a particular business opportunity should be presented. Such interests include the following:

(i) Jonathan Peacock has been the chief executive officer until 11 November 2016 and is the chairman of Bellerophon Therapeutics ("**Bellerophon**"), a Nasdaq-listed company focusing on developing innovative therapies for cardiopulmonary and cardiac diseases since 2014. Jonathan intends to stay on as Chairman of Bellerophon. Jonathan is also a non-executive Director of Kite Pharma Inc. The Directors do not consider Bellerophon as a competitor of the Group and believe that there is unlikely to be any specific area of conflict in relation to the sourcing and financing of opportunities by the Company.

(ii) C Evans has a significant beneficial interest in Excalibur Fund Managers Limited ("**Excalibur**") which was a fund advisory firm specialising in equity investments in European life science companies under the Merlin brand but is no longer active. The Directors consider that C Evans' shareholding in Excalibur does not present any conflict in terms of the Group's business strategy. Moreover, the Directors believe that such involvement by C Evans may enhance the Group's ability to further its business strategy by affording a wider range of sources to identify opportunities to the Group.

Further, C Evans has been involved in activities relating to research, investments of sourcing drugs or technologies solely for cancer applications, treatment, prevention or care, such activities having been excluded from being in competition with the business of the Group from his service agreement and consultancy agreements with the Company. As C Evans' involvement in such activities is chiefly proposed to be through charities and not proposed to be by way of any direct investment into companies focused on cancer activities, the Board believes that no conflict exists with the business of the Group.

(iii) David U'Prichard has worked to establish The Harrington Project for Discovery & Development in the UK since 2014 and is a director of, and the chairman of the Scientific Advisory Board of, BioMotiv. He is also a minority shareholder of BioMotiv. Although it is recognised that D U'Prichard's role with The Harrington Project and BioMotiv may create an occasional conflict, the Board considers it an asset towards the implementation of the Group's business strategy.

(iv) Franz Humer is a member of the advisory board of L1 Health, a vehicle established by LetterOne, the international investment business. Based in the US, L1 Health intends to target up to US$ 2-3 billion of investments in the global healthcare sector over the next three years. As L1 Health is focused on different areas of health sector, the Directors consider that Franz Humer's involvement in the business does not create a conflict with the business of the Group.

(v) Each of Trevor Jones, John Banham, C Evans, and John Hutton are also directors of ALS, the Company's wholly-owned subsidiary, which may result in conflict due to ALS' regulatory status. However, internal procedures have been implemented within the Group to resolve any potential conflict protecting the interests of both ALS and the Company.

(b) The Directors are or may in the future become affiliated with entities engaged in business activities similar to those intended to be conducted by the Company, which may include entities with a focus on target companies or businesses similar to those being sought by the Company. The Directors' respective service agreements and letters of appointment contain specific obligations to act in the best interest of the Group as well as restrictive covenants post-termination. Therefore any such activity and affiliation may only be conducted so as the Directors would not be in breach of their contractual or general legal obligations.

PART VIII

OPERATING AND FINANCIAL REVIEW

The section that follows should be read in conjunction with "Part VI – Information on the Group, the business of the Group and the industry", "Part VII – Directors and Corporate Governance", and "Part X – Historical Financial Information" of this Prospectus. Prospective investors should read the entire document and not just rely on the summary information set out below. The selected financial information considered in this Part VIII is extracted from the information set out in "Part X – Historical Financial Information" and "Part XI – Unaudited Financial Information for the six months ended 30 September 2016" of this Prospectus.

1. INTRODUCTION

Some of the information contained in this review and elsewhere in this Prospectus includes forward-looking statements that involve risks and uncertainties. See "Part II – Risk Factors" of this Prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this Prospectus.

This review should be read in conjunction with: (i) the Arix Holdings Group's and ALS' historical financial information; and (ii) the notes thereto explaining such historical financial information, presented elsewhere in this Prospectus as explained in "Part X – Historical Financial Information" of this Prospectus.

Unless otherwise indicated, the selected financial information included in this Part VIII has been extracted without material adjustment from the Historical Financial Information relating to Arix Holdings Group for the period from 15 September 2015 and ended 31 March 2016, the Historical Financial Information relating to ALS for the 3 years ended 31 March 2016 and the unaudited financial information relating to Arix Holdings Group and Arthurian Life Sciences Limited for the six months ended 30 September 2016. The financial information set out in this Part VIII does not constitute statutory accounts for any company within the meaning of section 435 of the Companies Act 2006.

Prospective Investors should read the whole of this Prospectus and the documents incorporated herein by reference and should not rely solely on the summary operating and financial information set out in this Part VIII.

2. SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS AND OUTLOOK

2.1 ***Overview***

The Company has been set up as a holding company to acquire interests in, and provide strategic and operational oversight to, Group Businesses (either directly or through Arix Holdings) exclusively in the healthcare and life science sector. The Company already has six Group Businesses, namely BioMotiv and OptiKira LLC (held through Arix US), Autolus, Depixus SAS, Verona Pharma plc (held through Arix Holdings) and Artios Pharma Ltd (held through Arix Holdings). In addition, the Company acquired the entire issued share capital of ALS and Arthurian Life Sciences SPV GP Limited on for an aggregate price of £891,431 on 8 July 2016. With its intention to facilitate various acquisitions in potential Group Businesses, and as an operating entity, the Company's strategy is to expand through further equity acquisitions in the healthcare and life science sector in the UK, the US, the EU, Australia and also worldwide.

The Company is currently involved in considering a range of possible opportunities in which to acquire strategic stakes. The Board considers that the Company has a wide pipeline of opportunities to review and has internal procedures to both perpetrate and support this. The Company will continue to contact potential Group Businesses, or potential sellers of such Group Businesses. There is no specific expected target value for any acquisition of a potential Group Business and the Company expects that any available funds not used for an acquisition of a Group Business will be used for internal or external growth (including building up the Group's personnel and infrastructure). Further information in relation to the proposed use of the proceeds of the

Offer is set out in paragraph 7 of "Part VI – Information on the Group, the business of the Group and the industry". Arix Bioscience intends to actively participate in the development and growth of such Group Businesses. Arix Bioscience's strategy is to build a significant diversified set of Group Businesses and achieve strong growth over the medium to long term through the maturation of the Group Businesses' technology and products through the commercialisation cycle.

Success of the Arix Bioscience's operations depend on certain factors as set out below in this Part VIII, which the Directors consider have affected the Group's results of operations to date, or could do so in the future.

Arix Bioscience has six wholly-owned subsidiaries. For the purposes of the financial information presented in "Part X – Historical Financial Information" and "Part XII – Unaudited Consolidated Pro Forma Financial Information" of this Prospectus four of the wholly-owned subsidiaries (with the exclusion of ALS) and Arix Bioscience together constitute the Arix Holdings Group. Arix Bioscience acquired the entire issued share capital of ALS conditional on FCA approval which had not been received as at the financial reporting date of 31 March 2016. Therefore, the historical financial information of ALS has not been consolidated with that of the Arix Holdings Group for the period ended 31 March 2016.

The unaudited interim financial information for the period ended 30 September 2016, set out in Part XI represents financial information of the Group, inclusive of ALS from the date of acquisition being 20 June 2016.

2.2 ***Significant factors***

The Group's results are expected to be impacted by the following:

(1) expenditure which is required to create the infrastructure enabling the Group to successfully implement its business strategy;

(2) costs of (and expenses associated with) maintaining existing relationships with universities and establishing new ones; and

(3) the performance of the Group Businesses, in particular the progress towards successful development and the realisation of the value of the technologies within those businesses.

The Directors believe that progress in the Group's portfolio of Group Businesses will be able to be assessed with reference to the Arix Holdings Group's success in 'graduating' a Group Business through the development and commercialisation lifecycle.

Given the Company's limited history to date, the Directors believe that the Company's financial statements do not currently provide a meaningful standalone basis for assessing the value or performance of the Group.

Over the longer term, the Directors believe that the successful achievement of technical and commercial milestones in the Group shall result in an increase in the value of the Group Businesses enabling a realisation of the Group's investments into such Group Businesses.

2.3 ***Operating results***

2.3.1 *Operating revenues*

The Group's revenues to date principally represent fund management fees.

ALS generates revenue from 3 key elements: fund management fee, transaction fee and on-going monitoring fee. The amount of fund management fee for the year ended 31 March 2016 was £1.25 million. A transaction fee is only payable on completion of an investment by ALS on behalf of WLSIF. In the 12- month period ended 31 March 2016 £1.9 million was payable to ALS as transaction fees. Ongoing monitoring fees may be charged by ALS to any investee company of WLSIF in respect of ongoing monitoring requirements including, potentially, the provision of non-executive director services. Ongoing monitoring fees amounted to £73,336 for the year ended 31 March 2016.

Other than revenues generated by ALS, the Group's ability to generate future revenue and profits will be dependent upon the fees paid in relation to the services provided by Arix Holdings Group as directors of its Group Businesses, the extent that any Group Businesses generate and distribute any profits or any sale of Group Businesses and from any gains arising on an appropriate re-valuation of interests in Group Businesses.

2.3.2 *Operating expenses*

The operating expenses of the Group since its inception have consisted of employment costs and other expenses. Until the completion of the placing on 8 February 2016, ALS provided operational support for the Company through a number of related party services and consultancy agreements (as set out in the table in paragraph 2.3.3 below) thereby affording the services of ALS staff, including C Evans, to the Group in its initial development phase. Hence, the operating expenses of the Arix Holdings Group in the financial period ended 31 March 2016 consist partly of payments made pursuant to a number of related party agreements which have been or will be terminated at the latest on Admission (with the exception of the consultancy agreement between the Company and Merlin Scientific LLP in relation to the services of C Evans as a Director). Details of these agreements are set out in "Part X – Historical Financial Information" and paragraph 7 of "Part XV – Additional Information".

The breakdown of the operating expenses of the Group is set out below.

(A) Staff costs

A significant proportion of the operating expenses comprise costs related to the remuneration of staff and directors. Personnel costs include salaries, bonuses, share-based payment charges and taxes thereon as well as a severance payment paid to a former director of the Company who resigned on 8 February 2016. It is the intention of the Company to increase the number of its personnel following Admission.

As the scale and stage of the activities continue to develop, the Directors anticipate that the personnel costs will continue to increase in order for the Group to support its activities and maintain competitive advantage.

(B) Exceptional and other operating expenses

The estimated costs of the Offer and Admission are referred at in the section titled "Offer Statistics" in "Part III – Important information, expected timetable and offer statistics" of this Prospectus.

In addition, other operating expenses primarily consist of general and administrative expenses in the form of professional and legal fees to support business development efforts of the Group, office administration costs, travel and marketing expenses. The level of such expenses is expected to increase with the growth of the Group's operations (more details in relation to the operating expenses are set out in paragraph 3.1 of this Part VII below).

2.3.3 *Related party expenses*

The expenses set out in the table below were incurred in respect of transactions with Excalibur Fund Managers Limited, Merlin Scientific LLP and Glebe Corporate LLP (entities which are beneficially owned and controlled by C Evans) and Arig DMCC (entity which is beneficially owned and controlled by C Chipperton, one of the Founders), by either the Arix Holdings Group or by Arthurian Life Sciences Limited, in the three years ended 31 March 2016:

	Year ended 31 March		
	2014	*2015*	*2016*
	£'000	*£'000*	*£'000*
*Excalibur Fund Managers Limited for the provision of operational and administrative support**			
Arthurian Life Sciences Limited	829	318	1,359
*Merlin Scientific LLP for the provision of consultancy services***			
Arix Holdings Group	–	–	208
Arthurian Life Sciences Limited	–	–	292
*Arig DMCC for the provision of consultancy services by C Chipperton****			
Arix Holdings Group	–	–	175
Arthurian Life Sciences Limited	–	–	125
*Glebe Corporate LLP for the provision of facilities, staff, services and consumables***			
Arthurian Life Sciences Limited	–	–	178

* The agreement pursuant to which this payment had been made was terminated on 21 December 2015 (further details of which are set out in paragraph 17.18 of "Part XV – Additional Information"

** The agreements pursuant to which such payments had been made were terminated with effect as at 31 March 2016.

*** The consultancy agreement between the Company and C Chipperton dated 17 September 2015 pursuant to which this payment has been made was terminated on 17 February 2016.

Related party expenses for the six months ended 30 September 2016 are disclosed in note 11 of Part XI, Section A and in note 7 of Part XI, Section B to the unaudited interim financial information.

3. FINANCIAL REVIEW, RESULTS OF OPERATIONS AND KEY PERFORMANCE INDICATORS

3.1 *The Arix Holdings Group consolidated statements*

3.1.1 *Consolidated statement of Consolidated Comprehensive Income*

	Audited Period ended 31 March 2016 £'000	*Unaudited Six months ended 30 September 2016 £'000*
Revenue	1	306
Administrative expenses	(2,210)	(4,362)
Operating loss	(2,209)	(4,056)
Share based payment charge	(1,401)	(9,325)
Exceptional items	(596)	3,198
Fair value gains and losses on investment	–	687
Fair value gains and losses on carried interest investment	–	(120)
Finance income	10	18
Foreign exchange gains	–	76
Loss before taxation	(4,196)	(9,522)
Income tax expense	–	–
Loss for the period	(4,196)	(9,522)
Foreign currency translation differences	(8)	243
Total comprehensive loss for the period, net of tax	(4,204)	(9,279)
Loss attributable to owners of Arix Bioscience plc	(4,204)	(9,279)

3.1.2 *Operating expenses*

General and administrative expenses for the period to 30 September 2016

The Arix Holdings Group's loss for the six months ended 30 September 2016, of £9.5 million largely reflects the following items:

- cost and expenses in relation to the Offer and Admission of £747,000;
- cost of personnel totalling £2.6 million;
- share-based payment charges of £9.3 million; and
- a net fair value gain on investments of £687,000.

3.1.3 *Operating expenses*

General and administrative expenses for the period to 31 March 2016

The Arix Holdings Group's overall loss as at 31 March 2016 is £4.2 million which largely reflects the following items, the first of which is an exceptional item:

- cost and expenses in relation to the Offer and Admission incurred up to 31 March 2016 in the amount of £596,000;
- cost of personnel in the aggregate amount of £2,865,000 which includes salaries, bonuses, share-based payment charges of £1,401,000 and taxes thereon as well as a severance payment of £375,000 to a former director of the Company whose employment was terminated on 8 February 2016 upon his resignation following the issue of Series B Shares to investors;
- other expenses additional to the cost of the Offer and Admission referred to above comprising of:
  - consultancy fees of £201,000 in total including the expenses set out in line item 4 in the table in paragraph 2.3.3 in this Part VIII;
  - fees paid to recruitment agencies in the amount of £281,000 in relation to the engagement of the senior management team of the Company; and
  - miscellaneous office and infrastructure expenses including accountancy, insurance premium, rent, travel and other administrative expenses) in the amount of £264,000.

The business goal of the Arix Holdings Group is to keep the adjusted net operating expenses below 2.5 per cent. of the carrying amount of its investments in the Group Businesses once that amount exceeds £300 million.

3.2 *Arthurian Life Sciences*

Results of operations

The table below sets forth the ALS financial statements for the periods indicated:

	Audited			*Unaudited*
	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*	*Six months ended 30 September 2016 £'000*
Revenue	1,972	1,733	3,198	655
Administrative expenses	(1,583)	(1,694)	(3,042)	(325)
Operating profit	389	39	156	330
Fair value gains and losses on carried interest investment	–	–	–	19
Finance costs	(19)	(31)	(21)	–
Profit before taxation	370	8	135	349
Income tax expense	(75)	(6)	(34)	–
Profit for the year	295	2	101	349
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income for the year, net of tax	295	2	101	349
Profit attributable to owners of ALS	295	2	101	349

Income statement in relation to the six months ended 30 September 2016

The ALS revenue for the six months ended 30 September 2016, of £655,000, principally represents fund management fees. Revenue was proportionately lower than the £3,198,000 achieved for the year ended 31 March 2016 principally because of the lack of transaction fees, which amounted to £1,861,000 for the year to 31 March 2016.

The ALS administrative expenses for the six months ended 30 September 2016, of £325,000, were proportionately lower than the levels experienced for the year ended 31 March 2016, of some £3,042,000. The reduction reflects:

- lower employment benefit expenses following the reduction in the average number of staff as employees were transferred to Arix Bioscience during the year ended 31 March 2016;
- the cessation of payments to Excalibur Fund Managers Limited for the provision of operational and management support as this support is now provided in-house.

Income statement in relation to financial years ended 31 March 2014, 2015 and 2016

The revenue of ALS fell in the financial year ended 31 March 2015 by £239,000, from £1,972,000 to £1,733,000, due to a reduction of £302,000 in transaction fees, which fell from £710,000 to £408,000. Transaction fees are separately negotiated for each individual transaction to be implemented by ALS on behalf of WLSIF.

The administration expenses of ALS increased by £111,000, from £1,583,000 to £1,694,000 in the financial year ended 31 March 2015 due to:

- higher employee benefit expense as the average number of employees (including directors) increased from 9 to 15. As a result, employee benefit expense increased by £439,000, from £526,000 to £965,000;

- a £179,000 increase in other operating costs, from £113,000 to £292,000 principally because of an increase of £96,000 in scientific adviser fees; and
- the above increases were offset by a reduction of £511,000 in payments made to Excalibur Fund Managers Limited. As at the date of this Prospectus, all of these payments have been made.

ALS' finance costs increased by £12,000, from £19,000 to £31,000 in the financial year ended 31 March 2015 principally because of the additional interest paid on a loan to ALS from the Welsh Government.

ALS' taxation expenses fell in the financial year ended 31 March 2015 by £69,000, from £75,000 in the previous financial year to £6,000 as a deferred tax charge in 2013 of £62,000 was not repeated in 2014.

The revenue of ALS increased in the financial year ended 31 March 2016 by £1,465,000, from £1,733,000 in the previous financial year to £3,198,000, due to transaction fees which increased from £408,000 to £1,861,000. Transaction fees are separately negotiated for each individual transaction to be implemented by ALS on behalf of WLSIF.

The administration expenses of ALS increased in the financial year ended 31 March 2016 by £1,348,000, from £1,694,000 in the previous financial year to £3,042,000 due to:

- an increase of £930,000 in fund management fees (from £318,000 to £1,248,000) as shown in line item 1 in the table in paragraph 2.3.3 in Part VIII for the provision of operational and administrative support;
- an increase in other operating costs of £402,000 (from £292,000 to £694,000) principally as a result of irrevocable VAT costs in the amount of £222,000 and costs of conference and meetings in the amount of £178,000 as shown in the table in paragraph 2.3.3 in Part VIII; and
- payment of consultancy fees in an aggregate amount of £417,000 referred to above (as shown in the table in paragraph 2.3.3 in Part VIII).

The above increases in administrative costs were partly offset by a reduction of £424,000 in the employment benefit expense (from £965,000 to £541,000) following a reduction in the average number of executive directors and staff (from six to three) in the period as employees were gradually transferred to Arix Bioscience.

ALS' finance costs decreased by £10,000, from £31,000 to £21,000, as a loan to ALS from the Welsh Government was repaid during the period.

ALS' taxation expenses increased by £28,000, from £6,000 to £34,000, principally because of higher taxable profit.

Arix Holdings Group – Consolidated Statement of financial position

	Audited 31 March 2016 £'000	*Unaudited 30 September 2016 £'000*
Non-current assets		
Property, plant and equipment	7	729
Intangibles	–	2,415
Investments	5,071	11,155
Investment in carried interest	–	3,819
Total non-current assets	5,078	18,118
Current assets		
Trade and other receivables	442	788
Cash and cash equivalents	40,638	32,189
Total current assets	41,080	32,977
Total assets	46,158	51,095
Equity and liabilities		
Equity attributable to the owners of the Arix Holdings Group		
Issued share capital	1	51
Share premium	48,017	–
Translation reserve	8	251
Retained earnings	(2,803)	46,967
Total equity	45,223	47,269
Liabilities		
Current liabilities		
Trade and other payables	935	2,669
Total current liabilities	935	2,669
Non-current liabilities		
Deferred tax liability	–	1,157
Total non-current liabilities	–	1,157
Total liabilities	935	3,826
Total equity and liabilities	46,158	51,095

ALS Statement of financial position

The table below sets forth the ALS statement of financial position as of 31 March 2016 and 30 September 2016:

Statement of Financial Position

	Audited 31 March 2016 £'000	*Unaudited 30 September 2016 £'000*
Assets		
Non-current assets		
Investments	3,800	3,819
Current assets		
Trade and other receivables	249	312
Cash and cash equivalents	50	47
Total current assets	299	359
Total assets	4,099	4,178
Equity and liabilities		
Equity attributable to the owners of the parent company		
Share capital	–	–
Share premium	250	250
Capital reserve	2,909	2,909
Retained earnings	116	465
Total equity	3,275	3,624
Liabilities		
Current liabilities		
Trade and other payables	587	554
Deferred revenue	211	–
Current income tax liabilities	26	–
Total current liabilities	824	554
Non-current liabilities		
Total liabilities	824	554
Total equity and liabilities	4,099	4,178

3.3 ***Significant performance impacting events and business developments reflected in the Company's financial position.***

On 8 February 2016, a number of institutional investors subscribed for Series B Shares in the Company for a total amount of £50.05 million and on 15 April 2016, additional Series B Shares were issued for a total amount of £2.0 million (further details of which are set out in paragraphs 1 and 17.5 of "Part XV – Additional Information").

4. LIQUIDITY AND CAPITAL RESOURCES

The Group cash balance as of 31 December 2016 was £28.9 million.

As of 31 December 2016, the Group's financial contractual obligations which could materially affect (directly or indirectly) the Group's operations include the following:

(a) a commitment to pay £6.7 million to Autolus Limited conditional on the satisfaction of certain key performance indicators in two tranches which the Company expects to occur in the 12-18 month period following Admission;

(b) the further potential subscription of £1.9 million to Verona, conditional on Verona having successfully listed on Nasdaq (such listing is expected within 180 days from the completion of the Verona Placing);

(c) the conditional commitment to pay €310,000 to Depixus;

(d) the payment of up to $21.25 million from which BioMotiv may drawdown as required having demonstrated a need for cash (further details of the consequences are set out in paragraph 17.9 of "Part XV – Additional Information"), where the drawdown is expected to occur in several tranches over several years; and

(e) a conditional commitment to pay £3.23 million in two further tranches to Artios in addition to the payment of £1,896,250 on 20 September 2016.

Arix Holdings Group cash flow

	Audited Period ended 31 March 2016 £'000	*Unaudited Six months ended 30 September 2016 £'000*
Net cash flow from operating activities	(2,311)	(3,853)
Finance income	10	18
Net cash used in operating activities	(2,301)	(3,835)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(7)	(810)
Purchase of investments	(5,071)	(5,134)
Payments for acquisitions, net of cash acquired	–	(670)
Net cash used in investing activities	(5,078)	(6,614)
Cash flows from financing activities		
Proceeds from issuance of shares	50,050	2,000
Cost of issuance of shares	(2,033)	–
Net cash from financing activities	48,017	2,000
Net increase/(decrease) in cash and cash equivalents	40,638	(8,449)
Cash and cash equivalents at incorporation	–	40,638
Cash and cash equivalents at end of the period	40,638	32,189

The net increase in cash and cash equivalents for the period ended 31 March 2016, of £40.6 million reflects:

- the inflow of funds, of £50.1 million, from the private placing in February 2016 less the cost of the placing in the amount £2.0 million;
- the investment of cash into equity shareholdings in the aggregate amount of £5.1 million in Autolus (in the amount of £3.3 million) and BioMotiv (in the amount of £1.7 million); and
- cash absorbed by operations, of £2.3 million, principally reflecting the operating loss for the period of £3.1 million and a reduction in working capital of £0.5 million.

The net decrease in cash and cash equivalents for the six months ended 30 September 2016, of £8.4 million reflects the net impact of:

- cash utilised in operations of £3.8 million;
- the purchase of investments in equity shareholdings of £5.1 million; and
- the receipt of £2 million from the issue of additional Series B Shares on 15 April 2016.

ALS cash flow

	Audited			*Unaudited*
	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*	*six months ended 30 September 2016 £'000*
Cash (used in) generated from operations	(160)	(104)	124	23
Income tax paid	–	(13)	(13)	(26)
Net cash (used in) generated from operating activities	(160)	(117)	111	(3)
Cash flows from financing activities				
Interest paid	(3)	(1)	(21)	–
Proceeds from (repayment of) borrowings	262	–	–	–
Repayment of borrowings	–	–	(309)	–
Share issuance	–	–	250	–
Net cash generated by (used in) financing activities	259	(1)	(80)	–
Net increase (decrease) in cash and cash equivalents	99	(118)	31	(3)
Cash and cash equivalents at beginning of year	38	137	19	50
Cash and cash equivalents at end of year	137	19	50	47

Cash flow statement in relation to financial year ended 31 March 2014, 2015 and 2016

There was a net decrease in cash balances of £118,000 in the financial year ended 31 March 2015 (compared to an increase in cash balances of £99,000 in 2014). The net decrease in the financial year ended 31 March 2015 in cash balances principally reflects cash from operating profit of £39,000, which was more than offset by a net increase in working capital balances of £143,000 and income tax paid of £13,000.

The net overall increase in working capital balances of £143,000 the financial year ended 31 March 2015 arose principally due to an increase (£404,000) in unpaid management fees which was partly offset by an increase, of £139,000, in accrued non-executive director fees and an increase, of £125,000, in trade payables.

Net cash generated from operating activities amounted to £111,000 in the financial year ended 31 March 2016 compared to cash used in operating activities in the amount of £117,000 in the financial year ended 31 March 2015. The increase principally reflects the increase in profit before income tax, from £8,000 to £135,000, and changes in working capital balances.

The amount of net cash used in financing activities increased from £1,000 to £80,000 from financial year 2015 to financial year 2016. The cash outflow reflects the repayment of a Welsh Government loan of £309,000 and interest paid in the amount of £21,000, the net receipt of £250,000 from the issue of new ordinary shares.

Cash flow statement in relation to the six months ended 30 September 2016

The net decrease in cash balances of £3,000 in the six months ended 30 September 2016 principally reflects cash from operating activities, of £23,000, being more than offset by income tax paid of £26,000

5. PRINCIPAL INVESTMENTS

The principal investments of the Arix Holdings Group since the incorporation of the Company are as follows:

Acquisition of interest	*Geography*	*Amount*	*Group Company*
Autolus*	UK	£3,333,333	Arix Holdings
BioMotiv**	US	$3,750,000	Arix US
ALS	UK	£891,331	Arix Bioscience
Verona***	UK	£1,853,591	Arix Holdings
OptiKira	US	$1,200,000	Arix US
Artios****	UK	£1,896,250	Arix Holdings
Depixus*****	France	€930,000	Arix Holdings

* The Company agreed to pay a further £6,666,667 to Autolus Limited subject to satisfaction of certain commercial targets, such obligation having been assumed by Arix Holdings on the transfer of shares in Autolus by the Company to Arix Holdings.

** Arix US has agreed to pay (subject to certain conditions) an additional $21.25 million to BioMotiv subject to drawdown requests from BioMotiv which is expected to occur in several tranches over several years. Potential consequence of non-payment of a drawdown are set out on paragraph 17.9 of "Part XV – Additional Information".

*** Arix Holdings has the possibility of a further subscription of £1.9 million conditional on Verona having successfully listed on nasdaq (which listing is expected within 180 days from the completion of the Verona Placing);

**** Arix Holdings has agreed to pay an additional £3.23 million to Artios in two further tranches, conditional upon the achievement of certain commercial milestones.

***** Arix Holdings has agreed to pay an additional €310,000 conditional upon achievement of certain technological development milestones.

The Company has no investments in progress other than as otherwise disclosed in this Prospectus.

PART IX

CAPITALISATION AND INDEBTEDNESS

The following tables show the capitalisation and indebtedness of the Group as at 31 March 2016 (assuming that the acquisition of ALS is completed) and as at 30 September 2016.

The Group's capitalisation information has been extracted without material adjustment from the Arix Holdings Group and ALS's financial information included in Part X (*Historical Financial Information*) as at 31 March 2016, and from the Arix Holdings Group unaudited interim financial information as at 30 September 2016 included in Part XI.

Capitalisation and indebtedness

	As at 31 March 2016 £'000	*As at 30 September 2016 £'000*
Total current debt		
Guaranteed	–	–
Secured	–	–
Unguaranteed/unsecured	–	–
	–	–
Total non-current debt (excluding current portion of the long term debt)		
Guaranteed		–
Secured		–
Unguaranteed/unsecured		–
		–

	As at 31 March 2016 £'000	*As at 30 September 2016 £'000*
Shareholders' equity		
Share capital	1	51
Share premium	48,017	–
Legal reserves	–	–
Other reserves	8	251
Retained earnings	(2,803)	46,967
TOTAL	45,223	47,269

There has been no material change in the Group's capitalisation since 30 September 2016.

The following table sets out the net financial indebtedness of Arix Holdings and ALS as at 31 March 2016, 30 September 2016 and 31 December 2016.

	As at 31 March 2016 £'000	*As at 30 September 2016 £'000*	*As at 31 December 2016 £'000*
Net indebtedness			
Cash	40,688	32,189	28,900
Cash equivalents	–	–	–
Trading securities	–	–	–
Total liquidity	40,688	32,189	–
Current financial receivable	–	–	–
Current bank debt	–	–	–
Current portion of non-current debt	–	–	–
Other current financial debt	–	–	–
Current financial debt	–	–	–
Net cash	40,688	–	–
Non-current bank loans	–	–	–
Bonds issued	–	–	–
Other non-current financial debt	–	–	–
Non-current financial indebtedness	–	–	–
Total cash	40,688	32,189	28,930

The Group has no indirect or contingent indebtedness as at 31 March 2016, 30 September 2016, or as at 31 December 2016.

PART X

HISTORICAL FINANCIAL INFORMATION

Section A: Accountant's Report on Arix Bioscience plc

The Directors
Arix Bioscience plc
20 Berkeley Square
London
W1J 6EQ

2 February 2017

Dear Sirs

Arix Bioscience plc

We report on the financial information set out in Section B of Part X below (the "**Arix Financial Information Table**"). The Arix Financial Information Table has been prepared for inclusion in the prospectus dated 2 February 2017 (the "**Prospectus**") of Arix Bioscience plc (the "**Company**") on the basis of the accounting policies set out in note 2 to the Arix Financial Information Table. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Arix Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Arix Financial Information Table gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, www.pwc.co.uk

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relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Arix Financial Information Table gives, for the purposes of the Prospectus dated 2 February 2017, a true and fair view of the state of affairs of the Company as at the dates stated and of its losses, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

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Section B: Historical Financial Information on Arix Holdings Group

Consolidated statement of Comprehensive Income

	Note	*Period ended 31 March 2016 £'000*
Revenue	4	1
Administrative expenses	7	(2,210)
Operating loss		(2,209)
Share-based payment charge	20	(1,401)
Exceptional costs	7	(596)
Finance income	8	10
Loss before taxation		(4,196)
Income tax expense	11	–
Loss for the period		(4,196)
Other comprehensive income, net of tax		
Foreign currency translation differences		(8)
Total comprehensive loss for the period, net of tax		(4,204)
Loss attributable to owners of Arix Bioscience plc		(4,204)
Basic and diluted loss per share	12	(41.1)p

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing activities.

Consolidated Statement of Financial Position

	Note	*As at 31 March 2016 £'000*
Non-current assets		
Property, plant and equipment	13	7
Investments	14	5,071
Total non-current assets		5,078
Current assets		
Trade and other receivables	15	442
Cash and cash equivalents	16	40,638
Total current assets		41,080
Total assets		46,158
Equity and liabilities		
Equity attributable to the owners of the Arix Holdings Group		
Issued share capital	19	1
Share premium		48,017
Translation reserve		8
Retained earnings		(2,803)
Total equity		45,223
Liabilities		
Current liabilities		
Trade and other payables	17	935
Total current liabilities		935
Total liabilities		935
Total equity and liabilities		46,158

Consolidated statement of changes in equity

	Share capital £'000	*Share premium £'000*	*Translation reserve £'000*	*Retained earnings £'000*	*Total equity £'000*
At incorporation	–	–	–	–	–
Total comprehensive income for the period	–	–	8	(4,204)	(4,196)
Share-based payment transactions	–	–	–	1,401	1,401
Issuance of Ordinary Shares	1	–	–	–	1
Issuance of Series B Shares	–	50,050	–	–	50,050
Costs of issuance of Series B Shares	–	(2,033)	–	–	(2,033)
Balance at 31 March 2016	1	48,017	8	(2,803)	45,223

Consolidated statement of cash flows

	Note	*Period ended 31 March 2016 £'000*
Net cash flow from operating activities	21	(2,311)
Finance income		10
Net cash used in operating activities		(2,301)
Cash flows used in investing activities		
Purchase of property, plant and equipment		(7)
Purchase of investments		(5,071)
Net cash used in investing activities		(5,078)
Cash flows from financing activities		
Proceeds from issuance of shares		50,050
Costs of issuance of shares		(2,033)
Net cash from financing activities		48,017
Net increase in cash and cash equivalents		40,638
Cash and cash equivalents at incorporation		–
Cash and cash equivalents at end of the period	16	40,638

Notes to the Financial Information

1. General information

The principal activity of Arix Bioscience plc (the "**Company**") and together with its subsidiaries (the "**Arix Holdings Group**") is to source, finance and develop healthcare and life science businesses globally.

Arix Bioscience plc is incorporated and domiciled in the United Kingdom. Arix Bioscience plc was incorporated on 15 September 2015 as Perceptive Bioscience Investments Limited and changed its name to Arix Bioscience Limited. It subsequently re-registered as a public limited company and changed its name to Arix Bioscience plc. The address of its registered office is 20 Berkeley Square, London, WIJ 6EQ. The registered number is 09777975.

2. Accounting policies

2.1 *Basis of preparation*

The consolidated historical financial information of the Arix Holdings Group has been prepared for the purposes of the prospectus in accordance with the requirements of the Prospectus Directive Regulation, the Listing Rules and in accordance with International Financial Reporting Standards as endorsed by the European Union ("**IFRS**") and IFRS Interpretation Committee ("**IFRS IC**") interpretations as adopted by the EU and the Companies Act applicable to companies reporting under IFRS. The consolidated historical financial information has been prepared on the going concern basis and under the historical cost convention, modified as required for the measurement of certain assets, and is presented in British pounds sterling, which is the presentational and functional currency of the Company, and, unless otherwise stated, is presented in thousands of British pounds sterling.

The Arix Holdings Group has applied all standards and interpretations issued by the IASB that were effective as of 31 March 2016. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in this consolidated historical financial information.

Basis of consolidation

Subsidiaries are entities over which the Arix Holdings Group has control. The Arix Holdings Group controls an entity when the Arix Holdings Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred.

Investments are treated as associates where the Arix Holdings Group does not control, but does have a significant influence over investments. Associates are carried at fair value in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' as permitted by IAS 28, 'Investments in Associates', rather than using the equity method of accounting for associates.

Use of judgements and estimates

In preparing this consolidated historical financial information, management has made judgements, estimates and assumptions that affect the application of the Arix Holdings Group's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

Significant estimates are made by the Arix Holdings Group when determining the appropriate methodology for valuing investments (see note 2.9 below) and share-based payments (see note 2.15 below).

2.2 *Adoption of new and revised standards*

A number of new standards and amendments to standards and interpretations are effective and have not been applied in preparing this financial information. These are summarised below.

- **IFRS 15 – 'Revenue from contracts with customers'** This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

  The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The Arix Holdings Group is assessing the impact of IFRS 15.

- **IFRS 16 – 'Leases'** This standard replaces the current guidance in IAS 17 – 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts.

  IFRS 16 includes an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting remains substantially unchanged. IFRS 16 provides updated guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement. The Arix Holdings Group is currently assessing the impact of IFRS 16.

- **Amendments to IAS 7 – 'Cash Flow Statements'** These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments are effective for annual periods beginning on or after 1 January 2017 and are not expected to have a significant impact on the Arix Holdings Group consolidated financial statements.

- **Amendments to IAS 12 – 'Income taxes' on Recognition of deferred tax assets for unrealised losses** These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after 1 January 2017 and are not expected to have a significant impact on the Arix Holdings Group consolidated financial statements.

- **IFRS 9 – 'Financial Instruments'** This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

  The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The Arix Holdings Group is currently assessing the impact of IFRS 9.

There are no other IFRS or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Arix Holdings Group.

2.3 ***Going concern***

The historical financial information has been prepared on the going concern basis.

The directors of the Arix Holdings Group have prepared cash flow forecasts covering a period of not less than 12 months from the date of approval of the financial information. The Arix Holdings Group has significant cash balances at the period end date, have plans in place to raise significant finance within the forecast period, and are therefore confident about the future prospects.

2.4 ***Revenue recognition***

Revenue is generated from transaction fees and from non-executive directors' fees receivable. Transaction fees are typically earned as a fixed percentage of funds provided and are recognised at the point of completion of the transaction. Non-executive directors' fees are recognised on an accruals basis.

2.5 ***Foreign currency translation***

(a) Functional and presentation currency

Items included in the financial information of the Arix Holdings Group are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The financial information is presented in British pound sterling ("£" or "GBP"), which is the functional and presentation currency of the Arix Holdings Group.

(b) Transactions and balances

The assets and liabilities of foreign operations are translated to the Arix Holding Group's presentational currency (£) at foreign exchange rates ruling at the period end date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

2.6 ***Leases***

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term, even if payments are not made on such a basis.

2.7 ***Exceptional costs***

Items that are material in size and unusual in nature are included in administrative expenses and disclosed separately to provide a more accurate indication of underlying performance.

2.8 ***Property, plant and equipment***

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets:

Computer equipment – 3 years.

2.9 ***Investments***

Financial assets

Equity investments and other financial assets

Equity investments within the scope of IAS 39 are classified as financial assets at fair value through the profit or loss. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets at fair value through profit or loss

The Arix Holdings Group classifies all its equity investments as financial assets through profit or loss. The financial assets carried at fair value through profit or loss are initially recognised at fair value and subsequently re-measured at their fair value if a valuation event occurs. A valuation event may include technical measures, such as product development phases, financial events, such as further injection of capital, and sales events, such as product launches. Investments in associated undertakings that are held by the Arix Holdings Group with a view to the ultimate realisation of capital gains are designated as financial assets at fair value through profit or loss. Investments in undertakings that do not meet the definition of an associate undertaking are also designated as financial assets at fair value through profit or loss on initial recognition.

Fair value hierarchy

The Arix Holdings Group classifies financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the related fair value measurements. The level in the fair value

hierarchy, within which a financial asset is classified, is determined on the basis of the lowest level input that is significant to that asset's fair value measurement.

The fair value hierarchy has the following levels:

Level 1 – Quoted price in active markets.

Level 2 – Inputs other than quoted prices that are observable, such as prices from market transactions. These are mainly based on prices determined from recent investments in the last twelve months.

Level 3 – One or more inputs that are not based on observable market data.

Valuation of investments

The fair value of quoted investments are based on bid prices at the balance sheet date.

The fair value of unlisted securities is established initially at cost. Subsequently, the fair value is determined using the International Private Equity and Venture Capital Valuation Guidelines ("**IPEVCVG**"). The valuation methodology primarily used by the Arix Holdings Group is the 'price of recent investment' or a 'milestone analysis' approach. Where investments are made in seed, start-up and early stage companies, where there are often no current and no short-term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts. Consequently, the most appropriate to determine fair value is a methodology primarily based in the price of a recent investment.

Where the Arix Holdings Group considers that the unadjusted price of investment is no longer relevant, the Group carries out an enhanced assessment based on milestone analysis. In applying the milestone analysis approach to investments in companies in early or development stages, the Arix Holdings Group seeks to determine whether there is an indication of change in fair value.

The following considerations are used when calculating the fair value:

- Where the investment being valued was itself made recently, its cost will generally provide a good indication of fair value unless there is objective observable evidence that the investment has since been impaired;
- Where there has been any recent investments by third parties, the price of that investment will provide a basis of the valuation;
- If there is no readily ascertainable value or recent transactions, the Arix Holdings Group considers alternative IPEVCVG methodologies, being principally discounted cash flows and price-earnings multiples. A suitable earnings multiple is derived from an equivalent business for which the average price-earnings multiple for the relevant sector index can be considered a suitable proxy. An appropriate discount is applied to the price-earnings multiple for non-marketability and other risks inherent to early stage businesses;
- Where a fair value cannot be estimated reliably, perhaps because of a lack of either revenue or earnings, the investment is reported at carrying value unless there is evidence that the investment has been impaired or there has been a 'milestone' event. A milestone event may include technical measures such as product development phases and patent approvals, financial measures such as cash burn rate and profitability expectations, and market and sales measures such as testing phases, product launches and market introductions; and
- Where the equity structure in an investment involves different class rights in a sale or liquidity event, the Arix Holdings Group takes these different rights into account when forming a view of the fair value of its investment.

Although the directors use their best judgement, and cross reference results of primary valuation models against secondary models in estimating the fair value of investments, there are inherent limitations in any estimation techniques. Whilst fair value estimates presented herein attempt to present the amount the Arix Holdings Group could realise in a current transaction, the final realisation may be different as future events will also affect the current estimates of fair value. The effects of such events

on the estimates of fair value, including the ultimate liquidation of investments, could be material to the historical financial information.

Treatment of gains and losses arising on fair value

Realised and unrealised gains and losses on financial assets at fair value through profit and loss are included in the consolidated statement of comprehensive income in the period in which they arise.

Recognition of financial assets

The purchase or sale of financial assets is recognised using trade date accounting for all assets held at fair value through profit or loss. The recognition of an asset and the liability to pay for it or the de-recognition of an asset, recognition of any gain or loss on disposal and the recognition of a receivable from a buyer occur on the date that a commitment is made to purchase or to sell the asset.

Associates

Where Arix Holdings Group does not have control over investments, but does have significant influence, the investment is treated as an associate. Any such associates are carried at fair value in accordance with IAS 39 as permitted by IAS 28, rather than using the equity method of accounting for associates.

2.10 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and in hand, call deposits and bank overdrafts.

2.11 ***Financial assets***

2.11.1 *Classification*

The Arix Holdings Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Arix Holdings Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

2.11.2 *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Arix Holdings Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Arix Holdings Group has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.11.3 *Offsetting financial assets and liabilities*

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Arix Holdings Group or the counterparty.

2.11.4 *Impairment of financial assets*

The Arix Holdings Group assesses at the end of each reporting period whether there is objective evidence that its loans and other receivables are impaired. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of

comprehensive income within administrative expenses. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income within administrative expenses.

2.12 ***Share capital***

Ordinary Shares and Series B Shares are classified as equity. Equity instruments issued by the Arix Holdings Group are recorded at the proceeds received, net of direct issue costs.

2.13 ***Trade payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value, generally being the invoiced amount and are subsequently measured at amortised cost, using the effective interest method.

2.14 ***Current and deferred taxation***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Arix Holdings Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheets. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 ***Share-based payments***

The Arix Holdings Group operates an executive share option plan. Share options must be measured at fair value and recognised as an expense in the income statement with a corresponding increase in equity. The fair value of the option is estimated at the date of grant using the Black-Scholes Model and is charged as expenses in the income statement over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

3. Financial risk management

The Arix Holdings Group is exposed to market risk, interest rate risk, credit risk and liquidity risk. The senior management oversees the management of these risks and ensure that the financial risk taking is governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Arix Holdings Group's policies and risk appetite.

The board of Directors' review and agree the policies for managing each of these risks, which are summarised below:

Market risk

Foreign exchange risk – the Arix Holdings Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euros. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Arix Holdings Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

Price risk – the Arix Holdings Group is exposed to equity securities price risk because investments are held at fair value through profit or loss.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Arix Holdings Group's income is substantially independent of changes in market interest rates. Interest bearing assets include only cash and cash equivalents which earn interest at variable rates such that the Arix Holdings Group is exposed to cash flow interest rate risk on cash and cash equivalents.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Arix Holdings Group. The major classes of financial assets of the Arix Holdings Group are cash and cash equivalents and trade and other receivables.

Risk of counterparty default arising on cash and cash equivalents is controlled within a framework of dealing with high quality institutions.

As at 31 March 2016, 100 per cent. of cash and cash equivalents was deposited with institutions that have a credit rating of at least category AA – (Fitch).

No counterparty has failed to meet its obligations over the period. The maximum exposure to credit risk is represented by the carrying amount of each asset. Management does not expect any significant counterparty to fail to meet its obligations.

Liquidity risk

The Arix Holdings Group manages liquidity risk by maintaining sufficient cash to enable it to meet its operational requirements.

The following table details the Arix Holdings Group's remaining contractual maturity for its financial liabilities based on undiscounted contractual payments:

	Within 1 year £'000	*1 to 2 years £'000*	*2 to 5 years £'000*	*Over 5 years £'000*	*Total £'000*
2016					
Trade, other payables and accruals	935	–	–	–	935

Capital risk management

The Arix Holdings Group manages its capital to ensure that it will be able to continue as a going concern while also maximising the operating potential of the business. The capital structure of the Arix Holdings Group consists of equity attributable to equity holders of the Arix Holdings Group, comprising issued capital and retained earnings as disclosed in the Consolidated statement of changes in equity. The Arix Holdings Group is not subject to externally imposed capital requirements.

4. Revenue

The total revenue for the Arix Holdings Group has been derived from its principal activity of sourcing, financing and developing healthcare and life science businesses globally. All of this revenue relates to trading undertaken in the United Kingdom.

5. Segmental information

The information reported to the Arix Holdings Group's Chief Executive Officer, who is considered to be the chief operating decision maker, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Arix Holdings Group. The Arix Holdings Group has therefore determined that it has only one reportable segment under IFRS 8 ('Operating Segments'), which is that of sourcing, financing and developing healthcare and life science businesses globally. The Arix Holdings Group's revenue and results and assets for this one reportable segment can be determined by reference to the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position.

6. Operating loss

Operating loss for the year has been arrived at after charging:

	Period ended 31 March 2016 £'000
Exceptional item	596
Auditors' remuneration:	
Statutory audit services	
Fees payable for the audit of the Arix Holdings Group's accounts	–
Non-audit services	
Taxation advisory services	–
Taxation compliance services	–
Other assurance and advisory services	210
Total auditors' remuneration	210

7. Administrative expenses

The administrative expenses charge by nature is as follows:

	Period ended 31 March 2016 £'000
Employment costs (excluding share-based payment charges)	1,464
Recruitment fees	281
Consultancy fees	201
Other expenses	864
	2,810

Other expenses include £596,000 of exceptional costs in respect of the initial public offering.

8. Finance income

	Period ended 31 March 2016 £'000
Bank interest	10

9. Average monthly number of employees (including directors)

	Period ended 31 March 2016 Number
Management and administration	9

10. Employment costs

	Period ended 31 March 2016 £'000
Wages and salaries	1,331
Social security costs	123
Pension costs	10
	1,464

11. Income tax

The major components of income tax expense are:

	Period ended 31 March 2016 £'000
Statement of comprehensive income	
Current income tax charge for the period	–
Total tax charge	–

Reconciliation of total tax charge

	Period ended 31 March 2016 £'000
Factors affecting the tax charge for the period:	
Loss before taxation	(4,196)
Loss before taxation multiplied by standard rate of UK corporation tax of 20 per cent.	(839)
Effects of:	
Non-deductible expenses	–
Tax losses for which no deferred tax asset is recognised	839
Income tax charge reported in statement of comprehensive income	–

No deferred tax asset is recognised as recoverability in the foreseeable future is considered by the directors to be uncertain.

Factors that may affect future tax charges

Changes to the UK corporation tax rates were enacted in 2015 which will reduce the main rate of corporation tax to 19 per cent from 1 April 2017.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 16 March 2016 to reduce the rate to 17 per cent. from 1 April 2020.

12. Earnings per share

On 8 February 2016, 97,046,908 Ordinary Shares were disenfranchised pursuant to a restrictive share agreement. The restrictive share agreement makes provision for the release of the restrictions in certain circumstances, which includes upon the subscription for future share issues.

Disenfranchised shares are not entitled to vote, attend meetings or to receive dividends or other distributions. Consequently, disenfranchised shares have been excluded from the calculation of the weighted average number of shares in issue.

Basic earnings per share is calculated by dividing the loss attributable to equity holders of Arix Bioscience plc by the weighted average number of enfranchised shares (as adjusted for capital subscription in accordance with the terms of the restrictive share agreement) in issue during the period.

The Arix Holdings Group has potentially dilutive ordinary shares, being those share options granted to employees. As the Arix Holdings Group has incurred a loss in the period, the diluted loss per share is the same as the basic earnings per share as the loss has an anti-dilutive effect.

	Period ended 31 March 2016 £'000
Loss attributable to equity holders of the Arix Bioscience plc	(4,204)
Weighted average number of shares in issue	10,217,248
Basic and diluted loss per share	(41.1)p

13. Property, plant and equipment

	Computer equipment £'000
Cost	
At incorporation	–
Additions	7
At 31 March 2016	7
Accumulated depreciation	
At incorporation	–
Charge for the period	–
At 31 March 2016	–
Net book amount at 31 March 2016	7

14. Investments

Subsidiaries

The following sets out the subsidiaries of the Company as at 31 March 2016:

	Ownership %
Arix Bioscience Holdings Limited (incorporated in England and Wales)	100%
Arix US Inc (incorporated in United States of America)	100%
Arthurian Life Sciences GP Limited (incorporated in England and Wales)	100%

Arix Bioscience Holdings Limited and Arix US Inc are intermediate holding companies. Arthurian Life Sciences GP Limited is the general partner of Arthurian Life Sciences SPV Carried Interest Partner LP. Arthurian Life Sciences Limited owns the limited partnership interest in Arthurian Life Sciences SPV Carried Interest Partner LP.

Equity investments

	Unquoted companies £'000
At incorporation	–
Investments during the period	5,071
At 31 March 2016	5,071

In accordance with the Arix Holdings Group accounting policy, investments are held at fair value even though the Arix Holdings Group may have significant influence over the companies. This treatment is permitted by IAS 28, 'Investments in Associates'.

At 31 March 2016, the Arix Holdings Group, either directly or indirectly, had the following investments where it holds less than 20 per cent. of the issued share capital or issued stock.

	Per cent. of issued share capital %	*Net asset £'000*	*Loss £'000*	*Date of financial statements*
Autolus Limited	4.8	16,176	(3,674)	30 September 2015

On 2 March 2016, the Arix Holdings Group acquired 2,136,752 series A preferred shares in Autolus Limited at a price of £1.56 per share.

Arix Holdings Group may, depending upon the achievement of certain commercial milestones, be required to make further investments in Autolus Limited, totalling £6,666,667, in two separate investments of £3,333,333 each at a price of £1.56 per share.

On 31 December 2015, the Company entered into a subscription agreement to subscribe for 2,500 class A units of BioMotiv LLC at an aggregate subscription price of up to $25 million (£17.1 million). "A" units carry the right to 80 per cent. of votes. "B" units carry the right to 20 per cent. of votes. As at 31 March 2016, BioMotiv LLC had 12,218 "A" units and 2,484 "B" units in issue.

As at 31 March 2016, BioMotiv LLC had drawn down $2,500,000 (£1,738,000) of the aggregate subscription price.

15. Trade and other receivables

	As at 31 March 2016 £'000
Prepayments	293
Unpaid share capital	1
Other receivables	148
	442

The fair values of trade and other receivables are not significantly different to their book values.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Arix Holdings Group does not hold any collateral as security.

All trade and other receivables balances are denominated in British pound sterling.

16. Cash and cash equivalents

	As at 31 March 2016 £'000
Cash at banks and in hand	40,638

Cash and cash equivalents are all denominated in British pound sterling.

The fair value of cash and cash equivalents approximate to their carrying value.

17. Trade and other payables

	As at 31 March 2016 £'000
Trade payables	108
Other tax and social security	68
Other payables	4
Accrued expenses	755
	935

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

18. Pension and other post-retirement benefit commitments

Personal pension contribution

The pension cost charge represents contributions payable by the Arix Holdings Group to employee personal pension arrangements.

	Period ended 31 March 2016 £'000
Contributions payable by the Arix Holdings Group for the period	10

19. Share capital

	As at 31 March 2016 £'000
Allotted and called up	
100,966,920 Ordinary Shares of £0.00001 each	1
27,805,556 Series B Shares of £0.00001 each	–

On incorporation, the Company issued one ordinary share of £1. On 29 September 2015, the Company issued an additional 999 ordinary shares of £1 each at par.

On 10 November 2015, each ordinary share of £1.00 each was subdivided into 100,000 Ordinary Shares of £0.00001.

On 30 November 2015, the Company issued and allotted 966,920 Ordinary Shares at par.

On 8 February 2016, the Company created a new class of Series B Shares of £0.00001 each ("**Series B Shares**") and deferred shares of £0.00001 each (the "**Deferred Shares**"). No Deferred Shares have been issued.

On 8 February 2016, the Company issued and allotted 27,805,556 Series B Shares at an issue price of £1.80 per share.

On 8 February 2016, 97,046,908 of Ordinary Shares were disenfranchised pursuant to a restrictive share agreement. Disenfranchised shares are not entitled to vote, attend meetings of the Company, or to receive dividends or other distributions made or paid on the Ordinary Shares. The restrictive share agreement makes provision for the release of the restrictions in certain circumstances, which includes upon the subscription for future share issues.

These two transactions resulted in an equity settled share based payment charge of £1,452,000 being recognised in consideration for services provided by the Ordinary Shareholders. There were no vesting conditions. The fair value of the services provided was calculated with reference to the fair value of the Ordinary Shareholders' holdings in the Company before these transactions and the fair value afterwards. The valuation of the Company before the transactions was primarily derived from the anticipated transaction to acquire ALS (see note 27). As such key assumptions in the valuation were based on unobservable inputs. The holdings after the transactions were valued primarily with reference to the cash injected.

All other Ordinary and Series B shares carry equal voting and distribution rights.

20. Share options

Arix Holdings Group operates an Executive Share Option Plan.

The number of ordinary shares in relation to which options may be granted are equal to such number of ordinary shares as represents 5.433 per cent. of the fully diluted ordinary share capital of the Company immediately following an initial financing round by private placements (up to and including financing of £100 million), increased by such number of ordinary shares as are necessary to constitute 5.433 per cent. of either:

(a) The Company's fully diluted share capital on a qualifying private placing; or

(b) The Company's listed class of ordinary shares on a qualifying initial public offering.

The options will vest in four equal proportions on 8 February of 2017, 2018, 2019 and 2020. The options may not be exercised after the tenth anniversary of the grant date and it will lapse on that date if it has not lapsed or been exercised in full before then.

All options vest at the end of the vesting period relating to that option or on the occurrence of a contingent event.

Contingent events include a change of control or cessation of employment in accordance with "good leaver" provisions.

Share based payments

A share based payment charge for the period to 31 March 2016 of £1,401,000 was recognised for a variety of share based payment schemes. A charge of £301,000 was in respect of equity-settled share options, granted on 8 February 2016, with an exercise price of £1.80 per share. The options are exercisable over ten years from the date of grant and vest in four equal instalments on 8 February 2017, 8 February 2018, 8 February 2019 and 8 February 2020. As at 31 March 2016, two directors had options over the requisite number of shares as represents five per cent. of the fully diluted Ordinary Share capital of the Company at Admission.

A further charge of £1,100,000 was recognised in respect of Founder Shares which are classified as share based payments. There is no vesting period and therefore the full charge is recognised in the period.

The fair value of options granted was calculated using the Black-Scholes model, incorporating relevant assumptions for share price, exercise price, expected volatility (based on similar quoted companies), risk free interest rate and share option term. The resultant fair value was then spread over the relevant performance period for each tranche of share options. The fair value of options granted in the period is measured by use of the Black-Scholes option pricing model using the following assumptions:

	Period ended 31 March 2016
Share price	£2.07
Exercise price at grant date	£1.80
Fair value at grant date	£0.45 – £0.71
Risk free interest rate	0.5%/0.6%
Expected volatility	37%
Expected period to exercise (years)	1 to 4

A further charge of £1,100,000 was recognised in respect of Founder Shares which are classified as share based payments. There is no vesting period and therefore the full charge is recognised in the period.

21. Notes to the cash flow statement

	Period ended 31 March 2016 £'000
Cash flow used by operating activities	
Loss before income tax	(4,196)
Adjustments for:	
Finance income	(10)
Cost of equity-settled employee share scheme	1,401
Changes in working capital	
(Increase) in trade and other receivables	(441)
Increase in trade and other payables	935
Cash used by operations	(2,311)

22. Financial commitments

Operating leases

At 31 March 2016, operating leases represent short-term leases for office space.

Future aggregate minimum lease payments under non-cancellable operating lease agreements are as follows:

	31 March 2016 £'000
No later than one year	368
Later than one year and no later than five years	1,471
Later than five years	–
	1,839

23. Financial instruments

The Arix Holdings Group's principal financial liabilities comprise trade and other payables. The primary purpose of these financial liabilities is to finance the operations. The Arix Holdings Group has other receivables and cash that derive directly from its operations.

All financial assets at fair value through profit or loss are measured as level 3 under the fair value hierarchy (see note 2.9).

Financial assets

The financial assets were as follows:

	As at 31 March 2016 £'000
Financial assets at fair value through profit or loss:	
Equity investments	5,071
Loans and receivables:	
Other receivables (excluding prepayments)	149
Cash and cash equivalents	40,638

All financial assets held at fair value have been purchased during the period ended 31 March 2016 and therefore the cost of these investments is deemed to also be their fair value.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The Arix Holdings Group's cash and cash equivalents are deposited with AA- rated institutions.

Financial liabilities

The financial liabilities were as follows:

	As at 31 March 2016 £'000
Trade, other payables and accruals (excluding non-financial liabilities)	867

24. Directors' remuneration

	Period ended 31 March 2016 £'000
Aggregate emoluments	1,285

25. Related party relationships and transactions

On 21 December 2015, the Company entered into a conditional agreement to acquire the whole of the issued share capitals of Arthurian Life Sciences Limited and Arthurian Life Sciences SPV GP Limited, and also entered into an agreement to acquire the whole of the issued share capital of Arthurian Life Sciences GP Limited from C Evans and C Chipperton (a substantial shareholder of the Company) for an aggregate price of £891,531. The agreement was conditional on consent from the Financial Conduct Authority, which was given on 20 June 2016.

The Company paid transaction fees of £900,000 to Arthurian Life Sciences Limited during the period in connection with the issue of shares in February 2016.

The Company paid £805,625 (inclusive of VAT of £45,746) to Arthurian Life Sciences Limited during the period in respect of certain costs met on its behalf.

Consultancy fees amounting to £48,000 (inclusive of VAT) were payable during the period to Merlin Scientific LLP, a partnership controlled by C Evans, a director and substantial shareholder of the Company and of Arthurian Life Sciences Limited. At 31 March 2016, £48,000 was owed to Merlin Scientific LLP by the Company.

David U'Prichard, a non-executive director of the Company, provides consulting services and administrative support to BioMotiv LLC. The consulting services and administrative support are provided through Druid Consulting LLC, a firm controlled by David U'Prichard. The Company is a stakeholder of BioMotiv LLC.

During the year ended 31 December 2015, Druid Consulting LLC received a total of $334,975 from BioMotiv LLC.

Key management comprises solely of the directors of the Arix Holdings Group, the emoluments of which are disclosed in note 24.

26. Guarantees

The Company has provided a rent deposit guarantee in respect of its US office for an amount of $261,657 (£183,992).

27. Post balance sheet events

On 15 April 2016, the Company issued and allotted an additional 1,111,110 Series B Shares at an issue price of £1.80 per share.

On 8 July 2016 the Company completed the acquisition of Arthurian Life Sciences Limited and Arthurian Life Sciences SPV GP Limited (see also note 25).

The following table summarises the book values of the identifiable assets and liabilities and their fair values at the date of acquisition.

Purchase consideration:

	£'000
Cash paid	891

The fair value of the shares acquired of Arthurian Life Sciences Limited was calculated on the basis of:

(i) income multiples relating to the management fees due to the company as a result of managing the Wales Life Sciences Investment Fund; and

(ii) Current day valuation of the Wales Life Sciences Investment Fund and the excess value due to Arthurian Life Sciences Limited as a result of its carry arrangement. This was discounted to reflect liquidity risk.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value £'000
Debtors	216
Cash	221
ALS interest in carry arrangement	3,800
Allocation of net assets as part of fair value process to interest in carry arrangement	139
Fair value of interest in management fees charged to Wales Life Sciences Investment Fund	2,400
Allocation of net assets as part of fair value process to management fees	87
Short term creditors	(868)
Deferred tax liability in respect of business combination	(1,157)
Negative goodwill	(3,945)
Negative goodwill charged to profit and loss	3,945
Net assets acquired	5,995

As per note 25, the sale of ALS to Arix Bioscience was agreed in December 2015. Following FCA approval for the sale in June 2016, a fair value exercise of ALS was undertaken, which gave a value of £6.4 million.

28. Control

The directors consider that there is no ultimate controlling party by virtue of shareholdings.

The Directors
Arix Bioscience plc
20 Berkeley Square
London
W1J 6EQ

2 February 2017

Dear Sirs

Arthurian Life Sciences Limited

We report on the financial information set out in Section D of Part X below (the "**ALS Financial Information Table**"). The ALS Financial Information Table has been prepared for inclusion in the prospectus dated 2 February 2017 (the "**Prospectus**") of Arix Bioscience plc (the "**Company**") on the basis of the accounting policies set out in note 2 to the ALS Financial Information Table. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the ALS Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the ALS Financial Information Table gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, www.pwc.co.uk

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the ALS Financial Information Table gives, for the purposes of the Prospectus dated 2 February 2017, a true and fair view of the state of affairs of Arthurian Life Sciences Limited as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

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Section D: Historical Financial Information on ALS

Statement of Comprehensive Income

	Note	*Year ended 31 March 2014 £'000*	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Revenue	2	1,972	1,733	3,198
Administrative expenses	6	(1,583)	(1,694)	(3,042)
Operating profit		389	39	156
Finance costs	7	(19)	(31)	(21)
Profit before taxation		370	8	135
Income tax expense	10	(75)	(6)	(34)
Profit for the year		295	2	101
Other comprehensive income, net of tax		–	–	–
Total comprehensive income for the year, net of tax		295	2	101
Profit attributable to owners of the company		295	2	101

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing activities.

Statement of Financial Position

	Note	*1 April 2013 £'000*	*31 March 2014 £'000*	*31 March 2015 £'000*	*31 March 2016 £'000*
Assets					
Non-current assets					
Investments	11	–	–	–	3,800
Deferred taxation	17	62	–	–	–
Current assets					
Trade and other receivables	12	324	595	1,048	249
Cash and cash equivalents	13	38	137	19	50
Total current assets		362	732	1,067	299
Total assets		424	732	1,067	4,099
Equity and liabilities					
Equity attributable to the owners of the parent company					
Share capital	19	–	–	–	–
Share premium		–	–	–	250
Capital reserve		–	–	–	2,909
Retained earnings		(282)	13	15	116
Total equity		(282)	13	15	3,275
Liabilities					
Current liabilities					
Financial liabilities- borrowings	15	–	–	69	–
Trade and other payables	14	532	145	519	587
Deferred revenue		174	211	211	211
Current income tax liabilities		–	13	13	26
Total current liabilities		706	369	812	824
Non-current liabilities					
Financial liabilities – borrowings	15	–	279	240	–
Trade and other payables	14	–	71	–	–
Total non-current liabilities		–	350	240	–
Total liabilities		706	719	1,052	824
Total equity and liabilities		424	732	1,067	4,099

Statement of changes in shareholders' equity

	Share capital £'000	*Share premium £'000*	*Capital reserve £'000*	*Retained earnings £'000*	*Total equity £'000*
Balance at 1 April 2013	–	–	–	(282)	(282)
Total comprehensive income for the year –	–	–	–	295	295
Balance at 31 March 2014	–	–	–	13	13
Total comprehensive income for the year –	–	–	–	2	2
Balance at 31 March 2015	–	–	–	15	15
Total comprehensive income for the year –	–	–	–	101	101
Share issuance	–	250	–	–	250
Capital contribution	–	–	2,909	–	2,909
Balance at 31 March 2016	–	250	2,909	116	3,275

Cash flow statements

	Note	*Year ended 31 March 2014 £'000*	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Cash (used in) generated from operations	20	(160)	(104)	124
Income tax paid		–	(13)	(13)
Net cash (used in) generated from operating activities		(160)	(117)	111
Cash flows from financing activities				
Interest paid		(3)	(1)	(21)
Proceeds from borrowings		262	–	–
Repayment of borrowings		–	–	(309)
Share issuance		–	–	250
Net cash generated by (used in) financing activities		259	(1)	(80)
Net increase (decrease) in cash and cash equivalents		99	(118)	31
Cash and cash equivalents at beginning of year		38	137	19
Cash and cash equivalents at end of year	13	137	19	50

Notes to the Historical Financial Information

1. General information

Arthurian Life Sciences Limited's ("ALS") principal activity is the provision of management and advisory services to a Welsh-based fund where it is engaged by Arthurian Life Sciences SPV GP Limited. ALS is authorised to provide investment advice and investment management services by the Financial Conduct Authority.

Arthurian Life Sciences Limited is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is Life Sciences Hub Wales, 3 Assembly Square, Britannia Quay, Cardiff, Wales, CF10 4PL. The registered number is 08111748.

2. Accounting policies

The principal accounting policies applied in the preparation of the financial information are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

2.1 ***First time adoption of IFRS transitional arrangements***

ALS previously prepared its financial statements under in accordance with UK GAAP. This historical financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), issued by the International Accounting Standards Board and endorsed by the EU. The Company's deemed transition date to IFRS is 1 April 2013.

Certain Income Statement and Statement of Financial Position balances, previously reported under UK GAAP, have been reclassified to comply with the company's format for reporting under IFRS. Details of adjustments made are as follows:

2.1.1 I*ncome Statement and Statement of Financial Position reclassifications*

Certain Income Statement items and Statement of Financial Position balances, previously reported under UK GAAP, have been reclassified to comply with the format of the company's financial statements as presented under IFRS. Further details of these are given in note 24.

2.1.2 *Notes to IFRS re-measurements*

There have been no re-measurements arising from the first time adoption of IFRS.

2.1.3 *Adjustments identified on transition to IFRS*

Certain Income Statement items and Statement of Financial Position balances previously reported under UK GAAP have been restated to adjust certain items that were identified following the approval of the relevant financial statements. As IFRS requires prior year adjustments to be made for all material adjustments identified, they are therefore considered to be adjustments arising on transition to IFRS. Further details of these are given in note 24.

2.1.4 *Primary financial statements format*

The IFRS primary financial statements are presented in accordance with IAS 1 – "Presentation of Financial Statements".

The company qualifies as a small company under the terms of Section 382 of the Companies Act 2006 and was therefore exempt from the requirement to prepare a cash flow statement in the 31 March 2014 and 2015 financial statements. The preparation and presentation of cash flow statements in accordance with IAS 7 – 'Cash Flow Statements' in the historical financial information for the years ended 31 March 2014, 2015 and 2016 is the first time that the company has presented a cash flow statement in accordance with relevant GAAP. The company's underlying cash position is unaffected by the transition to IFRS.

2.1.5 *First time adoption exemptions applied*

IFRS 1, "First-time adoption of International Financial Reporting Standards" sets out the transitional rules which must be applied when IFRS is applied for the first time. The company is required to select accounting policies, in accordance with IFRS, valid at the first reporting date and apply those policies

retrospectively. The standard sets out certain mandatory exceptions to retrospective application and certain optional exemptions. None of the available exemptions have been applied on first time adoption of IFRS.

2.2 ***Basis of preparation***

The historical financial information presents the financial track record of ALS for the three years ended 31 March 2014, 31 March 2015 and 31 March 2016.

The historical financial information, which has been prepared specifically for the purpose of this Prospectus, has been prepared in accordance with the requirements of the Prospectus Directive Regulation, the Listing Rules and in accordance with IFRS , IFRS Interpretation Committee ("**IFRS IC**") interpretations as adopted by the EU. The historical financial information has been prepared on the going concern basis and under the historical cost convention, modified as required for the measurement of certain assets and unless otherwise stated is presented in British pounds sterling, which is the presentational and functional currency of the company.

The principal accounting policies adopted in the preparation of the historical financial information are set out below. The policies have been consistently applied throughout the period presented, unless otherwise stated.

2.2.1 *New standards, amendments and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations have not been applied in preparing this financial information.

- **IFRS 15, 'Revenue from contracts with customers'**

  This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

  The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. ALS is assessing the impact of IFRS 15.

- **IFRS 16 – 'Leases'**

  This standard replaces the current guidance in IAS 17 – 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts.

  IFRS 16 includes an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting remains substantially unchanged. IFRS 16 provides updated guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement. ALS is currently assessing the impact of IFRS 16.

- **Amendments to IAS 7 – 'Cash Flow Statements'**

  These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments

are effective for annual periods beginning on or after 1 January 2017 and are not expected to have a significant impact on the ALS financial statements.

- **Amendments to IAS 12,'Income taxes' on Recognition of deferred tax assets for unrealised losses**

  These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after 1 January 2017 and are not expected to have a significant impact on the ALS financial statements.

- **IFRS 9 – 'Financial Instruments'**

  This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

  The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. ALS is currently assessing the impact of IFRS 9.

  There are no other IFRS' or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on ALS.

2.2.2 *Critical accounting estimates*

The preparation of historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to this financial information is disclosed in note 4.

2.2.3 *Going concern*

The financial information has been prepared on the going concern basis.

The directors of the company have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of the historical financial information and are confident about the future prospects.

The controlling shareholder has also provided written confirmation that it will provide sufficient funds as and when required in order for the company to meet its liabilities as they fall due. This support has been promised for a period of at least 12 months from the date of approval of the historical financial information.

2.3 ***Investments***

Financial assets at fair value through profit or loss

The company classifies all its equity investments as financial assets through profit or loss. The financial assets carried at fair value through profit or loss are initially recognised at fair value and subsequently re-measured at their fair value if there is objective evidence that a valuation event has occurred.

Fair value hierarchy

The company classifies financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the related fair value measurements. The level in the fair value hierarchy, within which a financial asset is classified, is determined on the basis of the lowest level input that is significant to that asset's fair value measurement.

The fair value hierarchy has the following levels:

Level 1 – Quoted price in active markets.

Level 2 – Inputs other than quoted prices that are observable, such as prices from market transactions. These are mainly based on prices determined from recent investments in the last twelve months.

Level 3 – One or more inputs that are not based on observable market data.

2.4 ***Financial assets***

2.4.1 *Classification*

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The company currently only has financial assets classified as at fair value through profit or loss and loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise other receivables and cash and cash equivalents in the Statement of Financial Position.

2.4.2 *Recognition and measurement*

Financial assets are derecognised when the rights to receive cash flows from the instruments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.5 ***Impairment of financial assets***

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The criteria that the company uses to determine whether there is objective evidence of an impairment loss include:

- Indications of significant financial difficulties of the borrower, obligator or customer;
- A breach of contract, such as default or delinquency in payment by the borrower, obligator or customer;
- For economic or legal reasons relating to the borrower, obligator or customer's financial position, granting to the borrower, obligator or customer a concession that it would otherwise not consider; or
- If it becomes probable that the borrower, obligator or customer will enter bankruptcy or other financial reorganisation.

For loans and other receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Comprehensive Income within administrative expenses. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income within administrative expenses.

2.6 ***Trade receivables***

Trade receivables are amounts due from customers for sales performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.7 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash in hand, short term bank deposits and bank overdrafts to the extent that there is a right to offset against other cash balances. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and short term deposits net of outstanding bank overdrafts.

2.8 ***Share capital***

Ordinary shares are classified as equity. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

2.9 ***Trade payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value, generally being the invoiced amount and are subsequently measured at amortised cost, using the effective interest method.

2.10 ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the company has a contractual right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

2.11 ***Current and deferred taxation***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Statement of Financial Positions. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

2.12 ***Employee benefits***

The company operates defined contribution retirement plans for its employees. The costs of defined contribution plans are recognised as an employee benefit expense as and when employees have rendered service entitling them to the contributions. The company has no further payment obligations once the contributions have been paid.

2.13 ***Revenue recognition***

Revenue comprises of amounts receivable in respect of investment advisory services in the normal course of business and is shown exclusive of VAT.

Investment advisory services comprises of three key elements which is recognised as follows:

2.13.1 *Fund management fees*

Fund management fees are invoiced quarterly in advance, resulting in the recognition of deferred revenue, which is released to the income statement over the period to which it relates. The actual value of fees receivable from the investment fund is not determined until after the end of the accounting period and can be reduced if impairments to investment value are recognised in the investment fund. As such an estimate is made (if required) of the potential reduction in fee and an adjustment to revenue is made accordingly. Further information in respect of this estimate is given in note 4.1.

2.13.2 *Transaction fees*

On the completion of an investment, the company may charge the investee company fees in connection with the transaction. These are only recognised on completion of the transaction.

2.13.3 *Ongoing monitoring fees*

Following an investment, the company may charge the investee company fees in respect of ongoing monitoring requirements including, potentially, the provision of non-executive director services. These fees are accrued and recognised over the period to which they relate.

2.14 ***Leases***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.15 ***Dividend distribution***

Dividend distribution to the equity shareholders is recognised as a liability in the historical financial information in the period in which the dividends are approved by the equity shareholders.

3. Financial risk management

The company is exposed to a variety of financial risks: interest rate risk, credit risk, liquidity risk, liquidity risk and capital risk. Risk management is carried out by executive management under policies approved by the board of directors.

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The company's income is substantially independent of changes in market interest rates. Interest bearing assets include only cash and cash equivalents which earn interest at variable rates such that the company is exposed to cash flow interest rate risk on cash and cash equivalents.

The company's borrowings are fixed rate instruments and therefore the company is exposed to the fair value interest rate risk on borrowings.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the company are bank deposits and trade receivables.

Risk of counterparty default arising on cash and cash equivalents is controlled within a framework of dealing with high quality institutions.

As at 31 March, 2016 100 per cent. of cash and cash equivalents was deposited with institutions that have a credit rating of at least category AA – (Fitch) (2015: 100 per cent. and 2014: 100 per cent.).

No counterparty has failed to meet its obligations over the prior three periods. The maximum exposure to credit risk is represented by the carrying amount of each asset. Management does not expect any significant counterparty to fail to meet its obligations.

(c) Liquidity risk

The company manages liquidity risk by maintaining sufficient cash to enable it to meet its operational requirements.

The company actively manages its debt maturity profile, operating cash flows and the availability of funding to ensure that all refinancing, repayment and funding needs are met.

The table below provides details of the maturity profile of financial liabilities based on undiscounted contractual undiscounted cash flows.

Financial liabilities included in the maturity profile include trade and other payables and borrowings.

	Less than 3 months £'000	*Between 3 months and 1 year £'000*	*1 to 2 years £'000*	*2 to 5 years £'000*	*Over 5 years £'000*
2014					
Trade and other payables	117	–	71	–	–
Borrowings	–	–	46	274	46
2015					
Trade and other payables	464	–	–	–	–
Borrowings	–	69	91	149	–
2016					
Trade and other payables	488	–	–	–	–
Borrowings	–	–	–	–	–

(d) Capital risk

The company's objectives when managing capital are to safeguard its ability to continue as a going concern. The company considers equity and debt balances repayable in more than one year to be the effective capital of the company.

In order to maintain or achieve an optimal structure, the company may issue new shares or raise further debt to ensure the going concern status of the company.

4 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 *Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Fund management fees recognisable

As disclosed in accounting policy 2.14.1, the level of the fund management fee receivable is dependent on the underlying performance of the investment fund to which is relates. Specifically, the fee is

calculated annually as a percentage of the total funds invested and available for investment, less any write downs of costs of investments made.

At the end of each financial period of the company, if the amount (if any) of write down in costs of investments made has not been finalised and therefore an estimate is required of any potential write down in costs and its consequential impact on the fee receivable by the company.

At the end of the financial periods ended 31 March 2014, 2015 and 2016 it was estimated that there had been no write down in investment costs, which was subsequently supported by the accounts of the investment fund.

4.2 ***Critical judgements in applying the entity's accounting policies***

(a) Consideration of control under IFRS 10 in respect of the Wales Life Sciences Investment Fund

In preparing this historical financial information, the directors have considered the relationship that the company has with the Wales Life Sciences Investment Fund (the "WLSIF") and specifically as to whether the company controls WLSIF. The directors note that whilst the company, in its role as fund manager to WLSIF, exercises power over the activities of WLSIF, it does not have sufficient exposure to variability of returns from WLSIF to meet the definition of control under IFRS 10 and therefore acts as an agent, rather than principal of WLSIF. Accordingly, WLSIF has not been consolidated into this historical financial information and the historical financial information reflects the performance of the company only.

5. Auditor's remuneration

The company obtained services from the auditor as detailed below:

	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Statutory audit services			
Fees payable for the audit of the company's annual accounts	13	15	20
Fees payable to company's auditor for other services:			
Tax advisory services	–	2	–
Tax compliance services	2	2	1
Other services	–	–	16
Total auditor' remuneration	15	19	37

6. Administrative expenses

The administrative expenses charge by nature is as follows:

	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Employee benefit expense (note 9)	526	965	541
Consultancy fees	–	–	417
Auditors' remuneration (note 5)	15	19	37
Operating lease payments	100	100	105
Fund management fees	829	318	1,248
Other operating costs	113	292	694
	1,583	1,694	3,042

7. Finance costs

	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Bank interest and costs	–	1	1
Other loan interest (Welsh Government loans)	19	30	20
	19	31	21

8. Average monthly number of employees (including directors)

	Year ended 31 March 2014 Number	*Year ended 31 March 2015 Number*	*Year ended 31 March 2016 Number*
Executive directors and staff	3	6	3
Non-executive directors	6	8	8
	9	14	11

9. Employee benefit expense

Staff costs during the period were as follows:

	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Wages and salaries	481	872	494
Social security costs	43	89	39
Pension costs	2	4	8
	526	965	541

Directors' emoluments

	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Aggregate emoluments	316	540	348

No retirement benefits accrued to any of the directors under the defined contribution scheme during the year ended 31 March 2016 (2015: £nil; 2014: £nil).

10. Income tax expense

The major components of income tax expense are:

	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Current tax			
Current income tax charge for the year	13	5	35
Adjustments in respect of previous years	–	1	(1)
Total current income tax charge	13	6	34
Deferred tax (note 17)			
Losses not utilised	–	–	–
Losses utilised	62	–	–
Total deferred tax charge	62	–	–
Total tax charge	75	6	34

The tax on the company's profit before tax differs from the theoretical amount that would arise using the standard tax rate applicable to the profits of the company as follows:

	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Factors affecting the tax charge for the year:			
Profit before taxation	370	8	135
Profit before taxation multiplied by standard rate of UK corporation tax of 20 per cent (March 2015: 20 per cent, March 2014: 20 per cent).	74	1	27
Effects of:			
Non-deductible expenses	4	3	8
Adjustment for losses	(3)	–	–
Rounding provision adjustment	–	1	–
Adjustment in respect of prior years	–	1	(1)
Total tax charge	75	6	34

Factors that may affect future tax charges

Changes to the UK corporation tax rates were enacted in 2015 which will reduce the main rate of corporation tax to 19 per cent from 1 April 2017.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 16 March 2016 to reduce the rate to 17 per cent. from 1 April 2020.

11. Investments

	1 April 2013 £'000	*31 March 2014 £'000*	*31 March 2015 £'000*	*31 March 2016 £'000*
Unlisted investment	–	–	–	3,800

On 21 December 2015, the company acquired the rights and obligations of Arthurian Life Sciences Carried Interest Partner LP (the "**LP**") from Excalibur Fund Managers Limited (a related party – see note 22). The fair value of the LP at this date was £3,800,000. Consideration of £891,331 was transferred by the Company via the novation of a receivable for an equal amount to Excalibur Fund Managers Limited. The difference between the novation and the fair value of the LP, being £2,908,669 is a capital contribution, and has been recognised in a separate capital reserve within equity.

The LP is entitled to receive a carried interest of 20 per cent. (over an 8 per cent. hurdle rate) from future WLSIF realisations. From 21 December 2015 to 31 March 2016, the WLSIF has not made any realisations and, accordingly, the company has not recognised any related income.

The directors consider that the carrying value of the investment approximates to fair value.

Unconsolidated structured entities

Both the WLSIF and the LP are considered to be structured entities under IFRS 10, which are designed to achieve a specific purpose. A structured entity is one that has been set up so that any voting or similar rights are not the dominant factor in determining who controls the entity.

In particular, although the company has power over the WLSIF, the company does not have sufficient exposure to variable returns which would require it to consolidate WLSIF, as it is an agent of the fund and as such does not exhibit control.

The company owns the right to the carried interest by way of its 100 per cent. ownership of the limited partnership interest in the LP. There is a separate general partner, which is outside the control of the company. The general partner controls the relevant activities of the LP, but its income interest is fixed at 0 per cent. As such, the company does not control the LP.

The company provides fund management and advisory services to WLSIF, which has been set up to accommodate client requirements to hold investments in specific assets.

Income derived from involvement with the unconsolidated structured entities

The company earns revenue through its involvement in the WLSIF as follows:

- Fund management fees – through Arthurian Life Sciences SPV GP Limited
- Transaction fees – upon completion of an investment (payable by the fund portfolio company)
- Ongoing monitoring fees – related to the provision of non-executive director services to portfolio companies.

As noted above, the company can earn a carried interest of 20 per cent. (over an 8 per cent. hurdle rate) from future WLSIF realisations.

Interest in the unconsolidated structured entities

The company's interest in the unconsolidated structured entities relate to the contractual involvement with the WLSIF, which expose it to variability of returns from the performance of the WLSIF.

Maximum exposure to unconsolidated structured entity

The company's maximum exposure to the unconsolidated structured entities relates to its £3,800,000 investment in the LP.

Size of the unconsolidated structured entities

The cost of the assets under management of the WLSIF as of 31 March 2016 was £47.9 million.

Financial support

The company did not provide financial support to the WLSIF or the LP during the periods covered by the historical financial information.

Carrying amounts and size

The following table shows, by type of structured entity, the carrying amounts of the company's interest in the statement of financial position.

	31 March 2016 £'000 WLSIF	*31 March 2016 £'000 LP*
Assets		
Non-current assets		
Investments	–	3,800
Total assets	–	3,800
Liabilities		
Current liabilities		
Deferred revenue	211	–
Total current liabilities	211	–
Total liabilities	211	–

12. Trade and other receivables

	As at 1 April 2013 £'000	*As at 31 March 2014 £'000*	*As at 31 March 2015 £'000*	*As at 31 March 2016 £'000*
Trade debtors	–	–	–	10
Prepayments	324	42	47	48
Other receivables	–	553	1,001	191
	324	595	1,048	249

The fair value of other receivables approximates to their fair value.

Other receivables do not contain impaired assets.

All other receivables balances are denominated in British pound sterling.

13. Cash and cash equivalents

	As at 1 April 2013 £'000	*As at 31 March 2014 £'000*	*As at 31 March 2015 £'000*	*As at 31 March 2016 £'000*
Cash at banks and on hand	38	137	19	50

Cash and cash equivalent are all denominated in British pound sterling and are deposited with AA- rated institutions.

The fair value of cash and cash equivalents approximate to their carrying value.

14. Trade and other payables

	As at 1 April 2013 £'000	*As at 31 March 2014 £'000*	*As at 31 March 2015 £'000*	*As at 31 March 2016 £'000*
Current				
Trade payables	5	44	169	42
Other tax and social security	12	28	55	99
Other payables	–	3	10	–
Accrued expenses	515	70	285	446
	532	145	519	587
Non-current				
Accrued expenses	–	71	–	–
	532	216	519	587

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

15. Financial liabilities – borrowings

	As at 1 April 2013 £'000	*As at 31 March 2014 £'000*	*As at 31 March 2015 £'000*	*As at 31 March 2016 £'000*
Current				
Welsh Government loan	–	–	69	–
	–	–	69	–
Non-current				
Welsh Government loan	–	279	240	–
	–	279	309	–

Welsh Government loans are repayable in sixteen equal quarterly installments of £22,879.50 the first installment being payable 27 months after the date of drawdown in April 2013 and attract interest at 8.5 per cent. per annum.

Welsh Government loans are secured by way of a fixed and floating charge on all assets and property of the company.

The Welsh Government loan was fully settled in February 2016. A statement of satisfaction in full of the charge was filed with Companies House on 17 March 2016 following repayment of the loan.

The carrying amounts and fair value of borrowings are as follows:

	As at 31 March 2014 £'000	*As at 31 March 2015 £'000*	*As at 31 March 2016 £'000*
Carrying amount			
Welsh Government loans	279	309	–
Fair value			
Welsh Government loan	279	303	–

The fair values of borrowings are based on cash flows discounted using a discount rate of 8.5 per cent. (2015: 8.5 per cent; 2014: 8.5 per cent).

The carrying value of current and non-current borrowings is denominated in British pound sterling.

The company has no undrawn committed borrowing facilities at 31 March 2016 (2015: £nil; 2014: £nil).

16. Financial instruments by category

16.1 *Financial instruments by category*

Financial assets

The financial assets were as follows:

	As at 1 April 2013 £'000	*As at 31 March 2014 £'000*	*As at 31 March 2015 £'000*	*As at 31 March 2016 £'000*
Loans and other receivables (excluding prepayments)	–	499	906	201
Cash and cash equivalents	38	137	19	50
Financial asset at fair value through profit or loss	–	–	–	3,800
	38	636	925	4,051

Loans and receivables are carried at amortised cost using the effective interest rate method. Given that all loans and receivables are classified as current, their fair value approximates to carrying amount.

Investments are level 3 assets at fair value through profit or loss in the fair value hierarchy.

Financial liabilities at amortised cost

The financial liabilities were as follows:

	As at 1 April 2013 £'000	*As at 31 March 2014 £'000*	*As at 31 March 2015 £'000*	*As at 31 March 2016 £'000*
Borrowings	–	279	309	–
Trade and other payables (excluding non-financial liabilities)	520	188	464	488
	520	467	773	488

Trade and other payables are carried at amortised cost using the effective interest rate method. Given that all trade and other payables are classified as current, their fair value approximates to the carry amount.

16.2 ***Credit quality of financial assets***

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	As at 1 April 2013 £'000	*As at 31 March 2014 £'000*	*As at 31 March 2015 £'000*	*As at 31 March 2016 £'000*
Cash at bank and short-term bank deposits	38	137	19	50

In respect of one receivable balance amounting to £nil at 31 March 2016 (2015: £891,331; 2014: £490,000), the company has received a guarantee from the principal shareholder of that counterparty and a director of this company.

Cash and cash equivalents are deposited with AA- rated institutions.

Fair value hierarchy

ALS classifies financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the related fair value measurements. The level in the fair value hierarchy, within which a financial asset is classified, is determined on the basis of the lowest level input that is significant to that asset's fair value measurement.

The fair value hierarchy has the following levels:

Level 1 – Quoted price in active markets.

Level 2 – Inputs other than quoted prices that are observable, such as prices from market transactions. These are mainly based on prices determined from recent investments in the last twelve months.

Level 3 – One or more inputs that are not based on observable market data.

17. Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The amounts concerned are as follows:

	As at 1 April 2013 £'000	*As at 31 March 2014 £'000*	*As at 31 March 2015 £'000*	*As at 31 March 2016 £'000*
Deferred income tax assets				
Deferred tax asset to be settled within 12 months	62	–	–	–
Unutilised assets	–	–	–	–

The movements on deferred tax assets were:

	1 April 2013 £'000	*31 March 2014 £'000*	*31 March 2015 £'000*	*31 March 2016 £'000*
At the beginning of the period	–	(62)	–	–
Income statement (credit) charge	(62)	62	–	–
At 31 March	(62)	–	–	–

18. Pension and other post-retirement benefit commitments

Personal pension contribution

The company operates a defined contribution pension scheme. The pension cost charge represents contributions made to employee personal pension arrangements totaling £8,310 (2015: £3,819; 2014: £1,803). Of the contributions payable, £nil in 2016 (2015: £nil; 2014: £nil) is included in trade and other payables.

19. Share capital

	As at 31 March 2014 Number	*As at 31 March 2015 Number*	*As at 31 March 2016 Number*
Authorised			
100 (2015 and 2014: 1) ordinary shares of £1 each	1	1	100
	£	*£*	*£*
Allotted and called up			
At beginning of the period	1	1	1
Proceeds from shares issued	–	–	99
At 31 March	1	1	100

During the year ended 31 March 2016, 99 £1 ordinary shares were issued for a cash consideration of £250,059.

20. Notes to the cash flow statement

	Year ended 31 March 2014 £'000	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2016 £'000*
Cash flow from operating activities			
Profit before income tax	370	8	135
Adjustments for:			
Finance costs	19	31	21
Changes in working capital			
(Increase) decrease in other receivables	(271)	(453)	(93)
(Decrease) increase in trade and other payables	(315)	310	61
Increase in deferred revenue	37	-	-
Cash generated from operations	(160)	(104)	124

21. Financial commitments

Operating leases

At 31 March 2016, operating leases represent short-term leases for office space from a related company under common control on a rolling quarterly basis.

The future aggregate minimum lease payments under non-cancellable operating lease agreements are as follows:

	31 March 2014 £'000	*31 March 2015 £'000*	*31 March 2016 £'000*
No later than on year	22	22	5
Later than one year and no later than five years	–	–	–
Later than five years	–	–	–
	22	22	5

22. Related party relationships and transactions

Transactions with C Evans, who is a director and shareholder in ALS' ultimate holding company, Arix Bioscience plc (formerly Arix Bioscience Limited), and with C Chipperton, who is also a major shareholder in ALS and Arix Bioscience plc, in are documented below.

Sales of goods and services

Management fees amounting to £1,250,000 (2015: £1,250,000, 2014: £906,250) were receivable from Arthurian Life Sciences SPV GP Limited, a company controlled by C Evans during the period. At 31 March 2016, £nil (2015: £nil; 2014: £nil) was owed to ALS in respect of these fees.

Transaction fees of £900,000 were receivable from Arix Bioscience plc during the year ended 31 March 2016 in respect of fees associated with the issue of shares in February 2016, by Arix Bioscience plc. At 31 March 2016, £nil was owed to the company in respect of these fees.

The company also recharged Arix Bioscience plc the sum of £759,879 during the year ended 31 March 2016 in respect of certain costs met on its behalf. At 31 March 2016, £nil was owed to the company in respect of these fees.

Purchases of goods and services

Fund management fees amounting to £1,358,737 (2015: £318,402; 2014: £828,833) were payable to Excalibur Fund Managers Limited, a business in which C Evans is the ultimate controlling party. At 31 March 2016 £174,000 (2015: £891,331; 2014: £490,000) was repayable to the company in respect of overpayments for these costs.

Pension and associated costs amounting to £8,310 during the year ended 31 March 2016 (2015: £4,287, 2014: £3,097) were settled by Excalibur Fund Managers Limited. At 31 March 2016 £nil (2015: £7,384; 2014: £3,097) was owed by the company in respect of these costs.

The company also met net costs of £5,750 in the year ended 31 March 2016 (2015: £4,750; 2014: £1,250) on behalf of Arthurian Life Sciences SPV GP Limited. At the 31 March 2016 £11,750 (2015; £6,000; 2014: £4,750) was owed to the company in respect of these fees.

Fees payable to businesses in which C Evans is a designated member during the year ended 31 March 2016:

- Merlin Scientific LLP – £500,000 (2015: £nil; 2014: £nil) in respect of consultancy fees, of which £208,333 was recharged to Arix Bioscience plc for consultancy services provided; and
- Glebe Corporate LLP – £177,792 (2015: £nil; 2014: £nil) for facilities, staff, services and consumables.

At 31 March 2016 £nil was outstanding in respect of these fees.

Consultancy fees of £300,000 were payable to Arig DMCC during the year ended 31 March 2016 (2015: £nil; 2014: £nil), a business controlled by C Chipperton, of which £175,000 was recharged to Arix Bioscience plc for consultancy services provided by C Chipperton. At 31 March 2016 £nil was outstanding in respect of these fees.

Other transactions

On 21 December 2015, Arix Bioscience plc entered into a conditional agreement with the company to acquire the whole of the issued share capital of the company from C Evans and C Chipperton for an aggregate consideration of £891,331. The agreement is conditional on consent from the Financial Conduct Authority. Consent was received on 20 June 2016.

Details of the company's acquisition of the rights and obligations of Arthurian Life Sciences Carried Interest LP from Excalibur Fund Managers Limited is contained in note 11.

Key management comprises solely of the directors of the company, the emoluments of which are disclosed in note 9.

23. Post balance sheet events and ultimate controlling party

On 8 July 2016, the issued share capital of ALS was acquired by Arix Bioscience plc, the ultimate controlling party of the company.

24. Transition to IFRS

The following are a summary of the differences noted on transition to IFRS and their impact on the Statement of Financial Position and Statement of Comprehensive Income presented in the historical financial information.

Statement of Financial Position reconciliation as at 1 April 2013

	UK GAAP *£'000*	*Note 1* *£'000*	*Note 2* *£'000*	*IFRS* *£'000*
Assets				
Non-current assets				
Deferred taxation	–	27	35	62
Current assets				
Other receivables	448	(124)	–	324
Cash and cash equivalents	38	–	–	38
Total current assets	486	(124)	–	362
Total assets	486	(97)	35	424
Equity and liabilities				
Equity attributable to the owner of the parent company				
Share capital	–	–	–	–
Retained earnings	(35)	(108)	(139)	(282)
Total equity	(35)	(108)	(139)	(282)
Liabilities				
Current liabilities				
Trade and other payables	521	11	–	532
Deferred revenue	–	–	174	174
Total current liabilities	521	11	174	706
Total liabilities	521	11	174	706
Total equity and liabilities	486	(97)	35	424

Statement of Financial Position reconciliation as at 31 March 2014

	UK GAAP *£'000*	*Note 1* *£'000*	*Note 2* *£'000*	*IFRS* *£'000*
Current assets				
Other receivables	595	–	–	595
Cash and cash equivalents	137	–	–	137
	732	–	–	732
Equity and liabilities				
Equity attributable to the owner of the parent company				
Share capital	–	–	–	–
Retained earnings	13	–	–	13
Total equity	13	–	–	13
Liabilities				
Current liabilities				
Financial liabilities – borrowing	–	–	–	–
Trade and other payables	427	(71)	(211)	145
Deferred revenue	–		211	211
Current income tax liabilities	13	–	–	13
Total current liabilities	440	(71)	–	369
Non-current liabilities				
Financial liabilities – borrowings	279	–	–	279
Trade and other payables	–	71	–	71
Total non-current liabilities	279	71	–	350
Total liabilities	719	–	–	719
Total equity and liabilities	732	–	–	732

Statement of Financial Position reconciliation as at 31 March 2015

	UK GAAP *£'000*	*Note 1* *£'000*	*Note 2* *£'000*	*Note 6* *£'000*	*IFRS* *£'000*
Current assets					
Other receivables	1,048	–	–	–	1,048
Cash and cash equivalents	19	–	–	–	19
Total assets	1,067	–	–	–	1,067
Equity and liabilities					
Equity attributable to the owner of the parent company					
Share capital	–	–	–	–	–
Retained earnings	42	–	–	(27)	15
Total equity	42	–	–	(27)	15
Liabilities					
Current liabilities					
Financial liabilities – borrowing	–	–	69	–	69
Trade and other payables	703	(211)	–	27	519
Deferred revenue	–	211	–	–	211
Current income tax liabilities	13	–	–	–	13
Total current liabilities	716	–	69	27	812
Non-current liabilities					
Financial liabilities – borrowings	309	–	(69)	–	240
Trade and other payables	–	–	–	–	–
Total non-current liabilities	309	–	(69)	–	240
Total liabilities	1,025	–	–	27	1,052
Total equity and liabilities	1,067	–	–	–	1,067

Statement of Financial Position reconciliation as at 31 March 2016

	UK GAAP *£'000*	*Note 7* *£'000*	*IFRS* *£'000*
Assets			
Non-current assets			
Investments	891	2,909	3,800
Current assets			
Trade and other receivables	249	–	249
Cash and cash equivalents	50	–	50
Total current assets	299	–	299
Total assets	1,190	2,909	4,099
Equity and liabilities			
Equity attributable to the owner of the parent company			
Share capital	–	–	–
Share premium	250	–	250
Capital reserve	–	2,909	2,909
Retained earnings	116	–	116
Total equity	366	2,909	3,275
Liabilities			
Current liabilities			
Trade and other payables	587	–	587
Deferred revenue	211	–	211
Current income tax liabilities	26	–	26
Total current liabilities	824	–	824
Total liabilities	824	–	824
Total equity and liabilities	1,190	2,909	4,099

Statement of Comprehensive Income reconciliation for the year ended 31 March 2014

	UK GAAP *£'000*	*Note 1* *£'000*	*Note 2* *£'000*	*IFRS* *£'000*
Revenue	1,663	135	174	1,972
Administrative expenses	(1,583)	–	–	(1,583)
Operating profit	80	135	174	389
Finance costs	(19)	–	–	(19)
Profit before income taxation	61	135	174	370
Taxation	(13)	(27)	(35)	(75)
Profit for the financial year	48	108	139	295

Statement of Comprehensive Income reconciliation for the year ended 31 March 2015

	UK GAAP *£'000*	*Note 6* *£'000*	*IFRS* *£'000*
Revenue	1,733	–	1,733
Administrative expenses	(1,660)	(34)	(1,694)
Operating profit	73	(34)	39
Finance costs	(31)	–	(31)
Profit before income taxation	42	(34)	8
Taxation	(13)	7	(6)
Profit for the financial year	29	(27)	2

Statement of Comprehensive Income reconciliation for the year ended 31 March 2016

	UK GAAP *£'000*	*Note 6* *£'000*	*IFRS* *£'000*
Revenue	3,198	–	3,198
Administrative expenses	(3,076)	34	(3,042)
Operating profit	122	34	156
Finance costs	(21)	–	(21)
Profit before income taxation	101	34	135
Taxation	(27)	(7)	(34)
Profit for the financial year	74	27	101

Notes:

(1) Output VAT of £135,147 was not recognised on invoiced revenues in the ten months ended 31 March 2013. This was originally identified and corrected in the financial statements for the year ended 31 March 2014. The adjustment above includes the consequential tax effect.

(2) In the ten months ended 31 March 2013, £173,611 of revenues were invoiced and recognised which relate to the year ended 31 March 2014. The adjustments above include the consequential tax effect.

(3) £71,250 of fees payable to non-executive directors after more than one year as at 31 March 2014 have been reclassified as payable in more than one year.

(4) Deferred revenue of £210,833 as at 31 March 2014 and 31 March 2015 have been separately identified on the face of the Statement of Financial Position.

(5) £68,639 of loan balances due within one year at 31 March 2015 have been reclassified as due within one year.

(6) In the year ended 31 March 2015 £34,000 of costs were incorrectly capitalised. This was identified and corrected in the financial statements for the year ended 31 March 2016. The adjustment includes the consequential tax effect.

(7) As a result of the acquisition of ALS by Arix Bioscience plc, a valuation of ALS was performed, as a result of which the fair value of the LP was determined to be £3,800,000, as compared to the valuation of £891,331 originally attributed to it. The investment has therefore been increased by £2,908,669 so that it is recognised at its fair value. The difference between the fair value and the consideration paid to Excalibur Fund Managers Limited is a capital contribution and has been recognised in a separate capital reserve within equity.

PART XI

UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

Section A: Financial information relating to Arix Holdings Group

Consolidated statement of Comprehensive Income

	Note	*Six months ended 30 September 2016 £'000*
Revenue		306
Administrative expenses		(4,362)
Operating loss		(4,056)
Share-based payment charge	9	(9,325)
Exceptional costs	4	3,198
Fair value gains and losses on investment		687
Fair value gains and losses on carried interest investment		(120)
Finance income		18
Foreign exchange gains		76
Loss before taxation		(9,522)
Income tax expense		–
Loss for the period		(9,522)
Other comprehensive income, net of tax		
Foreign currency translation gains		243
Total comprehensive loss for the period, net of tax		(9,279)
Loss attributable to owners of Arix Bioscience plc		(9,279)
Basic and diluted loss per share		(29.8p)

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing activities.

Consolidated Statement of Financial Position

	Note	*As at 31 March 2016 £'000*	*As at 30 September 2016 £'000*
Non-current assets			
Property, plant and equipment	3	7	729
Intangibles	6	–	2,415
Investments	5	5,071	11,155
Investment in carried interest	6	–	3,819
Total non-current assets		5,078	18,118
Current assets			
Trade and other receivables	7	442	788
Cash and cash equivalents		40,638	32,189
Total current assets		41,080	32,977
Total assets		46,158	51,095
Equity and liabilities			
Equity attributable to the owners of the Arix Group			
Issued share capital	8	1	51
Share premium	8	48,017	–
Translation reserve		8	251
Retained earnings		(2,803)	46,967
Total equity		45,223	47,269
Liabilities			
Current liabilities			
Trade and other payables	7	935	2,669
Total current liabilities		935	2,669
Non-current liabilities			
Deferred tax liability	6	–	1,157
Total non-current liabilities		–	1,157
Total liabilities		935	3,826
Total equity and liabilities		46,158	51,095

Consolidated statement of changes in equity

	Share capital £'000	*Share premium £'000*	*Translation reserve £'000*	*Retained earnings £'000*	*Total equity £'000*
At 31 March 2016	1	48,017	8	(2,803)	45,223
Issuance of Series B Shares	–	2,000	–	–	2,000
Total comprehensive loss for the period	–	–	243	(9,522)	(9,279)
Transfer (to)/from retained earnings	50	(50,017)	–	49,967	–
Share based payment charge	–	–	–	9,325	9,325
Balance at 30 September 2016	51	–	251	46,967	47,269

Consolidated statement of cash flows

	Note	*Six months ended 30 September 2016 £'000*
Net cash flow from operating activities	11	(3,853)
Finance income		18
Net cash used in operating activities		(3,835)
Cash flows used in investing activities		
Purchase of property, plant and equipment		(810)
Purchase of investments		(5,134)
Payments for acquisitions net of cash acquired		(670)
Net cash used in investing activities		(6,614)
Cash flows from financing activities		
Proceeds from issuance of shares	8	2,000
Net cash from financing activities		2,000
Net decrease in cash and cash equivalents		(8,449)
Cash and cash equivalents at 1 April 2016		40,638
Cash and cash equivalents at end of the period		32,189

Notes to the condensed financial statements

1. General information

The Directors of Arix Bioscience plc present the unaudited condensed consolidated financial statements for the period ended 30 September 2016. Arix Bioscience plc was incorporated on 15 September 2015.

The Company has been set up as a holding company to acquire interests in, and provide strategic and operational oversight to, innovative healthcare and life science businesses with which it partners ("**Group Businesses**") (either directly or through Arix Holdings) exclusively in the healthcare and life science sector.

Arix Bioscience plc is incorporated and domiciled in the United Kingdom. The address of its registered office is 20 Berkeley Square, London, WIJ 6EQ. The registered number is 09777975.

2. Accounting policies

2.1 *Basis of preparation*

The condensed financial statements of Arix Bioscience plc (the "**Company**") and its subsidiaries (the "**Arix Group**"), for the six months ended 30 September 2016, have been prepared in accordance with European Union endorsed International Financial Reporting Standards ("**IFRS**").

These condensed financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

The condensed financial statements are presented in Pounds Sterling, rounded to the nearest £thousand, unless otherwise stated.

Comparative results have not been presented for the six month period to 30 September 2015 for the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cashflows as the Company was not incorporated until 15 September 2015.

Basis of consolidation

Subsidiaries are entities over which the Arix Group has control. The Arix Group controls an entity when the Arix Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred.

Going concern

The directors of the Arix Group are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future; a period of at least 12 months for the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Changes to accounting standards

There have been no changes to accounting standards during the period which have had or are expected to have any significant impact on the Arix Group.

The accounting standards adopted are consistent with those of the previous financial year except as described below.

2.2 *Share-based payments*

The Arix Group operates an executive share option plan in which the Group's founders also participate. Share options must be measured at fair value and recognised as an expense in the income statement with a corresponding increase in equity. The fair value of the option is estimated at the date of grant using the Black-Scholes Model and is charged as an expense in the income statement over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

In addition to management share options, the Group has also provided Founders Shares which are classed as a share based payment. As no service conditions are attached to these shares, the incremental accounting charges have been recognised immediately.

2.3 ***Goodwill and Intangible assets***

Intangibles were acquired by the Arix Group as part of the acquisition of Arthurian Life Sciences Limited and Arthurian Life Sciences SPV GP Limited (see note 4). It is the policy of the Arix Group to amortise these fair values over the period in which the Arix Group is expected to obtain economic benefit from the related intangible assets.

The excess of consideration transferred over the fair value of net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the profit and loss as a bargain purchase.

3. Tangible Fixed Assets

	Fixtures and Fittings £'000	*Leasehold Improvements £'000*	*Office Equipment £'000*	*Total £'000*
Cost				
1 April 2016	–	–	7	7
Additions	659	49	102	810
30 September 2016	659	49	109	817
Depreciation				
1 April 2016	–	–	–	–
Depreciation charge	(71)	(3)	(14)	(88)
30 September 2016	(71)	(3)	(14)	(88)
Net Book Value				
1 April 2016	–	–	7	7
30 September 2016	588	46	95	729

	Fixtures and Fittings £'000	*Leasehold Improvements £'000*	*Office Equipment £'000*	*Total £'000*
Cost				
At incorporation	–	–	–	–
Additions	–	–	7	7
31 March 2016	–	–	7	7
Depreciation				
At incorporation	–	–	–	–
Depreciation charge	–	–	–	–
31 March 2016	–	–	–	–
Net Book Value				
31 March 2016	–	–	7	7

4. Exceptional costs

Loss before taxation for the six months ended 30 September 2016 has been arrived at after crediting:

	£'000
Costs associated with initial public offering	(747)
Negative goodwill on acquisition of Arthurian Life Sciences	3,945
	3,198

5. Investments

Subsidiaries

The following sets out the subsidiaries of the Company:

	Ownership %
Arix Bioscience Holdings Limited	100%
Arix Bioscience Inc	100%
Arthurian Life Sciences Limited	100%
Arthurian Life Sciences GP Limited	100%
Arthurian Life Sciences SPV GP Limited	100%
Arthurian Life Sciences SPV Carried Interest Partner LP	100%
Arix Bioscience Pty Limited	100%

All subsidiaries are incorporated in England and Wales, save for Arix Bioscience Inc, which is incorporated in the United States of America, Arthurian Life Sciences GP Limited which is incorporated in Scotland and Arix Bioscience Pty Limited which is incorporated in Australia.

Arix Bioscience Holdings Limited and Arix Bioscience Inc are intermediate holding companies. Arthurian Life Sciences GP Limited is the general partner of Arthurian Life Sciences SPV Carried Interest Partner LP. Arthurian Life Sciences Limited owns the limited partnership interest in Arthurian Life Sciences SPV Carried Interest Partner LP.

Equity investments

	£'000
At 31 March 2016	5,071
Gain on the revaluation of investments	692
Investments during the period	5,134
Foreign exchange gains	258
At 30 September 2016	11,155

In accordance with the Arix Group accounting policy, investments are held at fair value even though the Arix Group may have significant influence over the companies. This treatment is permitted by IAS 28, 'Investments in Associates'.

At 30 September 2016, the Arix Group, either directly or indirectly, had the following investments over which it had significant influence:

	Per cent. of issued share capital *%*	*Net assets* *$'000*	*Loss* *$'000*
OptiKira LLC	31.9	177	(465)
		£'000	*£'000*
Autolus	4.8	16,176	(3,674)
Artios	12.8	N/A	N/A
		€'000	*€'000*
Depixus	15.5	793	(409)

On 12 May 2016, the Arix Group acquired 620,000 shares in Depixus SAS at a price of €1 each.

Arix Group may, depending upon the achievement of certain commercial milestones, be required to make further investments in Depixus SAS, totalling €620,000, in two separate investments of €310,000 each.

On 9 June 2016, the Arix Group acquired 11,200 Class A units in OptiKira LLC at a price of $31.25 each. On August Arix acquired a further 27,200 Class A units shares at the price of $31.25 each.

On 16 June 2016, the Arix Group subscribed for 64,517,620 units in Verona Pharma plc ("Verona") at a price of £0.02873 per unit. Cash settlement for the transaction completed on 29 July 2016. Each unit comprises one ordinary share and a warrant. Each warrant is exercisable into 0.4 ordinary shares at a price of £0.034476. Each warrant is exercisable upon the earlier of (i) the first anniversary of the admission of the placing shares, and (ii) the listing of Verona American depository shares on NASDAQ.

On 20 September 2016, the Group subscribed for 2,528,333 Series A shares in Artios Pharma Ltd for £1,896,250. Artios's first accounting year end is expected to be 31 December 2016.

6. Acquisition of Arthurian Life Sciences Limited and Arthurian Life Sciences SPV GP Limited

On 20 June 2016, the Arix Group acquired the whole of the issued share capital of Arthurian Life Sciences Limited and of Arthurian Life Sciences SPV GP Limited for a total cash consideration of £891,431. Actual completion occurred on 8 July 2016 but as all pre-conditions for the transaction had been fulfilled on 20 June 2016, the acquisition was deemed to have occurred on 20 June 2016.

The following table summarises the book values of the identifiable assets and liabilities and their fair values at the date of acquisition.

Purchase consideration:

	£'000
Cash paid	891

The fair value of the shares acquired of Arthurian Life Sciences Limited was calculated on the basis of:

(i) income multiples relating to the management fees due to Arthurian Life Sciences Limited as a result of managing the Wales Life Sciences Investment Fund; and

(ii) Current day valuation of the Wales Life Sciences Investment Fund and the excess value due to Arthurian Life Sciences Limited as a result of its carry arrangement. This was discounted to reflect liquidity risk.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value £'000
Debtors	216
Cash	221
ALS interest in carry arrangement	3,800
Allocation of net assets as part of fair value process to interest in carry arrangement	139
Fair value of interest in management fees charged to Wales Life Sciences	2,400
Investment Fund	
Allocation of net assets as part of fair value process to management fees	87
Short term creditors	(868)
Deferred tax liability in respect of business combination	(1,157)
Negative goodwill	(3,945)
Negative goodwill charged to profit and loss	3,945
Net assets acquired	5,995

The sale of ALS to Arix Bioscience was agreed in December 2015. Following FCA approval for the sale in June 2016, a fair value exercise of ALS was undertaken, which gave a value of £6.4 million.

The fair value of the interest in management fees charged to Wales Life Sciences Investment Fund is amortised over the expected life of the fund. The fair value of the Arthurian Life Sciences interest in carry arrangement was reviewed at September 30 2016 and its value was assessed to have decreased by £120,000 to £3,819,000 since assessed at acquisition.

7. Financial instruments

The Arix Group's principal financial liabilities comprise trade and other payables. The primary purpose of these financial liabilities is to finance the operations. The Arix Group has other receivables and cash that derive directly from its operations.

All financial assets at fair value through profit or loss are measured as level 3 under the fair value hierarchy (see note 2.3).

Financial assets

The financial assets were as follows:

	As at 30 September 2016 £'000	*As at 31 March 2016 £'000*
Financial assets at fair value through profit or loss:		
Equity investments	11,155	5,071
Investment in ALS carry	3,819	–
Loans and receivables:		
Other receivables (excluding prepayments)	548	149
Cash and cash equivalents	32,189	40,638

All financial assets held at fair value have been purchased up to 30 September 2016. Certain assets were subject to positive revaluation at the end of September and were also subject to foreign exchange movements (see note 4).

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The Arix Group's cash and cash equivalents are deposited with AA-rated institutions.

Investments and other receivables do not have a credit rating. However, management do not believe these to be past due nor impaired.

Financial liabilities

The financial liabilities were as follows:

	As at 30 September 2016 £'000	*As at 31 March 2016 £'000*
Trade, other payables and accruals (excluding non-financial liabilities)	2,669	867

8. Share capital

	As at 30 September 2016 £'000	*As at 31 March 2016 £'000*
Allotted and called up		
100,966,920 ordinary shares of £0.00001 each	1	1
28,916,666 Series B shares of £0.00001 each	–	–
Series C shares of £1 each	50	–

On 8 February 2016, 97,046,908 of ordinary shares were disenfranchised pursuant to a restrictive share agreement. Disenfranchised shares are not entitled to vote, attend meetings of the Company, or to receive dividends or other distributions made or paid on the ordinary shares. The restrictive share agreement makes provision of the release of the restrictions in certain circumstances, which includes upon the subscription for future share issues.

On 15 April 2016, the Company issued and allotted 1,111,110 Series B shares at an issue price of £1.80 per share.

On 7 June 2016, 156,642 ordinary shares were released from the obligations under the restrictive share agreement.

On 14 September 2016, the Company issued and allotted 49,671 Series C shares at a nominal value of £1.00 per share. Series C shares carry no voting nor distribution rights. On the same date, as part of the share capital reorganization required to become a plc, all share premium previously recognized was transferred to retained earnings.

All other ordinary and Series B shares carry equal voting and distribution rights.

9. Share options

Arix Group operates an Executive Share Option Plan.

On 8 February 2016, options were granted pursuant to the Executive Share Option Plan to two directors at an exercise price of £1.80 per ordinary share. The number of ordinary shares subject to the options are the requisite number of ordinary shares as represents 5.43 per cent. of the fully diluted ordinary share capital of the Company immediately following an initial financing round by private placements (up to and including financing of £100 million), increased by such number of ordinary shares as are necessary to constitute 5.43 per cent. of either:

(a) The Company's fully diluted share capital on a qualifying private placing; or

(b) The Company's listed class of ordinary shares on a qualifying initial public offering.

The options will vest in four equal proportions on 8 February of 2017, 2018, 2019 and 2020. The options may not be exercised after the tenth anniversary of the grant date and it will lapse on that date if it has not lapsed or been exercised in full before then.

All options vest at the end of the vesting period relating to that option or on the occurrence of a contingent event.

Options with identical terms were offered to the founders of the Company constituting 5 per cent. of the issue share capital of the company after admission.

With regards to the Executive Share Option Plan, contingent events include a change of control or cessation of employment in accordance with "good leaver" provisions.

Share based payments

A share based payment charge for the period to 30 September 2016 of £9,325,000 was recognised for a variety of share based payment schemes offered by the Group. A charge of £2,876,000 was booked in the period in respect of equity-settled share options, granted on 8 February 2016, with an exercise price of £1.80 per share. The options are exercisable over ten years from the date of grant and vest in four equal instalments on 8 February 2017, 8 February 2018, 8 February 2019 and 8 February 2020. As at 30 September 2016, two directors had options over the requisite number of shares as represents 5.43 per cent. of the fully diluted ordinary share capital of the Company following admission. As at 30 September 2016, Founders had options over 5 per cent. of the fully diluted ordinary share capital of the Company following admission.

The fair value of options granted was calculated using the Black-Scholes model, incorporating relevant assumptions for share price, exercise price, expected volatility (based on similar quoted companies), risk free interest rate and share option term. The resultant fair value was then spread over the relevant vesting period for each tranche of share options. The fair value of options granted in the period is measured by use of the Black-Scholes option pricing model using the following assumptions:

	Six months ended 30 September 2016
Share price	£2.07
Exercise price at grant date	£1.80
Fair value at grant date	£0.45 – £0.71
Risk free interest rate	0.5%/0.6%
Expected volatility	37%
Expected period to exercise (years)	1 to 4

A further charge of £6,449,000 was also booked as a one-off charge in the period relating to the 7 per cent. of the Group that will be controlled by the Founders post admission. This was produced as an incremental theoretical fair value to the Founders based on the assumption of a successful admission to the London Stock Exchange and produced a higher theoretical value to the Founders than the amount previously calculated when a successful admission was deemed less likely. For the Founders' shares there is no vesting period and therefore the full charge has been recognised in the period.

10. Earnings per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of Arix Bioscience plc by the weighted average number of enfranchised shares (as adjusted for capital subscription in accordance with the terms of the restrictive share agreement) in issue during the period.

The Arix Holdings Group has potentially dilutive ordinary shares, being those share options granted to employees. As the Arix Holdings Group has incurred a loss in the period, the diluted loss per share is the same as the basic earnings per share as the loss has an anti-dilutive effect.

	As at 30 September 2016 £'000
Loss attributable to equity holders of the Arix Bioscience plc	(9,279)
Weighted average number of shares in issue	31,127,542
Basic and diluted loss per share	(29.8p)

11. Notes to the cash flow statement

	£'000
Cash flow used by operating activities	
Loss before income tax	(9,522)
Adjustments for:	
Depreciation and amortisation	159
Finance income	(18)
Fair value movement in investments	(687)
Fair value movement in investment in carried interest	120
Foreign exchange gains/losses	(76)
Share option charge	9,325
Negative goodwill	(3,945)
Changes in working capital	
(Increase) in trade and other receivables	(334)
Increase in trade and other payables	1,124
Cash used by operations	(3,853)

12. Related party relationships and transactions

Consultancy fees amounting to £120,000 (inclusive of VAT) were payable during the period to Merlin Scientific LLP, a partnership controlled by Sir Christopher Evans, a director and substantial shareholder of the Company and of Arthurian Life Sciences Limited. At 30 September 2016, £24,000 was owed to Merlin Scientific LLP by the Company.

On 20 June 2016, Arix Group committed to the acquisition of Arthurian Life Sciences Limited and Arthurian Life Sciences SPV GP Limited for £891,333 and £100 respectively. These were previously both controlled by Sir Christopher Evans. Actual completion occurred on 8 July 2016.

13. Post Balance Sheet Events

There are no post balance sheet events that require adjustment for or disclosure in the financial statements.

Section B: Financial information relating to Arthurian Life Sciences Limited

Condensed Financial Statements for the Six Months Ended 30 September 2016

Statement of Comprehensive Income

	Six months to 30 Sept 2016 £'000	*Six months to 30 Sept 2015 £'000*
Revenue	655	1,624
Administrative Expenses	(325)	(1,212)
	330	412
Fair value Gains and Losses on Investment	19	–
Finance Costs	–	–
Profit Before Taxation	349	412
Income Tax Expense	–	–
Profit After Taxation	349	412
Other Comprehensive Income, Net of Tax	–	–
Total Comprehensive Income for the Period, Net of Tax	349	412

Statement of Financial Position

	Note	*As at 30 Sept 2016 £'000*	*As at 31 Mar 2016 £'000*
ASSETS			
Non-Current Assets			
Investments	3	3,819	3,800
		3,819	3,800
Current Assets			
Trade and other receivables		312	249
Cash and cash equivalents		47	50
		359	299
TOTAL ASSETS		4,178	4,099
EQUITY AND LIABILITIES			
Equity			
Share Capital		–	–
Share Premium		250	250
Retained Earnings		465	116
Capital Reserve		2,909	2,909
		3,624	3,275
LIABILITIES			
Current Liabilities			
Trade and Other Payables		554	587
Deferred Revenue		–	211
Current Income Tax Liabilities		–	26
		554	824
TOTAL EQUITY AND LIABILITIES		4,178	4,099

Statement of Changes in Equity

	Share capital £'000	*Share premium £'000*	*Retained earnings £'000*	*Capital reserve £'000*	*Total equity £'000*
Balance at 31 March 2016	–	250	116	2,909	3,275
Total Comprehensive Income for the Period	–	–	349	–	349
Balance at 30 September 2016	–	250	465	2,909	3,624

	Share capital £'000	*Share premium £'000*	*Retained earnings £'000*	*Capital reserve £'000*	*Total equity £'000*
Balance at 31 March 2015	–	–	15	–	15
Total Comprehensive Income for the Period	–	–	412	–	412
Balance at 30 September 2015	–	–	427	–	427

Statement of Cash Flows

	Note	*Six months to 30 Sept 2016 £'000*	*Six months to 30 Sept 2015 £'000*
Cash Generated from Operations	4	23	35
Income Tax Paid		(26)	(1)
Net Cash (Used in) / Generated From Operating Activities		(3)	34
Cash Flows from Financing Activities			
Interest Paid		–	–
Repayment of Borrowings		–	(23)
Net Cash Used in Financing Activities		–	(23)
Net Decrease in Cash and Cash Equivalents		(3)	11
Cash and Cash Equivalents at Beginning of Period		50	19
Cash and Cash Equivalents at End of Period		47	30

Notes to the Condensed Financial Statements

1. General information

The principal activity of Arthurian Life Sciences Limited ("**ALS**" or the "**Company**") is the provision of management and advisory services to a Welsh-based fund, where it is engaged by Arthurian Life Sciences SPV GP Limited. ALS is authorised to provide investment advice and investment management services by the Financial Conduct Authority.

ALS is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is Life Sciences Hub Wales, 3 Assembly Square, Britannia Quay, Cardiff, Wales, CF10 4PL. The registered number is 08111748.

2. Accounting policies

The principal accounting policies applied in the preparation of the financial information are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

2.1 *Basis of preparation*

The condensed financial statements of the Company for the six months ended 30 September 2016 have been prepared in accordance with European Union endorsed International Financial Reporting Standards ("**IFRS**").

These condensed financial statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

The condensed financial statements are presented in Pounds Sterling, rounded to the nearest thousand, unless otherwise stated.

Going concern

The directors of the Company are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future; a period of at least 12 months for the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Changes to Accounting Standards

There have been no changes to accounting standards during the period which have had or are expected to have any significant impact on the Company.

The accounting policies adopted are consistent with those of the previous financial year.

3. Investments

	Six months to 30 Sept 2016 £'000	*Six months to 30 Sept 2015 £'000*
Opening Balance	3,800	–
Additions	–	–
Gain on the revaluation of investments	19	–
Closing Balance	3,819	–

The Company has 100 per cent. ownership of Arthurian Life Sciences Carried Interest Partner LP (the "LP"). The LP is entitled to receive a carried interest of 20 per cent. (over an 8 per cent. hurdle rate) from future gains of The Wales Life Sciences Investment Fund ("the WLSIF"). To date, the WLSIF has not made any realisations and, accordingly, the Company has not recognised any related income.

Unconsolidated structured entities

Both the WLSIF and the LP are considered to be structured entities under IFRS 10, which are designed to achieve a specific purpose. A structured entity is one that has been set up so that any voting or similar rights are not the dominant factor in determining who controls the entity.

In particular, although the Company has power over the WLSIF, the Company does not have sufficient exposure to variable returns which would require them to consolidate the WLSIF, as it is an agent of the fund and as such does not exhibit control.

The Company owns the right to the carried interest by way of its 100 per cent. ownership of the limited partnership interest in the LP. There is a separate general partner, which is outside the control of the Company. The general partner controls the relevant activities of the LP, but its income interest is fixed at 0 per cent. As such, the Company does not control the LP.

The Company provides fund management and advisory services to the WLSIF, which has been set up to accommodate client requirements to hold investments in specific assets.

Income derived from involvement with the unconsolidated structured entities

The Company earns revenue through its involvement in the WLSIF as follows:

- Fund management fees – through Arthurian Life Sciences SPV GP Limited
- Transaction fees – upon completion of an investment (payable by the fund portfolio company)
- Ongoing monitoring fees – related to the provision of non-executive director services to portfolio companies.

As noted above, the Company can earn a carried interest of 20 per cent. (over an 8 per cent. hurdle rate) from future gains in the WLSIF.

Interest in the unconsolidated structured entities

The Company's interest in the unconsolidated structured entities relate to the contractual involvement with the WLSIF, which expose it to variability of returns from the performance of the WLSIF.

Maximum exposure to unconsolidated structured entity

The Company's maximum exposure to the unconsolidated structured entities relates to its £3,819,000 investment in the LP.

Size of the unconsolidated structured entities

As of 30 September 2016, the cost of the assets under management of the WLSIF was £47.8 million.

Financial support

The Company did not provide financial support to the WLSIF or the LP during the period.

4. Note to the Statement of Cash Flows

	Six months to 30 Sept 2016 £'000	*Six months to 31 Mar 2016 £'000*
Cash flow from operating activities		
Profit before income tax	349	412
Adjustments for:		
Finance costs	–	–
Investment revaluation	(19)	(34)
Changes in working capital		
Increase in Other Receivables	(63)	(211)
(Decrease) / Increase in Trade and Other Payables	(33)	(132)
Decrease in Deferred Revenue	(211)	–
Cash generated from operations	23	35

5. Financial Instruments by Category

5.1 *Financial Instruments by Category*

Financial Assets

The financial assets were as follows:

	As At 30 Sept 2016 £'000	*As At 31 Mar 2016 £'000*
Loans and Receivables	204	201
Cash and Cash Equivalents	47	50
Financial Asset at Fair Value Through Profit or Loss	3,819	3,800
	4,070	4,051

Loans and receivables are carried at amortised cost using the effective interest rate method. Given that all loans and receivables are classified as current, their fair value approximates to carrying amount. Investments are Level Three assets at fair value through profit or loss in the fair value hierarchy.

Financial liabilities at amortised cost

The financial liabilities were as follows:

	As At 30 Sept 2016 £'000	*As At 31 Mar 2016 £'000*
Trade and Other Payables (excluding non-financial liabilities)	215	201
	215	201

Trade and other payables are carried at amortised cost using the effective interest rate method. Given that all trade and other payables are classified as current, their fair value approximates to the carry amount.

5.2 ***Credit Quality of Financial Assets***

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	As At 30 Sept 2016 £'000	*As At 31 Mar 2016 £'000*
Cash and Cash Equivalents	47	50
	47	50

Cash and cash equivalents are deposited with AA- rated institutions.

Loans and receivables and financial assets at fair value through profit or loss do not have a credit rating. However, management do not believe these to be past due or impaired.

Fair Value Hierarchy

The Company classifies financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the related fair value measurements. The level in the fair value hierarchy, within which a financial asset is classified, is determined on the basis of the lowest level input that is significant to that asset's fair value measurement.

The fair value hierarchy has the following levels:

Level 1 – Quoted price in active markets.

Level 2 – Inputs other than quoted prices that are observable, such as prices from market transactions. These are mainly based on prices determined from recent investments in the last twelve months.

Level 3 – One or more inputs that are not based on observable market data.

6. Share Capital

	As At 30 Sept 2016 £'000	*As At 31 Mar 2016 £'000*
Authorised		
100 Ordinary Shares of £1 each	100	100
	£	£
At Beginning of the Period	100	1
Proceeds From Shares Issued	–	99
At End of the Period	100	100

7. Transactions with Related Parties

On 20 June 2016, Arix Bioscience plc committed to the acquisition of the Company for £891,333. The Company was previously controlled by Sir Christopher Evans, who is a director of Arix Bioscience plc. Actual completion occurred on 8 July 2016.

During the period, management fees amounting to £625,000 were receivable from Arthurian Life Sciences SPV GP Limited, a company with the same ultimate parent as ALS. At 30 September 2016, £104,000 was owed to ALS in respect of these fees.

At 30 September 2016, £174,000 was due to the Company in respect of overpayment of fund management fees from Excalibur Fund Managers Limited ("Excalibur"), a business in which Sir Christopher Evans is the ultimate controlling party. £6,441 was payable by the Company to Excalibur for recharges.

8. Events Occurring After the Reporting Period

There were no reportable events after the reporting period.

PART XII

UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

Section A: Unaudited Pro Forma Financial Information

The unaudited consolidated pro forma financial information set out below has been prepared to illustrate the effect of the Offer on the net assets statement of the Group and the effect of the acquisition of ALS on the income statement of the Group if they had taken place on 30 September 2016 and 1 April 2015, respectively. The unaudited consolidated pro forma financial information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The unaudited consolidated pro forma financial information has been prepared, for illustrative purposes only, in accordance with item 20.2 of Annex I and items 1 to 6 of Annex II of the Prospectus Rules.

The unaudited consolidated pro forma financial information has been compiled on the basis set out in the notes below.

Unaudited consolidated pro forma net asset statement

		Adjustment	
	Net assets of the Arix Holdings Group as at 30 September 2016 £'000 Note 2	*Net proceeds of the Offer £'000 Note 4*	*Unaudited Pro Forma £'000 Note 6*
Assets			
Non-current assets			
Property, plant and equipment	729	–	729
Intangible assets	2,415	–	2,415
Investments	11,155	–	11,155
Investment in carried interest	3,819	–	3,819
Total non-current assets	18,118	–	18,118
Current assets			
Trade and other receivables	788	–	788
Cash and cash equivalents	32,189	91,000	123,189
Total current assets	32,977	91,000	123,977
Total assets	51,095	91,000	142,095
Liabilities			
Current liabilities			
Trade and other payables	(2,669)	–	(2,669)
Total current liabilities	(2,669)	–	(2,669)
Non-current liabilities			
Deferred tax liability	(1,157)	–	(1,157)
Total non-current liabilities	(1,157)	–	(1,157)
Total liabilities	(3,826)	–	(3,826)
Total net assets	47,269	91,000	138,269

Unaudited consolidated pro forma income statement

			Adjustment	
	Arix Holdings Group results for the seven months ended 31 March 2016 £'000 Note 2	*ALS results for the year ended 31 March 2016 £'000 Note 3*	*Inter-company trading £'000 Note 5*	*Total unaudited pro forma £'000*
Revenue	1	3,198	(900)	2,299
Administrative expenses	(2,210)	(3,042)	–	(5,252)
Operating (loss) profit	(2,209)	156	(900)	(2,953)
Share-based payment charge	(1,401)	–	–	(1,401)
Exceptional costs	(596)	–	–	(596)
Finance income	10	–	–	10
Finance expense	–	(21)	–	(21)
(Loss) profit before taxation	(4,196)	135	(900)	(4,961)
Income tax expense	–	(34)	–	(34)
(Loss) profit for the period	(4,196)	101	(900)	(4,995)

Notes:

(1) The unaudited consolidated pro forma financial information has been prepared in a manner consistent with the accounting policies applied in the preparation of the Arix Holdings Group consolidated historical financial information for the periods to 31 March 2016 and to 30 September 2016.

(2) The Arix Holdings Group consolidated financial information has been extracted, without material adjustment, from the Historical Financial Information of the Arix Holdings Group for the period ended 31 March 2016 as presented in "Part X – Historical Financial Information" in this Prospectus and from the unaudited interim financial information for the six months ended 30 September 2016 as presented in Part XI.

(3) The ALS financial information has been extracted, without material adjustment, from the Historical Financial Information of ALS for the year ended 31 March 2016 as presented in "Part X – Historical Financial Information" in this Prospectus.

(4) The net proceeds of the Offer of £91 million are calculated on the basis that the Company issues 48,309,179 New Ordinary shares of 0.001 pence each at a price of 207 pence per share, net of estimated expenses in connection with the Offer of approximately £9 million.

(5) This column eliminates the impact of fees of £900,000 charged by ALS to Arix Holdings Group in respect of the £50.05 million private placing in February 2016. The corresponding cost to Arix Holdings Group was charged to the share premium account.

(6) No adjustment has been made to reflect the trading results of the Arix Holdings Group or ALS since 31 March 2016.

(7) No adjustment has been made to reflect ALS acquisition costs. These costs will not have a continuing impact on the Group.

(8) This unaudited consolidated pro forma financial information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006. Shareholders should read the whole of this Prospectus and not solely rely on the financial information contained in this section.

SECTION B: ACCOUNTANT'S REPORT ON THE UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

The Directors
Arix Bioscience plc
20 Berkeley Square
London
W1J 6EQ

2 February 2017

Dear Sirs

Arix Bioscience plc (the "Company")

We report on the pro forma financial information (the "**Pro Forma Financial Information**") set out in section A of Part XII of the Company's prospectus dated 2 February 2017 (the "**Prospectus**") which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed Offer and acquisition of Arthurian Life Sciences might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the Historical Financial Information as of 30 September 2016 and for the period ended 31 March 2016, respectively. This report is required by item 7 of Annex II to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Annex II of the PD regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, www.pwc.co.uk

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

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PART XIII

DETAILS OF THE OFFER

1. Description of the Offer

1.1 There are 48,309,179 New Ordinary Shares available to Investors under the Offer at the Offer Price of 207 pence per New Ordinary Share (before any exercise of the Over-Allotment Option). All of the New Ordinary Shares under the Offer will be issued at the Offer Price which will be payable in full. The currency of the issue is Sterling.

1.2 The issue of the 48,309,179 New Ordinary Shares is expected to raise gross proceeds of up to £100 million, assuming the maximum number of New Ordinary Shares are issued pursuant to the Offer and before any exercise of the Over-Allotment Option. The estimated Net Proceeds are £91 million. The total expenses incurred (or to be incurred) by the Company are approximately £9 million including the commission to the Bookrunner of £3 million and other estimated fees and expenses of approximately £6 million (inclusive of amounts in respect of VAT). No expenses will be charged by the Company to any Investor who subscribes for New Ordinary Shares pursuant to the Offer.

1.3 The New Ordinary Shares will represent approximately 53.6 per cent. of the total issued Ordinary Shares immediately following Admission (assuming full take-up of the Offer and before any exercise of the Over-Allotment Option save that all Ordinary Shares held by the Founders and the ESS Shareholders on Admission are calculated as if the Over-Allotment Option is exercised in full consistent with their agreed percentage of the Ordinary Share capital as set out in paragraphs 3.14, 8, 17.6 and 18.1 of "Part XV – Additional Information").

1.4 The Bookrunner has agreed, subject to certain conditions, to use reasonable endeavours to procure Investors to subscribe for the New Ordinary Shares to be issued by the Company under the Offer.

1.5 The offer outside the United States includes the Intermediaries Offer in the United Kingdom, the Channel Islands and the Isle of Man. The final number of Ordinary Shares allocated pursuant to the Intermediaries Offer will be decided at the absolute discretion of the Company, after consultation with the Bookrunner after the closing date for applications.

1.6 Applications under the Offer were required to be received by the Bookrunner no later than 3.00 p.m. on 16 February 2017 (or such later time and/or date as the Company and the Bookrunner may agree).

1.7 The Offer is conditional, *inter alia*, on:

(a) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission; and

(b) Admission having become effective on or before 8.00 a.m. on 22 February 2017 (or such later date, not being later than 23 March 2017, as the Company and the Bookrunner may agree).

1.8 Admission is expected to take place and dealings in the Ordinary Shares are expected to commence on the London Stock Exchange on 22 February 2017. No application has been or is currently intended to be made for the Ordinary Shares to be admitted to listing or dealt with on any other stock exchange. When admitted to trading, the Ordinary Shares will be registered with ISIN GB00BD045071 and SEDOL number BD04507.

1.9 The Company intends to apply the Net Proceeds in pursuit of the objective set out in "Reasons for Admission and the Offer" in "Part VI – Information on the Group, the business of the Group and the industry".

2. Intermediaries Offer

Members of the general public will not be able to apply directly for New Ordinary Shares in the Offer from the Company. However, members of the general public in the United Kingdom, the Channel Islands and the Isle of Man may be eligible to apply for New Ordinary Shares through the Intermediaries, by following their relevant application procedures, by no later than 11.00 a.m. on 16 February 2017. Underlying applicants are not allowed, and the Intermediaries may not permit the underlying applicants, to make more than one application under the Intermediaries Offer (whether on their own behalf or through other means, including, but without limitation, through a trust or pension plan).

The Intermediaries Offer is being made to retail investor clients in the United Kingdom, the Channel Islands and the Isle of Man only. No New Ordinary Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom, the Channel Islands and the Isle of Man except in certain limited circumstances and with the consent of the Global Coordinator. Applications under the Intermediaries Offer must be made by reference to the total monetary amount the applicant wishes to invest and not by reference to a number of New Ordinary Shares or the Offer Price.

An application for New Ordinary Shares in the Intermediaries Offer means that the applicant agrees to acquire the New Ordinary Shares at the Offer Price. The minimum application amount in the Intermediaries Offer is £1,000. There is no maximum amount.

Each applicant must comply with the appropriate money laundering checks required by the relevant Intermediary. Where an application is not accepted or there are insufficient New Ordinary Shares available to satisfy an application in full, the relevant Intermediary will be obliged to refund the applicant as required and all such refunds will be in accordance with the terms provided by the Intermediary to the applicant. The Company and the Global Coordinator accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Intermediaries are prohibited from charging any fees, charges or commissions to a retail investor for making an application for New Ordinary Shares on behalf of such retail investor in the Intermediaries Offer. However, Intermediaries may charge retail investors a fee for buying or holding the allocated New Ordinary Shares for them (including any fees relating to the opening of an individual savings account or a self-invested personal pension for that purpose), provided that the Intermediary has disclosed the fees and terms and conditions of providing those services to each retail investor prior to the underlying application being made.

Each Intermediary has agreed, or will on appointment agree, to the Intermediaries Terms and Conditions, which regulate, *inter alia*, the conduct of the Intermediaries Offer on market standard terms and provide for the payment of commission to any Intermediary that elects to receive commission to the Bookrunner. In making an application, each Intermediary will also be required to represent and warrant, among other things, that they are not located in the United States and are not acting on behalf of anyone located in the United States.

The Global Coordinator and their affiliates are not in any way involved in the procurement of applications under the Intermediaries Offer (save where the Global Coordinator or an affiliate is acting as an Intermediary).

The Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom, the Channel Islands and the Isle of Man, subject to the terms of the Intermediaries Terms and Conditions (further details of which are set out at paragraph 19 of "Part XV – Additional Information"). Any such materials, information or advice are solely the responsibility of the Intermediaries and will not be reviewed or approved by the Global Coordinator or the Company. Any liability relating to such documents will be for the Intermediaries only. **Intermediaries are required to provide: (i) a copy of the Prospectus or a hyperlink from which the Prospectus may be obtained; and (ii) the terms and conditions of the relevant offer made by the Intermediary to any prospective investor who has expressed an interest in participating in the Intermediaries Offer. Any Intermediary that hosts this Prospectus on its website must state on its website that it uses this Prospectus in accordance with the Company's consent. Any application made by investors to any Intermediary is subject to the terms and conditions which apply to the transaction between such investor and such Intermediary.**

Each Intermediary will be informed by the Global Coordinator by fax or email of the number of New Ordinary Shares allocated in aggregate to their underlying clients (or to the Intermediaries themselves) and the total amount payable in respect thereof. The aggregate allocation of New Ordinary Shares as between the Institutional Offer and the Intermediaries Offer will be determined by the Company in consultation with the Global Coordinator. The allocation policy for the Intermediaries Offer will be determined by the Company. The same allocation policy will apply to all underlying applicants. Each Intermediary will be required to apply the allocation policy to each of its underlying applications from retail investors. The allocation policy will be made available to Intermediaries prior to the commencement of conditional dealings in the New Ordinary Shares.

Pursuant to the Intermediaries Terms and Conditions, the Intermediaries have undertaken to make payment on their own behalf (not on behalf of any other person) of the consideration for the New Ordinary Shares allocated, at the Offer Price, to the Global Coordinator, in accordance with details to be communicated on or after the time of allocation, by means of CREST against the delivery of the New Ordinary Shares at the time and/or date set out Part III (*Important Information, Expected Timetable and Offer Statistics*), or at such other time and/or date after the day of publication of the Offer Price as may be agreed by the Company, and the Global Coordinator and notified to the Intermediaries.

The publication of this Prospectus and/or any supplementary prospectus and any other actions of the Company, Jefferies, the Intermediaries or other persons in connection with the Offer should not be taken as any representation or assurance by any such person as to the basis on which the number of New Ordinary Shares to be offered under the Intermediaries Offer or allocations within the Intermediaries Offer will be determined, and all liabilities for any such action or statement are hereby disclaimed by the Company and Jefferies.

Each investor who applies for New Ordinary Shares in the Intermediaries Offer through an Intermediary shall, by submitting an application to such Intermediary, be deemed to acknowledge and agree that such investor is not relying on any information or representation other than as is contained in the Prospectus, or any supplementary prospectus, that if the laws of any jurisdiction outside the UK are applicable to such investor's agreement to purchase New Ordinary Shares, such investor has complied with all such laws and none of the Company nor the Bookrunner will infringe any laws of any jurisdiction outside the UK as a result of such investor's rights and obligations under such investor's agreement to purchase New Ordinary Shares and under the Articles, and that such investor's personal information may be held and used by the Intermediary, or the Company for purposes relating to the Intermediaries Offer, which may include providing its details to third parties for the purpose of performing credit reference checks, money laundering checks and making tax returns, and keeping a record of applicants under the Intermediaries Offer for a reasonable period of time.

3. Selling restrictions

The Ordinary Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the US Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The Offer is being made by means of an offering of the New Ordinary Shares to certain institutional investors in the United Kingdom and elsewhere outside the United States in accordance with Regulation S and applicable laws, and by way of an offering of the New Ordinary Shares to persons in the United States and to US Persons who are QIBs and/or accredited investors, as defined in Rule 501(a) of Regulation D of the US Securities Act, who are, in each case, also QPs, in transactions exempt from the registration requirements of the US Securities Act. The Company has not been and will not be registered under the US Investment Company Act, and Investors will not be entitled to the benefits of that Act.

Certain restrictions that apply to the distribution of this Prospectus and the New Ordinary Shares being issued under the Offer in certain jurisdictions are described in the section headed "Part XVI – Notices to Investors". Certain selling and transfer restrictions are also contained in "Part XV – Additional Information".

4. Terms and Conditions of the Offer

Each Investor who applies to subscribe for the New Ordinary Shares under the Offer will be bound by the following terms and conditions:

4.1 ***Agreement to acquire the New Ordinary Shares***

Conditional on: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 22 February 2017 (or such later time and/or date as the Company and the Bookrunner may agree (not being later than 23 March 2017)) and (ii) the Investor being allocated New Ordinary Shares, an Investor who has applied for New Ordinary Shares agrees to acquire those New Ordinary Shares allocated to it by the Bookrunner (such number of New Ordinary Shares not to exceed the number applied for by such Investor) at the Offer Price. To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights an Investor may have. Each such Investor is deemed to acknowledge receipt and understanding of this Prospectus and in particular the risk and investment warnings contained in this Prospectus.

The Company will update the information provided in this Prospectus by means of a supplemental prospectus if a significant new factor, that may affect the evaluation by prospective Investors of the Offer, occurs prior to Admission or if this Prospectus contains any material mistake or inaccuracy. This Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplemental Prospectus is published prior to Admission, Investors and Intermediaries shall have the right to withdraw their subscriptions made prior to the publication of the supplement. Such withdrawal must be done within the time limits set out in the supplemental prospectus (if any) (which shall not be shorter than two days after publication of the supplemental prospectus).

4.2 ***Payment for the New Ordinary Shares***

Each Investor must pay the Offer Price for the New Ordinary Shares issued to the Investor in the manner directed by the Bookrunner.

If any Investor fails to pay as directed by the Bookrunner, the relevant Investor's application for New Ordinary Shares may be rejected.

If Admission does not occur, subscription monies will be returned without interest at the risk of the applicant.

4.3 ***Representations, warranties and acknowledgements***

Each Investor and, in the case of paragraph 3 (iii) (k) below, any person subscribing for or applying to subscribe for New Ordinary Shares, or agreeing to subscribe for New Ordinary Shares on behalf of an Investor or authorising the Bookrunner to notify an Investor's name to the Registrar in connection with the Offer, will be deemed to represent and warrant to the Bookrunner, the Registrar and the Company that:

(a) in agreeing to subscribe for New Ordinary Shares under the Offer, the Investor is relying solely on this Prospectus, any supplemental prospectus and any regulatory announcement issued by or on behalf of the Company on or after the date hereof and prior to Admission, and not on any other information or representation concerning the Company or the Offer. The Investor agrees that none of the Company or the Registrar nor any of their respective officers or directors will have any liability for any other information or representation. The Investor irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;

(b) unless otherwise indicated, the content of this Prospectus is exclusively the responsibility of the Company and the Directors and none of the Bookrunner, the Registrar nor any person acting on their behalf nor any of their respective affiliates is responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company, none of the Bookrunner, the Registrar nor any person acting on their behalf nor any of their respective affiliates will be liable for any decision by an Investor to participate in the Offer based on any information, representation or statement contained in this Prospectus or otherwise;

(c) it has not relied on any information given or representations, warranties or statements made by the Company, the Directors, the Bookrunner, the Registrar or any other person in connection with the Offer other than information contained in this Prospectus and/or any supplemental prospectus or regulatory announcement issued by or on behalf of the Company on or after the date hereof and prior to Admission. The Investor irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;

(d) the Bookrunner is not making any recommendations to the Investor or advising it regarding the suitability or merits of any transaction it may enter into in connection with the Offer, and the Investor acknowledges that participation in the Offer is on the basis that it is not and will not be a client of the Bookrunner and that the Bookrunner is acting for the Company and no one else in connection with the Offer, and will not be responsible to anyone other than their clients for the protections afforded to their clients, nor for providing advice in relation to the Offer, the contents of this Prospectus or any transaction, arrangements or other matters referred to herein, or in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or for the exercise or performance of the Bookrunner's rights and obligations under the Placing Agreement, including any right to waive or vary any condition or exercise any termination right contained therein;

(e) if the Investor is situated in the United Kingdom, it is: (a) a person having professional experience in matters relating to investments who falls within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotions Order"); or (b) a high net worth body corporate, unincorporated association or partnership or trustee of a high value trust as described in Article 49(2) of the Financial Promotions Order, or is otherwise a person to whom an invitation or inducement to engage in investment activity may be communicated without contravening section 21 of FSMA;

(f) if the Investor is in any EEA State which has implemented the Prospectus Directive, it is: (i) a legal entity which is a qualified investor as defined in the Prospectus Directive; or (ii) a legal entity which is otherwise permitted by law to be offered and issued New Ordinary Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws. If the Investor subscribes for New Ordinary Shares as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, it further represents, warrants and undertakes that: (i) the New Ordinary Shares have not been and will not be acquired on behalf of, nor have they been nor will they be acquired with a view to their offer or resale to, persons in any EEA State other than qualified investors, as that term is defined in the Prospectus Directive; and (ii) where New Ordinary Shares have been acquired by it on behalf of persons in an EEA State other than qualified investors, the offer of those New Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;

(g) it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2003, or applicable legislation in any other jurisdiction (the "**Regulations**") and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Regulations;

(h) the Investor is not a national, resident or citizen of Australia, Canada, Japan, New Zealand or Republic of South Africa or a corporation, partnership or other entity organised under the laws of Australia, Canada, Japan, New Zealand or Republic of South Africa and that the Investor will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in Australia, Canada, Japan, New Zealand or Republic of South Africa or to any national, resident or citizen of Australia, Canada, Japan, New Zealand or Republic of South Africa and the Investor acknowledges that the Ordinary Shares have not been and will not be registered under the applicable securities law of Australia, Canada, Japan, New Zealand or Republic of South Africa and that the same are not being offered for sale and may not, directly or indirectly, be offered, sold, transferred or delivered in Australia, Canada, Japan, New Zealand or Republic of South Africa;

(i) it is entitled to subscribe for the New Ordinary Shares under the laws of all relevant jurisdictions which apply to it; it has fully observed such laws and obtained all governmental and other consents which may be required under such laws and complied with all necessary formalities; it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction; and it has not taken any action or omitted to take any action which will or may result in any of the Bookrunner, the Company, the Registrar or any of their respective directors, officers, agents, employees or advisers acting in breach of the legal and regulatory requirements of any jurisdiction in connection with the Offer or, if applicable, its acceptance of or participation in the Offer;

(j) in the case of a person who agrees on behalf of an Investor to subscribe for New Ordinary Shares under the Offer and/or who authorises the Bookrunner to notify the Investor's name to the Registrar, that person represents and warrants that he has authority to do so on behalf of the Investor;

(k) it will pay to the Bookrunner (or as it may direct) any amounts due from it in accordance with this Prospectus on the due time and date set out herein; and

(l) it hereby acknowledges to the Bookrunner, the Registrar and the Company that the Investor has been warned that an investment in the New Ordinary Shares is only suitable for Investment by a person who:

(i) has a significantly substantial asset base such that would enable the person to sustain any loss that might be incurred as a result of acquiring the New Ordinary Shares; and

(ii) is sufficiently financially sophisticated to be reasonably expected to know the risks involved in acquiring the New Ordinary Shares.

The Company and the Bookrunner will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings.

In addition, each Investor in the New Ordinary Shares offered in the Offer outside the United States in reliance on Regulation S will be deemed to have represented and agreed to the terms set out under the heading "Restrictions on purchasers of Ordinary Shares outside the United States who are not US Persons" in "Part XVI – Notices to Investors". In addition, each purchaser of New Ordinary Shares in the Offer that is located within the United States or that is a US Person (or is purchasing for the account or benefit of a US Person) will be required to execute a US Investor Letter. Each such purchaser must deliver the US Investor Letter to the Bookrunner or the Company, as the case may be. The US Investor Letter will require such purchasers to give certain representations, warranties and undertakings, as set out under the heading "Restrictions on purchasers of Ordinary Shares that are in the United States or are US Persons (wherever located) in "Part XVI – Notices to Investors".

4.4 ***Supply and disclosure of information***

If any of the Bookrunner, the Registrar or the Company or any of their agents request any information about an Investor's agreement to purchase New Ordinary Shares under the Offer, such Investor must promptly disclose it to them.

4.5 ***Miscellaneous***

The rights and remedies of each of the Bookrunner, the Registrar and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one shall not prevent the exercise of others.

On application, if an Investor is a discretionary fund manager, that Investor may be asked to disclose in writing or orally to the Bookrunner the jurisdictions in which its funds are managed or owned.

All documents will be sent out at the Investor's risk. They may be sent by post to such Investor at an address notified to the Bookrunner.

Each Investor agrees to be bound by the Articles (as amended from time to time) once the New Ordinary Shares which the Investor has agreed to acquire pursuant to the Offer have been issued to the Investor.

The contract to acquire New Ordinary Shares under the Offer, the appointments and authorities mentioned herein and the representations, warranties and undertakings set out herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Bookrunner, the Company and the Registrar, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an Investor in any other jurisdiction.

In the case of a joint agreement to purchase New Ordinary Shares under the Offer, references to an "Investor" in these terms and conditions are to each of the Investors who are a party to that joint agreement and their liability is joint and several.

Each of the Bookrunner and the Company expressly reserves the right to modify the Offer (including, without limitation, its timetable and settlement) at any time before closing.

5. Application Procedure and Allocation

The Intermediaries Offer

Intermediaries may apply for New Ordinary Shares in the Intermediaries Offer in accordance with the relevant provisions of the Intermediaries Terms and Conditions. The allocation policy for the Intermediaries Offer will be determined by the Company. The same allocation policy will apply to all Underlying Applicants. Each Intermediary will be required to apply the allocation policy to each of its underlying applications from retail investors. The allocation policy will be made available to Intermediaries prior to the commencement of conditional dealings in the New Ordinary Shares.

Intermediaries will be informed by the Global Coordinator by approximately 8.00 a.m. on 17 February 2017 by fax or e-mail of the aggregate number of New Ordinary Shares allocated to such Intermediaries and the total amount payable in respect thereof.

Each Intermediary has irrevocably undertaken to the Company and the Bookrunner to make payment of the consideration for the New Ordinary Shares allocated, at the Offer Price (on a delivery versus payment basis), to the Global Coordinator in accordance with details to be communicated on or after the time of allocation on 17 February 2017, or at such other time and/or date after the day of publication of the Offer Price as may be agreed by the Company and the Joint Global Coordinator and notified to the Intermediaries.

The Institutional Offer

Under the Institutional Offer, the Ordinary Shares are being made available (i) to certain institutional and professional investors in the UK and elsewhere outside the United States in reliance on Regulation S and (ii) in the United States, only to persons reasonably believed to be QIBs (who are also Qualified Purchasers) in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Certain restrictions that apply to the distribution of this Prospectus and the offer and sale of the Ordinary Shares in jurisdictions outside the United Kingdom are described in "Part XVI – Notices to Investors".

Allocations under the Offer will be determined by the Bookrunner in consultation with the Company after indications of interest from prospective Investors have been received. Multiple applications for New Ordinary Shares under the Offer will be accepted. A number of factors will be considered in deciding the basis of allocation under the Offer, including the level and nature of the demand for the New Ordinary Shares and the objective of establishing an Investor profile consistent with the long-term objective of the Company. The basis for allocation under the Offer will be confirmed or adjusted by the Company in its absolute discretion in consultation with the Bookrunner. The Bookrunner will notify Investors of their allocations verbally or by electronic mail as soon as possible following allocation. The latest time and date for indications of interest in acquiring Ordinary Shares under the Institutional Offer are set out in "Part III – Important Information, Expected Timetable and Offer Statistics".

If there is an excess demand for the New Ordinary Shares, applicants may be allocated New Ordinary Shares having an aggregate value which is less than the sum applied for. Upon notification of any allocation, Investors will be contractually committed to acquire the number of New Ordinary Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment. Dealing with the Ordinary Shares may not begin before notification is made.

The Ordinary Shares issued pursuant to the Offer will be issued in registered form. It is expected that the Ordinary Shares will be issued pursuant to the Offer on 1 March 2017.

6. Dealing arrangements

The Offer is subject to certain conditions and termination rights in the Placing Agreement (and which is described in paragraph 8 below), which are typical for an agreement of this nature. Certain conditions are related to events which are outside the control of the Company and the Bookrunner. Further details of the Placing Agreement are provided in paragraph 17.12 of "Part XV – Additional Information".

Application has been made to the UK Listing Authority for all the Ordinary Shares to be listed on the Official List (Standard Listing) and application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.

It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 22 February 2017. Settlement of dealings from that date will be on a two-day rolling basis. Prior to Admission, it is expected that dealings in the Ordinary Shares will commence on a conditional basis on the London Stock Exchange on 17 February 2017. The earliest date for such settlement of such dealings will be 22 February 2017. **All dealings in the Ordinary Shares prior to the commencement of unconditional dealings will be on a "conditional basis", will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned. These dates and times may be changes without further notice.**

It is expected that New Ordinary Shares allocated to Investors will be delivered in uncertificated form and settlement will take place by means of crediting Ordinary Shares to relevant CREST stock accounts on Admission. Temporary documents of title will not be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

Each purchase of Ordinary Shares and in case of sub-paragraph (b) below, any person confirming an agreement to purchase Ordinary Shares on behalf of a purchaser or authorizing the Bookrunner to notify the purchaser's name to the Registrars, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

(a) the purchaser is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating to these) payable outside the United Kingdom by it or any other person on the acquisition by it of any Ordinary Shares or agreement by it to acquire Ordinary Shares; and

(b) the purchaser is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depositary receipts and clearance services).

7. Over-Allotment and stabilisation

In connection with the Offer, the Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allocate Ordinary Shares and effect other transactions to maintain the market price of the Ordinary Shares at a higher level other than that which might otherwise prevail in the open market.

The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period from commencement of conditional dealings of the Ordinary Shares and ending no later than 30 calendar days thereafter. There will be no obligation on the Stabilising

Manager or any of its agents or affiliates to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken with the intention of stabilising the market price of the Ordinary Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents or affiliates intends to disclose the extent of any over-allocations made and/or stabilisation transactions conducted in relation to the Offer.

The Stabilising Manager has entered into the Over-Allotment Option with the Company pursuant to which the Stabilising Manager may require the Company to issue to it or directly to purchasers procured by it at the Offer Price additional Ordinary Shares representing up to 15.0 per cent. of the total number of New Ordinary Shares comprised in the Offer (before any exercise of the Over-Allotment Option), to allow it to cover short positions resulting from over-allocations of Ordinary Shares, if any, made in connection with the Offer, to satisfy any such over-allocations and/or to cover short positions arising in connection with stabilising transactions. The Over-Allotment Option may be exercised in whole or in one or more parts, upon one or more notices by the Stabilising Manager, at any time during the period from commencement of conditional dealings of the Ordinary Shares and ending 30 calendar days thereafter ("**Stabilisation Period**"). The Ordinary Shares issued pursuant to the exercise of the Over-Allotment Option will be issued at the Offer Price on the same terms and conditions as, and will rank equally with, the New Ordinary Shares, including for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will form a single class for all purposes with the Ordinary Shares. Liability for UK stamp duty and SDRT on transfers of Ordinary Shares pursuant to the Over-Allotment Option is described in "Part XIV – Taxation" of this Prospectus.

The Stabilisation Manager will enter into stock lending agreements effective from the date of Admission with Richard Caring and Arig Risk Management JLT (each acting through their respective nominees). The stock lending agreements are on essentially the same terms as the London Stock Exchange's prescribed Global Master Securities Lending Agreement for on-exchange stock borrowing and lending transactions relating to UK equity securities in accordance with the rules for the time being of the London Stock Exchange.

8. CREST

CREST is the system for paperless settlement of trades in listed securities and which is operated by Euroclear. CREST allows securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer.

Application has been made for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST System if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

9. Placing Agreement

The Company, the Directors and the Bookrunner have entered into the Placing Agreement pursuant to which the Bookrunner has agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for, and, failing which, to themselves subscribe for, the New Ordinary Shares to be issued by the Company under the Offer.

The Placing Agreement entitles the Bookrunner to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse and any monies received in respect of the Offer will be returned to applicants without interest.

Further details of the terms of the Placing Agreement are contained in paragraph 17.12 of "Part XV – Additional Information".

10. Lock-up arrangements

Pursuant to the Placing Agreement, each of the Directors has agreed that they shall not, without the prior written consent of the Bookrunner, offer, sell, contract to sell, pledge or otherwise dispose of any Ordinary Shares they hold directly or indirectly in the Company for a period commencing on the date of the Placing Agreement and ending following Admission.

Certain Shareholders have also entered into lock-up arrangements pursuant to the terms of a Lock-Up Deed whereby they have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of any of their interests in respect of Ordinary Shares beneficially owned, held or controlled by them on Admission.

Further details of the terms of the lock-up arrangements are set out in paragraph 17.13 of "Part XV – Additional Information".

PART XIV

TAXATION

UK Taxation

General

The following statements do not constitute tax advice and are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares. They are based on current UK tax law and what is understood to be the current published practice of HMRC as at the date of this document, both of which may change, possibly with retroactive effect. The statements may not apply to certain Shareholders in the Company, such as (but not limited to) dealers in securities, insurance companies and collective investment schemes, or Shareholders whose opportunity to acquire shares arise from their or another's employment. They relate (except where stated otherwise) to persons who are resident and, in the case of individuals, domiciled in the UK for UK tax purposes who are absolute beneficial owners of Ordinary Shares (and any dividends paid on them) and who hold their Ordinary Shares as an investment (other than in a tax exempt wrapper such as an individual savings account or a Self-Invested Personal Pension).

Prospective Investors should consult their own independent professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence including the consequences of distributions by the Company, either on a liquidation or distribution or otherwise.

1. Dividends

A Shareholder's liability to taxation on dividends will depend upon the circumstances of the Shareholder and is outlined below.

(a) ***Withholding at source***

The Company will not be required to deduct or withhold UK tax at source when paying dividends.

(b) ***Individual Shareholders***

Dividends paid to UK resident individual shareholders on or after 6 April 2016

(i) UK resident individual Shareholders

An individual Shareholder who is resident and domiciled for tax purposes in the United Kingdom and who receives a cash dividend from the Company on or after 6 April 2016 will pay no tax on the first £5,000 of dividend income received in the tax year (the "Nil Rate Amount"). The rates of income tax (2016/2017) on dividends received above the annual Nil Rate Amount will be 7.5 per cent. (for basic rate taxpayers), 32.5 per cent. (for higher rate taxpayers) and 38.1 per cent. (for additional rate taxpayers). Dividend income that is within the Nil Rate Amount will still count towards an individual's basic or higher rate limits – and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. Dividend income will still be treated as the top slice of a shareholder's income.

(ii) UK resident corporate Shareholders

A corporate Shareholder resident in the UK for tax purposes which is a "small company" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from the Company provided certain conditions are met (including an anti-avoidance condition).

Other corporate Shareholders resident in the UK for tax purposes will not be subject to UK corporation tax on any dividend received from the Company so long as the dividend falls within an exempt class and certain conditions are met. For example, (i) dividends paid on Ordinary Shares that are not redeemable and do not carry any present or future preferential rights to dividends or

to the Company's assets on its winding-up, and (ii) dividends paid to a person holding less than 10 per cent. of the issued share capital (or any class of that share capital), should generally fall within an exempt class. However, the exemptions mentioned above are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or such a corporate Shareholder elects an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company, at the rate of corporation tax applicable to that corporate Shareholder (currently 20 per cent. and reducing to 19 per cent. from 1 April 2017, and reducing further to 17 per cent. from 1 April 2020).

(iii) Non-UK resident Shareholders

A non-UK resident Shareholder may also be subject to taxation on dividend income under local law. A Shareholder who is not solely resident in the UK for tax purposes should consult his own tax advisers concerning his tax liabilities (in the UK and any other country) on dividends received from the Company, and whether any double taxation relief is due in any country in which he is subject to tax and, if so, the procedure for doing so.

Where a non-UK resident Shareholder carries on a trade profession or vocation in the UK and the dividends are a receipt of that trade, profession or vocation or, in the case of a non-UK corporate Shareholder, if the Ordinary Shares are held for a UK permanent establishment through which a trade is carried on, the Shareholder may be liable to UK tax on dividends.

An individual Shareholder who has ceased to be resident for tax purposes in the UK or is treated as resident outside the UK for the purposes of a double tax treaty for a period of five years or less and who receives or becomes entitled to dividends from the Company during that period of temporary non-residence may, if the Company were to be treated as a close company for UK tax purposes and certain other conditions are met, be liable for income tax on those dividends on his or her return to the UK.

Individual Shareholders who are not resident in the UK, or become non-resident for tax purposes should consult their own advisers concerning their tax liabilities on dividends received.

(c) ***Other Shareholders***

UK pension funds and charities are exempt from tax on dividends which they receive.

2. Chargeable gains

For the purpose of UK tax on chargeable gains, the amounts paid by a Shareholder for Ordinary Shares will generally constitute the base cost of his holdings in those Ordinary Shares. If a Shareholder who is resident in the UK (for UK tax purposes) disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may arise. This will depend on the base cost which can be allocated against the proceeds, the Shareholder's circumstances and any reliefs (such as the annual exempt amount for individuals) to which he is entitled. In the case of corporate Shareholders, indexation allowance may apply to any amount paid for the Ordinary Shares.

For an individual Shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax is 10 per cent. (2016/2017) for individuals who are subject to income tax at the basic rate and 20 per cent. (2016/2017) for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise an annual exempt amount of gains (currently £11,100) for the year to 5 April 2017 without being liable to tax. The annual exempt amount for trusts is £5,550 for the year to 5 April 2017. The tax rate is 20 per cent. for trusts.

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain at the rate of corporation tax applicable to that Shareholder (currently 20 per cent. for companies paying the rate of corporation tax with effect from 1 April 2015 and reducing to 19 per cent. from 1 April 2017 and to 17 per cent. from 1 April 2020) or an allowable loss for the purposes of UK corporation tax. Indexation allowance may reduce the amount

of chargeable gain that is subject to corporation tax by increasing the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index but indexation allowance cannot create or increase any allowable loss.

Shareholders (individual or corporate) who are not resident in the UK for tax purposes will not generally be subject to UK taxation on chargeable gains arising from the sale or other disposal of their Ordinary Shares. However, if such a Shareholder carries on a trade, profession or vocation in the UK through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment to which the Ordinary Shares are attributable, the Shareholder will be subject to the same rules that apply to UK resident Shareholders. In addition, an individual Shareholder who has previously been resident or ordinarily resident in the United Kingdom may in some cases be subject to United Kingdom tax on capital gains in respect of a disposal of Ordinary Shares in the event that they re-establish residence in the United Kingdom.

3. UK Stamp duty and Stamp Duty Reserve Tax ("SDRT")

The statements below apply to any holders of Ordinary Shares irrespective of their residence and are intended as a general guide to the current position. They do not apply to certain categories of person such as intermediaries or other persons (such as charities) who are not liable to stamp duty or SDRT, or certain categories of person who may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986, as amended.

The statements below do not apply to similar duties or taxes which are imposed in or by other jurisdictions.

In relation to UK stamp duty and SDRT.

(i) The allocation, allotment and issue of the Ordinary Shares will not give rise to a liability to stamp duty or SDRT.

(ii) Any subsequent transfer on sale of the Ordinary Shares in certificated form will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5 per cent. of the amount or value of the consideration (the amount payable being rounded up, if necessary, to the nearest multiple of £5). An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £l,000.

(iii) A liability to SDRT will also usually arise when an unconditional agreement is entered into to transfer Ordinary Shares for consideration in money or money's worth. SDRT is chargeable at the rate of 0.5 per cent. of the amount or value of such consideration. However, any liability to SDRT will be cancelled, and any SDRT accounted for repaid, if, within six years of the date on which the agreement was made or, in the case of a conditional agreement, the date on which the agreement became unconditional, an instrument of transfer is executed pursuant to that agreement and that instrument is duly stamped or is not otherwise chargeable to stamp duty.

(iv) A transfer of Ordinary Shares effected on a paperless basis through CREST (where there is a change in the beneficial ownership of the shares) will generally be subject to SDRT (rather than stamp duty) at the rate of 0.5 per cent. of the value of the consideration given (the amount payable being rounded up to the nearest penny).

Special rules apply where shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depository receipts within Section 67 or Section 93 of the Finance Act 1986 or a person providing a clearance service within Section 70 or Section 96 of the Finance Act 1986, under which SDRT or stamp duty may be charged at the higher rate of 1.5 per cent of the value of the consideration given or, in some cases, the value of the shares. Following litigation however, HMRC have confirmed that they will no longer seek to apply the 1.5 per cent. SDRT charge on the issue of shares into a clearance service or depository receipt arrangement on the basis that the charge is not compatible with EU law. HMRC's view is that the 1.5 per cent. SDRT or stamp duty charge will, however, continue to apply to transfers of shares into a clearance service or depository receipt arrangement unless

they are an integral part of an issue of share capital. This view is currently being challenged in further litigation.

Inheritance tax

The Ordinary Shares will be UK situs assets for the purposes of UK inheritance tax (IHT). A transfer of ownership by gift or settlement of such assets by, or on the death of the beneficial owner may (subject to certain exemptions or reliefs) give rise to a UK IHT liability. This is the case even if the beneficial holder is neither domiciled in the UK nor deemed to be domiciled in the UK for IHT purposes. Transfer of assets by individuals during life or on death, or by trustees at less than full market value, may be treated as gift and subject to IHT. If the donor reserves or retains some benefit after the transfer, certain anti-avoidance tax legislation could apply.

US Federal Income Taxation

The following is a summary of material US federal income tax consequences of the ownership and disposition of Ordinary Shares by US holders (as defined below). This summary is for general information only and is not tax advice. Each investor should consult its own tax advisor with respect to the tax consequences of the ownership and disposition of Ordinary Shares.

This summary is based on provisions of the US Tax Code, US Treasury regulations promulgated thereunder (whether final, temporary, or proposed), administrative rulings, and judicial interpretations thereof, and the Convention Between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains of 2001, as amended, referred to as the US-UK Treaty, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect.

For purposes of this discussion, the term "US holder" means a beneficial owner of Ordinary Shares that is, for US federal income tax purposes:

- an individual who is a citizen or resident of the US;
- a corporation or other entity taxable as a corporation that is created or organised in the US or under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is subject to US federal income taxation regardless of its source; or
- any trust if (a) a court within the US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or (b) such trust has a valid election in effect under applicable US Treasury regulations to be treated as a US person.

This summary addresses only the US federal income tax considerations for US holders that acquire and hold the Ordinary Shares as capital assets within the meaning of Section 1221 of the US Tax Code (generally, property held for investment). This discussion does not address all aspects of US federal income taxation that may be relevant to a holder in light of its particular circumstances, or that may apply to holders that are subject to special treatment under the US federal income tax laws (including, for example, banks, financial institutions, underwriters, insurance companies, dealers in securities or foreign currencies, traders in securities who elect the mark-to-market method of accounting for their securities, persons subject to the alternative minimum tax, persons that have a functional currency other than the US dollar, tax-exempt organisations (including private foundations), mutual funds, subchapter S corporations, partnerships or other pass-through entities for US federal income tax purposes, certain expatriates, corporations that accumulate earnings to avoid US federal income tax, persons who hold Ordinary Shares as part of a hedge, straddle, constructive sale, conversion or other integrated transaction, persons who acquire Ordinary Shares through the exercise of options or other compensation arrangements, persons who own (or are treated as owning) 10 per cent. or more of the outstanding voting stock of the Company or persons who are not US holders). In addition, this discussion does not address US federal taxes other than the income tax (such as estate or gift taxes), state, local, non-US or other laws or matters that may apply to holders of Ordinary Shares.

If an entity is classified as a partnership for US federal income tax purposes holds Ordinary Shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding Ordinary Shares should consult their tax advisers as to the particular US federal income tax consequences to their partners of holding and disposing of the Ordinary Shares that apply to them.

Consequences Relating to Ownership and Disposition of Ordinary Shares

Passive Foreign Investment Company Rules. A non-US corporation is a passive foreign investment company, referred to as PFIC, if either (1) 75 per cent. or more of its gross income for the taxable year is passive income or (2) the average percentage of assets held by such corporation during the taxable year that produce passive income or that are held for the production of passive income is at least 50 per cent. For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person) and the excess of gains over losses from the sale or exchange of property which gives rise to such passive income. Cash and cash equivalents, even if held as working capital, are considered to be assets that produce passive income. If a non-US corporation directly or indirectly owns at least 25 per cent. (by value) of the stock of another corporation, it will be treated, for purposes of the PFIC tests, as owning its proportionate share of the other corporation's assets and receiving its proportionate share of the other corporation's income.

Based on its current business model, the Company expects that it will be a PFIC for the current taxable year ending 31 December 2017 and may continue to be a PFIC in future taxable years. The Company's actual PFIC status for the current taxable year or any subsequent taxable year, however, will not be determinable until after the end of each such taxable year. Accordingly, there can be no assurance with respect to its status as a PFIC for the current taxable year ending 31 December 2017 or any future taxable year.

Classification of a non-US corporation as a PFIC can have various adverse US tax consequences to US holders, including taxation of gain on a sale or other disposition of the shares of the corporation at ordinary income rates and imposition of an interest charge on gain or on distributions with respect to the shares. Unless a US holder of PFIC shares elects to be taxed annually on a mark-to-market basis or makes a QEF Election with respect to the shares, in each case to the extent available, and certain other requirements are met, gain realised on the sale or other disposition of PFIC shares would generally not be treated as capital gain. For this purpose, a pledge of PFIC Shares to secure a loan may be treated as a disposition of the PFIC Shares in certain circumstances. Upon the sale or other disposition of PFIC shares, the US holder would be treated as if the US holder had realised such gain ratably over the holder's holding period for the PFIC Shares. The amounts allocated to the taxable year of sale or other disposition and to any year before the non-US corporation became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for such year, together with an interest charge in respect of the tax attributable to each such year. Similar rules apply to the extent any distribution in respect of PFIC shares exceeds 125 per cent. of the average annual distribution on such PFIC shares received by the US holder during the preceding three years or the US holder's holding period, whichever is shorter.

With certain exceptions, a non-US corporation is treated as a PFIC with respect to a US holder if the corporation was a PFIC with respect to the US holder at any time during the US holder's holding period of the non-US corporation's stock. If the Company is a PFIC and later ceases to be a PFIC, a US Holder can avoid continued application of the tax treatment described above by making a deemed sale "purging election" which would cause the US holder to be treated as if it had sold its Ordinary Shares on the last day of the last taxable year in which the Company was a PFIC. Any gain would be recognised and subjected to tax under the rules described above. Loss would not be recognised. The US Holder's basis in its Ordinary Shares would be increased by the amount of gain recognised on the deemed sale.

Dividends paid with respect to shares of a PFIC are not eligible for the special tax rates applicable to qualified dividend income of certain non-corporate holders. Instead, such dividend income is taxable at rates applicable to ordinary income. If the Company were to be classified as a PFIC for any taxable year in which a US holder held Ordinary Shares, the PFIC regime described above generally would apply to such US holder whether or not the Company continued to be a PFIC in subsequent taxable years. If the Company is a PFIC, then each US holder generally will be treated as directly holding a proportionate

share of the Company's direct and indirect investment in equity interests in subsidiaries and other entities that are PFICs ("Lower-tier PFICs") and will be subject to the PFIC rules just described with respect to certain distributions by a Lower-tier PFIC to, and a disposition of shares of a Lower-tier PFIC by, the Company. US holders should consult their own tax advisors regarding the tax issues raised by Lower-tier PFICs.

If the Company were to be treated as a PFIC, the tax consequences described above could be avoided by a "mark-to-market" election in the case of "marketable stock," assuming the requirements for such an election were satisfied. "Marketable stock" is generally PFIC stock that is regularly traded on one or more qualified exchanges or markets, other than in de minimis quantities, on at least 15 days during a calendar quarter, as set forth in US Treasury regulations. A US holder making a "mark-to-market" election generally would be (i) required to include as ordinary income the excess of the fair market value of the Ordinary Shares on the last day of the US holder's taxable year over the US holder's adjusted tax basis in such Ordinary Shares and (ii) allowed a deduction in an amount equal to the lesser of (A) the excess, if any, of the US holder's adjusted tax basis in the Ordinary Shares over the fair market value of such Ordinary Shares on the last day of the US holder's taxable year or (B) the excess, if any, of the amount included in income because of the election for prior taxable years over the amount allowed as a deduction because of the election for prior taxable years. In addition, upon a sale or other taxable disposition of the Ordinary Shares, a US holder would recognise ordinary income or loss (which loss could not be in excess of the amount included in income because of the election for prior taxable years over the amount allowed as a deduction because of the election for prior taxable years). There can be no assurance that the Ordinary Shares will constitute "marketable stock" in any taxable year. US holders of Ordinary Shares should consult their own advisors with respect to the requirements of a "mark-to-market" election for PFIC stock.

If the Company were to be treated as a PFIC, different rules would apply to a US holder making a QEF Election with respect to the Ordinary Shares. To make a successful QEF Election, a US holder would need an annual QEF information statement which the Company may provide subject to specific request and to certain conditions at the Company's discretion.

A US holder that owns (or is deemed to own) shares in a PFIC during any taxable year of the US holder may be required to file Internal Revenue Service Form 8621 and such other information as may be required by the US Treasury Department.

The rules dealing with PFICs and with the mark-to-market election are complex and are affected by various factors in addition to those described above. Accordingly, US holders of Ordinary Shares should consult their own tax advisors concerning the application of the PFIC rules to the Ordinary Shares under their particular circumstances.

Distributions on Ordinary Shares. Subject to the discussion above under "– Passive Foreign Investment Company Rules," the gross amount of a distribution on Ordinary Shares (including withheld taxes, if any), if any, made out of the Company's current or accumulated earnings and profits (as determined for US federal income tax purposes) will generally be taxable to a US holder as dividend income on the date such distribution is actually or constructively received. Distributions, if any, in excess of the Company's current and accumulated earnings and profits (as determined for US federal income tax purposes) would generally be treated first as a non-taxable return of capital to the extent of the US holder's adjusted tax basis in the Ordinary Shares, and thereafter as capital gain. However, at this time the Company does not expect to calculate its earnings and profits under US federal income tax principles, and, accordingly, a distribution, if any, on Ordinary Shares is expected to be reported by the Company as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Dividends, if any, paid to corporate US holders generally will not qualify for the dividends received deduction that may otherwise be allowed under the US Tax Code. Dividends received by certain non-corporate US holders (including individuals) from a "qualified foreign corporation" may be eligible for reduced rates of taxation, currently at a maximum rate of 20 per cent., provided that certain holding period requirements and other conditions are satisfied. For these purposes, a non-US corporation is treated as a qualified foreign corporation if it is eligible for the benefits of a comprehensive income tax treaty with the US which is determined by the US Treasury Department to be satisfactory for purposes of these rules and which includes an exchange of information provision. The US Treasury Department

has determined that the US-UK Treaty meets these requirements. However, the Company would not constitute a qualified foreign corporation for purposes of these rules if it is a PFIC for the taxable year in which it pays a dividend or for the preceding taxable year, as discussed above under "– Passive Foreign Investment Company Rules." Accordingly, the Company expects that any dividends it distributes with respect to the Ordinary Shares, if any, will not be qualified dividend income and, therefore, will not be eligible for reduced rates of taxation.

Dividends paid in a currency other than the US dollar, if any, will generally be taxable to a US holder as ordinary dividend income in an amount equal to the US dollar value of the currency received on the date such distribution is actually or constructively received. Such US dollar value must be determined using the spot rate of exchange on such date, regardless of whether the non-US currency is actually converted into US dollars on such date. The US holder may realise exchange gain or loss if the currency received is converted into US dollars after the date on which it is actually or constructively received. In general, any such gain or loss will be ordinary and will be treated as from sources within the US for US foreign tax credit purposes.

Subject to certain conditions and limitations, non-US taxes, if any, withheld on dividends paid by the Company may be treated as foreign taxes eligible for a credit against a US holder's US federal income tax liability under the US foreign tax credit rules. Dividends, if any, that the Company will pay to a US holder with respect to Ordinary Shares are expected to be treated as foreign source income, which may be relevant in calculating the foreign tax credit limitation of a US holder. For this purpose, dividends, if any, that are distributed by the Company generally should constitute "passive category income" to US holders. A foreign tax credit for foreign taxes imposed on distributions may be denied if a US holder does not satisfy certain minimum holding period requirements. The rules governing the US foreign tax credit are complex, and US holders should consult their own tax advisors regarding the availability of the US foreign tax credit under their particular circumstances.

Sale of Ordinary Shares. A US holder will generally recognise gain or loss on any sale, exchange, redemption, or other taxable disposition of Ordinary Shares in an amount equal to the difference between the amount realised on the disposition and such holder's tax basis in the shares. Subject to the discussion above under "—Passive Foreign Investment Company Rules," any gain or loss recognised by a US holder on a taxable disposition of Ordinary Shares will generally be capital gain or loss and will be long-term capital gain or loss if the holder's holding period in such share exceeds one year at the time of the disposition. The deductibility of capital losses is subject to limitations.

For a cash basis taxpayer, units of foreign currency received will generally be translated into US dollars at the spot rate on the settlement date of the sale. In such case, no foreign currency exchange gain or loss would result from currency fluctuations between the trade date and the settlement date of such sale. For an accrual method taxpayer, units of foreign currency received will generally be translated into US dollars at the spot rate on the trade date of the sale. An accrual basis taxpayer may recognise foreign currency exchange gain or loss based on currency fluctuations between the trade date and the settlement date of such sale. In general, any such gain or loss will be ordinary and will be treated as from sources within the US for US foreign tax credit purposes.

3.8 per cent. Medicare Tax on "Net Investment Income"

A 3.8 per cent. tax, or "Medicare Tax," is imposed on all or a portion of "net investment income," which may include any gain realized or amounts received with respect to Ordinary Shares, received by (i) US holders that are individuals with modified adjusted gross income in excess of $200,000 for an unmarried individual, $250,000 for a married taxpayer filing a joint return (or a surviving spouse), or $125,000 for a married individual filing a separate return, and (ii) certain estates and trusts. US holders should consult their own tax advisors with respect to the applicability of the Medicare Tax. For this purpose certain amounts included in a US holder's income under the rules discussed above under "– Passive Foreign Investment Company Rules", including amounts included in the income of, or allowed as a deduction to, a US holder making a "mark-to-market" election for PFIC stock, may affect the calculation of a US holder's "net investment income". US holders should consult their own tax advisers with respect to the applicability of the Medicare Tax.

Information Reporting and Backup Withholding

US holders may be subject to information reporting requirements and may be subject to backup withholding with respect to dividends on Ordinary Shares and on the proceeds from the sale, exchange, or disposition of Ordinary Shares unless the US holder provides an accurate taxpayer identification number and complies with certain certification procedures or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax and amounts withheld may be allowed as a credit against the US holder's US federal income tax liability and may entitle the US holder to a refund, provided that certain required information is timely furnished to the Internal Revenue Service.

Foreign Asset Reporting

US holders who are individuals and who own "specified foreign financial assets" with an aggregate value in excess of certain thresholds are generally required to file an information statement along with their tax returns, currently on Internal Revenue Service Form 8938, with respect to such assets. "Specified foreign financial assets" may include financial accounts maintained by foreign financial institutions, as well as the following assets, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-US persons, (ii) financial instruments and contracts held for investment that have non-US issuers or counterparties, and (iii) interests in foreign entities. Individuals who fail to report the required information could be subject to substantial penalties, and US holders should consult their own tax advisors concerning the application of these rules to their investment in the Ordinary Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IN THE ORDINARY SHARES IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF ACQUIRING, HOLDING AND DISPOSING OF THE ORDINARY SHARES IN LIGHT OF SUCH PROSPECTIVE INVESTOR'S OWN CIRCUMSTANCES.

PART XV

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear on page 52 and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (who have each taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

2. The Company

2.1 The Company was incorporated as a private company limited by shares under the laws of England and Wales under the Companies Act 2006, on 15 September 2015, with number 09777975, under the name Perceptive Bioscience Investments Limited.

2.2 On 15 April 2016, the Company changed its name to Arix Bioscience Limited. The Company has no other business or commercial name. On 19 September 2016, the Company was re-registered as a public company limited by shares pursuant to the resolutions set out in paragraph 2.7 of this "Part XV – Additional Information".

2.3 The Company is not regulated by the FCA or any financial services or other regulator. With effect from Admission, the Company will be subject to the Listing Rules and the Disclosure and Transparency Rules (and the resulting jurisdiction of the UK Listing Authority) to the extent such rules apply to companies with a Standard Listing pursuant to Chapter 14 of the Listing Rules.

2.4 The principal legislation under which the Company operates, and pursuant to which the New Ordinary Shares pursuant to the Offer will be created is the Companies Act 2006.

2.5 The Company is domiciled in England and Wales, its registered office is at 20 Berkeley Square, London W1J 6EQ, United Kingdom and its telephone number is +44 (0) 20 7290 1050.

2.6 On 8 February 2016, pursuant to a shareholders' written resolution, the Company adopted new articles of association, created a new class of Series B Shares of £0.00001 each ("Series B Shares") and deferred shares of £0.00001 each (the "Deferred Shares"). Some of the provisions relating to the rights attaching to the Series B Shares in the articles of association adopted on 8 February 2016 were further amended on 14 April 2016.

2.7 On 14 September 2016 the following resolutions were passed as ordinary and special written resolutions of the Company:

(a) the Company amended the Articles to include the rights attaching to, a new class of C Shares;

(b) all Directors were re-elected as directors of the Company;

(c) PricewaterhouseCoopers LLP was appointed as the statutory auditors of the Company and the Directors were authorised to fix the auditors' remuneration;

(d) constitute a new class of C Shares of £1.00 each having the rights and being subject to the restrictions of the Articles;

(e) the Directors were authorised to exercise all powers of the Company to allot new C Shares up to an aggregate amount of £49,671;

(f) the sum of £49,670 being part of the amount standing as profit to the credit of the Company's share premium reserve was capitalised and appropriated as capital to the holders of C Shares of £1.00 each in the capital of the Company as appearing in the register of members and the directors were authorised to apply such sum in paying up in full 49,670 C Shares of £1.00 each in the capital of the Company and to allot and issue such shares, credited as fully paid up, to the holders of C Shares of £1.00 each held by them (or as near as may be and any fractions of shares were disregarded in accordance with the Articles);

(g) the balance of the share premium account of the Company was cancelled and the amount by which the share premium account was so cancelled was credited to a special distributable reserve account of the Company; and

(h) the Directors were empowered to allot equity securities (as defined in Section 560(1) of the Companies Act 2006) wholly for cash as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that such power expire on 31 December 2016.

2.8 On 19 September 2016 the following resolutions were passed as ordinary and special written resolutions of the Company:

(a) the Arix Bioscience plc Annual and Deferred Bonus Plan and the Arix Bioscience plc Executive Incentive Plan (the "**EIP**") (together the "**Share Plans**" for the purposes of this resolution) and the proposal for the one-off grant of awards relating to the Offer to J Peacock, J Anderson, J Rawlingson, C Evans and certain employees of the Company (the "**IPO Awards**") to be made under the EIP, were adopted. The Directors were authorised to do all acts and things which they considered necessary or desirable to bring the Share Plans into effect and operation and to adopt the Share Plans with such modifications as they may consider necessary or desirable to bring the same into effect, to obtain beneficial tax treatment or awards made under each of the Share Plans and/or to take account of the requirements of the FCA, best practice or otherwise, provided that options or awards offered or granted under the EIP prior to Admission were conditional on Admission;

(b) 28,916,666 B Shares of the Company were re-designated as ordinary shares of 0.001 pence each in the Company immediately prior to Admission;

(c) up to 78,443,547 Ordinary Shares of 0.001 pence each in the Company were re-designated as deferred shares of 0.001 pence each immediately prior to Admission, such final number to be determined by the Directors;

(d) the directors of the Company were generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ("**Act**") to exercise all the powers of the Company to allot ordinary shares of 0.001 pence each in the capital of the Company ("**Ordinary Shares**") and to grant rights to subscribe for, or to convert any security into, Ordinary Shares in the Company:

(i) up to an aggregate nominal amount of £1,390.00 to be issued in connection with the offer of new Ordinary Shares by the Company on Admission (the "**Offer**") and the option granted by the Company to the Stabilising Manager to subscribe for or procure subscribers for, up to 15 per cent. of the total number of new Ordinary Shares in the capital of the Company to be allotted and issued under the Offer (the "**Over-Allotment Option**"); and

(ii) following, and conditional upon Admission:

(A) up to an aggregate nominal amount of £82.00, being approximately 5 per cent. by number of Ordinary Shares in issue immediately following Admission (assuming no exercise of the Over-Allotment Option) pursuant to the Share Plans (but excluding any Ordinary Shares issuable pursuant to awards granted before Admission) including;

(1) J Peacock, J Anderson, J Rawlingson and C Evans in recognition of their contribution to the Offer and Admission in an amount equal in value (at the price per Ordinary Share in the Offer) to 125 per cent., 150 per cent., 125 per cent., and 125 per cent. of their annual remuneration respectively (the "**IPO Award**"), such IPO Award to be in the form of nil cost options or conditional awards granted under the EIP (as applicable under the EIP), the exercise or vesting of which would be satisfied directly or indirectly through the issue and allotment of Ordinary Shares at nominal value;

(2) certain employees of the Company in recognition of their contribution to the Offer and Admission (the "**Additional IPO Award**"), such Additional IPO Award to be in the form of nil cost options or conditional awards granted under the EIP (as applicable under the EIP), the exercise or vesting of which

would be satisfied directly or indirectly through the issue and allotment of Ordinary Shares at nominal value;

(B) up to an aggregate nominal amount of £2.00 pursuant to the terms of the non-executive director appointment letters of each of Franz Bernhard Humer, John Michael Middlecott Banham, David Charles U'Prichard, Trevor Mervyn Jones and John Matthew Patrick Hutton of Furness;

(C) up to an aggregate nominal amount of £80.00 pursuant to the grant of additional options under the existing Executive Share Option Plan (adopted on 8 February 2016) to J Peacock and J Anderson, to equal 5.433 per cent. in aggregate of the ordinary share capital following Admission (including any Ordinary Shares issuable pursuant to awards granted before Admission); and

(D) up to an aggregate nominal value of £1,094 being approximately two-thirds of the aggregate nominal value of the issued ordinary share capital of the Company immediately following Admission (such amount to be reduced by allotments made under the previous resolutions) in connection with a rights issue in favour of the holder of Ordinary Shares in the Company in proportion (as nearly as may be practicable) to the respective number of Ordinary Shares in the Company held by them on the record date for such allotment;

provided that (unless previously revoked, varied or renewed) this authority shall expire on the date falling 15 months after the date of the passing of this resolution or, if earlier, on the conclusion of the next annual general meeting of the Company, save that the Company may make an offer or agreement before this authority expires which would or might require shares to be allotted or rights to subscribe for or to concert any security into shares to be granted after this authority expires and the directors may allot shares or grant such rights pursuant to any such offer or agreement as if this authority had not expired.

This authority revokes and replaces all unexercised authorities previously granted to the directors pursuant to section 551 of the Act but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

(e) the share capital of the Company was immediately reorganised such that all of the issued deferred shares of 0.001 pence each were consolidated on a 1,000,000:1 basis into the resultant number of deferred shares (rounded to the nearest whole number, with the authorisation of the Shareholders to effect such rounding by the issuance of additional deferred shares) with a nominal value of £1 each, such deferred shares having the rights set out in the Articles;

(f) the directors of the Company were generally and unconditionally authorised to exercise all powers of the Company to:

(i) allot the Ordinary Shares under the Offer and the Over Allotment Option pursuant to the authority referred to in resolution 2.8(d)(i) as if section 561 of the Act did not apply to any such allotments,

(ii) allot the Ordinary Shares under the Offer and the Over Allotment Option pursuant to the authority referred to in resolution 2.8(d)(ii)(A)-(C) as if section 561 of the Act did not apply to any such allotments,

(iii) allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities granted by resolutions 2.8(d)(ii)(D) as if sections 561 of the Act did not apply to any such allotments, provided that this power shall be limited to:

(A) the allotment of equity securities in connection with an offer of equity securities (whether by way of rights issue, open offer or otherwise);

(B) holders of Ordinary Shares in proportion (as nearly as practicable) to the respective numbers of Ordinary Shares held by them; and

(C) to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary, but subject to such exclusions or other arrangement as the directors may deem necessary or expedient in relation treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange,

(iv) allot equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of £82.00, being approximately five per cent. of the issued ordinary share capital for the Company immediately following Admission (assuming no exercise of the Over-Allotment Option) as if section 561 of the Act did not apply to any such allotments;

(g) the new Articles were approved to be adopted by the Company as its articles of association to the exclusion of, and in substitution for, the existing articles of association of the Company;

(h) the Company was re-registered as a public company under the Companies Act 2006 by the name of Arix Bioscience plc;

(i) a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

(j) the Company was generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares on such terms and in such manner as the directors of the Company may from time to time determine, provided that:

(i) the maximum aggregate number of Ordinary Shares that may be purchased pursuant to this authority is 23,214,332;

(ii) the minimum price which may be paid for each Ordinary Share purchased pursuant to this authority is 0.001 pence (exclusive of all expenses);

(iii) the maximum price which may be paid for each Ordinary Share purchased pursuant to this authority was an amount (exclusive of all expenses) equal to the higher of:

(A) 105 per cent. of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased; and

(B) the price stipulated by the Commission Delegated Regulation (EU) No. 2016/1052 supplementing Regulation (EU) no 596/2014 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and the stabilisation measures;

(iv) this authority would expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, or if earlier, the close of business on the date falling 15 months after the date on which the resolution was passed; and

(v) the Company may, before this authority expires, make a contract to purchase its Ordinary Shares which would or might be executed wholly or partly after its expiry and may make a purchase of shares in pursuance of any such contract as if this authority had not expired.

2.9 As at 1 February 2017, the latest practicable date prior to publication of this Prospectus, the Company had the following wholly-owned subsidiaries:

Name	*Country of incorporation*	*Interests/voting control held*
Arix Bioscience Holdings Limited	England and Wales	100%
Arthurian Life Sciences GP Limited*	England and Wales	100%
Arix Bioscience Inc.	Delaware, United States	100%
Arthurian Life Sciences SPV GP Limited**	England and Wales	100%
Arthurian Life Sciences Limited***	England and Wales	100%
Arix Bioscience Pty Ltd.****	Australia	100%

* Arthurian Life Sciences GP Limited is the general partner in the Arthurian Life Sciences Carried Interest Partner L.P. (please see paragraph 17.19 of this "Part XV – Additional Information").

** Arthurian Life Sciences SPV GP is the general partner in Wales Life Sciences Investment Fund L.P.

*** Arthurian Life Sciences is the limited partner of Arthurian Life Sciences Carried Interest Partner L.P., incorporated in England and Wales.

**** Arix Bioscience Pty Ltd. (the "**Australian NewCo**") was incorporated on 16 September 2016 as a wholly-owned subsidiary of ALS with a share capital of AUS$1.00. The Australian NewCo has not traded at any time since its incorporation.

2.10 The liability of the members of the Company is limited.

3. Share capital

3.1 On incorporation, the Company issued one ordinary share of £1.00 to C Evans. On 29 September 2015, the Company issued an additional 599 ordinary shares of £1.00 each to C Evans and 400 ordinary shares of £1.00 each to C Chipperton in each case at par. On 12 October 2015, C Evans transferred 500 ordinary shares of £1.00 each to Abacus Trust Company Limited in its capacity as trustee for the Ectoplasm Settlement.

3.2 On 10 November 2015 pursuant to the written resolutions of the members each ordinary share of £1.00 each was subdivided into 10,000 Ordinary Shares of £0.00001 following which the Company's issued share capital was 100,000,000 Ordinary Shares of £0.00001 each.

3.3 On 30 November 2015, the Company issued and allotted in aggregate 966,920 Ordinary Shares (the "**ESS Shares**") at par pursuant to employee share schemes agreements to three employees of Arix Holdings (the "**ESS Shareholders**"). The aggregate subscription price of £9.09 for such Ordinary Shares was satisfied by the capitalisation of part of the capital contribution in the amount of £20.00 made by C Evans to the Company pursuant to written resolutions of members dated 13 January 2016.

3.4 On 1 February 2016 Abacus Trust Company Limited transferred 50,000,000 Ordinary Shares to Ectoplasm Limited for nil consideration. Ectoplasm Limited is wholly-owned by Abacus Trust Company Limited and is the trustee of the Ectoplasm Settlement of which the discretionary beneficiaries include C Evans and members of his close family.

3.5 On 8 February 2016, the Company issued the following Series B Shares at an issue price of £1.80 each:

Holders of Series B Shares	*Series B Shares*
Jonathan Peacock	555,556
Joseph Anderson*	277,778
CF Woodford Equity Income Fund**	13,333,333
Woodford Patient Capital Trust PLC***	3,333,333
Arig Risk Management JLT	5,555,556
Richard Caring	2,777,778
The Elcot Fund Limited	1,388,889
Rathbone Nominees Limited	583,333
Daniel V. Tierney 2011 Trust	777,777
Serenity Investments LLC	333,333

* Joseph Anderson holds 138,889 Series B Shares representing 50 per cent. of his shares through PAL Trustees Limited, the trustee of his SIPP

** CF Woodford Equity Income Fund holds its interest through NorTrust Nominees Limited.

*** Woodford Patent Capital Trust PLC holds its interest through NorTrust Nominees Limited.

3.6 On 8 February 2016, such numbers of the Founders' Shares and ESS Shares as are shown in the table below, being the Restricted Shares, were disenfranchised pursuant to the Restrictive Share Agreement (further details of which are set out in paragraph 17.6 of this "Part XV – Additional Information"):

Holders of the Restricted Shares	*Number of Ordinary Shares*	*Number of Restricted Shares*
C Evans	10,000,000	9,619,293
C Chipperton	40,000,000	38,477,173
Ectoplasm Limited	50,000,000	48,096,466
ESS Shareholders	966,920	853,876

Pursuant to the Restrictive Share Agreement, the number of Restricted Shares which are expected to be re-designated as Deferred Shares on Admission (assuming full take-up of the Offer and calculated on the basis that the Over-Allotment Option is exercised in full) is shown in the table below:

Holders of the Restricted Shares	*Number of Restricted Shares re-designated as Deferred Shares*
C Evans	8,764,508
C Chipperton	35,058,034
Ectoplasm Limited	43,822,541
ESS Shareholders	600,390

3.7 On 15 April 2016, the Company issued a further 777,777 Series B Shares to Daniel V. Tierney 2011 Trust and 333,333 Series B Shares to Serenity Investments LLC at an issue price of £1.80 each for a total amount of £1,999,998 million pursuant to two subscription letters and deeds of adherence (further details of which are set out in paragraph 17.5 of this "Part XV – Additional Information".) Pursuant to this issue of shares, a number of the Founders' and ESS' Restricted Shares were released:

Holders of the Restricted Shares	*Number of Ordinary Shares released from restriction*	*Revised number of Restricted Shares*	*Revised number of Unrestricted Ordinary Shares*
C Evans	15,213	9,604,080	395,920
C Chipperton	60,852	38,416,321	1,583,679
Ectoplasm Limited	76,065	48,020,401	1,979,599
ESS Shareholders (in total)	4,512	849,464	117,456

3.8 Immediately prior to Admission all the remaining Series B Shares shall convert into Ordinary Shares. Assuming that such number of Restricted Shares have been re-designated as Deferred Shares as set out in paragraph 3.6 of this "Part XV – Additional Information" as at 1 February 2017 being the latest date practicable prior to publication of this Prospectus, the Company's issued and fully paid share capital would be as follows:

	Issued and Credited as Fully Paid	
Class of share	*Number*	*Amount Paid up*
Ordinary	32,993,320	£329.93
Deferred	96,890,266	£968.90
C Shares	49,671	£49,671.00

3.9 Assuming that the Offer is fully subscribed, the issued and fully paid share capital of the Company immediately following Admission is expected to be as shown in the following table:

	Issued and Credited as Fully Paid	
Class of share	*Number*	*Amount Paid up*
Ordinary*	90,117,579	£901.18
Deferred**	88,245,473	£882.45
C Shares	49,671	£49,671.00

* This figure (a) includes all Ordinary Shares held by the Founders and the ESS Shareholders on Admission calculated as if the Over-Allotment Option is exercised in full; and (b) if the Over-Allotment Option is not exercised in full, this figure will be reduced by redesignating the relevant number of Ordinary Shares as Deferred Shares, which will be delisted as soon as practicable following the end of the Stabilisation Period, such that the Founders and the ESS Shareholders will hold as many Ordinary Shares consistent with their agreed percentage of the Ordinary Share capital as set out in paragraphs 3.14, 8, 17.6 and 18.1 of "Part XV – Additional Information".

** This figure (a) includes the Deferred Shares held by the Founders and the ESS Shareholders on Admission calculated as if the Over-Allotment Option is exercised in full; and (b) if the Over-Allotment Option is not exercised in full, will be increased following the redesignation of the relevant number of Ordinary Shares as Deferred Shares as soon as practicable following the end of the Stabilisation Period, such that the Founders and the ESS Shareholders will hold as many Ordinary Shares as represents their agreed percentage of the Ordinary Share capital as set out in paragraphs 3.14, 8, 17.6 and 18.1 of "Part XV – Additional Information".

3.10 On 1 February 2017 being the latest practicable date prior to publication of this Prospectus, the nominal value of the issued share capital of the Company was £50,969.84 comprising of 28,916,666 Series B Shares, 100,966,920 Ordinary Shares and 49,671 C Shares, all of which were fully paid or credited as fully paid. Immediately following completion of the Offer, the nominal value of the issued share capital of the Company is expected to be £51,454.63 comprising of 90,117,579 Ordinary Shares (assuming full take-up of the Offer and no exercise of the Over-Allotment Option save that all Ordinary Shares held by the Founders and the ESS Shareholders

on Admission are calculated as if the Over-Allotment Option is exercised in full consistent with their agreed percentage of the Ordinary Share capital as set out in paragraphs 3.14, 8, 17.6 and 18.1 of "Part XV – Additional Information"), 49,671 C Shares and 88,245,473 Deferred Shares (including the Deferred Shares held by the Founders and the ESS Shareholders on Admission calculated as if the Over-Allotment Option is exercised in full) all of which will be fully paid or credited as fully paid. The Deferred Shares will be consolidated on a 1,000,000 : 1 basis no later than the end of the Stabilisation Period.

Pursuant to the Restrictive Share Agreement, assuming full take-up of the Offer, the following Ordinary Shares are expected to be Restricted Shares immediately following Admission calculated on the basis that the Over-Allotment Option is fully exercised.

Holders of the Restricted Shares	*Number of Restricted Shares*
C Evans	995,258
Ectoplasm Limited	4,976,287
C Chipperton	3,981,028

3.11 The Ordinary Shares are freely transferable and will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission. The Restricted Shares are disenfranchised pursuant to the Restrictive Share Agreement and accordingly, holders of such Restricted Shares are not entitled to vote, attend the meetings of the Company or receive dividends or other distributions made or paid on the Ordinary Share capital of the Company. No voting rights attach to the Deferred Shares and the C Shares and holders of the Deferred Shares and C Shares are not entitled to receive any dividend or distributions made or paid on the ordinary share capital of the Company other than on the winding up of the Company provided that the return on all Deferred Shares and all C Shares shall be £1.00 in aggregate respectively.

3.12 Application has been made for the Ordinary Shares to be admitted to the standard listing segment of the Official List. A Standard Listing will afford Investors in the Company a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules. Further details of Standard Listing are included in "Part IV – Consequences of Standard Listing" of this Prospectus.

It should be noted that the UK Listing Authority will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated in "Part VII – Directors and Corporate Governance" of this Prospectus that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

3.13 The Company will be subject to the continuing obligations of the UK Listing Authority with regard to the issue of shares for cash. The provisions of section 561(1) of the Companies Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined under section 1166 of the Companies Act) apply to the issue of shares in the capital of the Company except to the extent that such provisions have been dis-applied by a special members' resolution as referred to in paragraph 2.7 of this "Part XV – Additional Information".

3.14 As at 1 February 2017, being the latest practicable date prior to publication of this Prospectus, the interests in the share capital of the Company of the Directors (all which are beneficial):

Director	*Class of share*	*Issued (Fully paid) number*	*Percentage of issued share capital*
C Evans*	Ordinary	60,000,000	46.2%
Joseph Anderson**	Ordinary	277,778	0.2%
Jonathan Peacock	Ordinary	555,556	0.4%

* C Evans holds part of his interest through Ectoplasm Limited as to 50,000,000 Ordinary Shares. Ectoplasm Limited is wholly-owned by Abacus Trust Company Limited as Trustee of the Ectoplasm Settlement of which the discretionary beneficiaries include C Evans and members of his close family.

** Joseph Anderson holds 138,889 Series B Shares representing 50 per cent. of his Ordinary Shares through PAL Trustees Limited, the trustee of his SIPP.

57,624,481 Ordinary Shares in which C Evans has interests are Restricted Shares subject to the terms of the Restricted Share Agreement, further details of which are set out in paragraphs 3.7 and 17.6 of this "Part XV – Additional Information". The number of Ordinary Shares owned by C Evans (together with Ectoplasm Limited, a connected person) which are not Restricted Shares will represent 1.4 per cent. of the Ordinary Shares immediately following Admission on a fully-diluted basis (including any Ordinary Shares which may be issued pursuant to the exercise of the Over-Allotment Option). In addition a number of Restricted Shares owned by C Evans (together with Ectoplasm Limited, a connected person) will be released from such restriction in two equal tranches on the first and second anniversary of the date of Admission so that on the second anniversary of the date of Admission, C Evans (together with Ectoplasm Limited, a connected person), will hold Ordinary Shares representing in aggregate 4.2 per cent. of the Ordinary Shares in issue at the end of the Stabilisation Period on a fully diluted basis (including any Ordinary Shares which may be issued pursuant to the exercise of the Over-Allotment Option).

3.15 As at 1 February 2017, being the latest practicable date prior to publication of this Prospectus, the following options over Ordinary Shares are expected to be granted as at Admission:

(a) to Directors pursuant to the Executive Share Option Plan, which will become exercisable in four equal tranches on 8 February each year beginning on 8 February 2017:

Director	*Date of grant*	*Number of Ordinary Shares under option*	*Exercise price per Ordinary Share*	*Last exercise date*
Joseph Anderson	8 February 2016 and 7 June 2016	3,076,530*	£1.80	8 February 2026
Jonathan Peacock	8 February 2016 and 7 June 2016	2,517,158**	£1.80	8 February 2026

* Such number of shares as represents 2.99 per cent. of the fully diluted ordinary share capital immediately following Admission calculated on the basis that the Over-Allotment Option is exercised in full and full take-up of the Offer. This figure will be adjusted as soon as practicable after the end of the Stabilisation Period in proportion to the number of Ordinary Shares issued pursuant to the exercise of the Over-Allotment Option so that it will represent 2.99 per cent. of the Ordinary Shares in issue at that time.

**Such number of shares as represents 2.44 per cent. of the fully diluted ordinary share capital issued immediately following Admission calculated on the basis that the Over-Allotment Option is exercised in full and full take-up of the Offer. This figure will be adjusted as soon as practicable after the end of the Stabilisation Period in proportion to the number of Ordinary Shares issued pursuant to the exercise of the Over-Allotment Option so that it will represent 2.44 per cent. of the Ordinary Shares in issue at that time.

(b) to employees (including Directors) pursuant to the EIP which, in the case of options will become exercisable, and in the case of the conditional share awards will vest, on the second anniversary of Admission:

Grantees	*Date of grant*	*Number of Ordinary Shares under option*	*Exercise Price per Ordinary Share**	*Last exercise date***
Joseph Anderson	date of Admission	362,318	nil	a day prior to the tenth anniversary of the date of Admission
Jonathan Peacock	date of Admission	241,545	nil	not applicable
C Evans	date of Admission	295,893	nil	a day prior to the tenth anniversary of the date of Admission
James Rawlingson	date of Admission	163,043	nil	a day prior to the tenth anniversary of the date of Admission
8 employees of the Group in total	date of Admission	179,926	nil	a day prior to the tenth anniversary of the date of Admission
2 employees of the Group in total***	date of Admission	179,774	nil	a day prior to the tenth anniversary of the date of Admission

*In case of the conditional share awards, the grantees of such awards will receive the Ordinary Shares at vesting at no cost.

**In case of the conditional share awards, the Ordinary Shares are delivered following vesting.

***In the case of these 2 employees, their conditional share awards will vest on the second anniversary of the date of their respective date of employment with Arix Bioscience, Inc.

C Evans (together with Ectoplasm Limited, its connected person) has the right to such number of Incentive Shares in accordance with the terms of the Founders Incentive Arrangement (details of which are set out in paragraph 18.1 of "Part XV – Additional Information" of this Prospectus) as represent in total up to 3 per cent. of the issued Ordinary Share capital of the Company immediately following Admission. The award of his Incentive Shares will be satisfied by releasing the appropriate number of Restricted Shares from the restrictions under the Restricted Share Agreement (details of which are set out in paragraphs 3.7 and 17.6 of "Part XV – Additional Information" of this Prospectus). Accordingly, if C Evans elects to exercise his right to the Incentive Shares, he shall pay £1.80 for the release from his undertaking under the Restrictive Share Agreement per Restrictive Share.

A put and call option agreement was entered into on 7 July 2016 between Arig Risk Management JLT ("**Arig**") and C Evans (the "**Option Agreement**"). Arig is a company wholly-owned and controlled by C Chipperton. Pursuant to the Option Agreement, Arig has the right to put 30 per cent. of the Ordinary Shares it holds in the Company upon C Evans and C Evans has the right to call for the purchase of 70 per cent. of the Ordinary Shares that Arig holds in the Company, in each case such Ordinary Shares to be transferred for a cash consideration per Ordinary Share equal to the higher of (a) the price per Ordinary Share at which the Ordinary Shares were issued pursuant to the Offer; and (b) the mean average of the market price on the last Business Day of the calendar month prior to the month in which the option was exercised. The respective options are exercisable for a period of ten years from the date of Admission. On the tenth anniversary of Admission the put option will lapse and, in the event (and to the extent) that the call option has not been exercised until then, the call option will deemed to be exercised on that date.

Each of Franz Humer, John Banham, Trevor Jones, David U'Prichard and Lord John Hutton of Furness shall receive a fee equal to their annual fees under their respective letters of appointment on Admission the payment of which shall be satisfied by the issue and allotment of Ordinary Shares to them at the Offer Price on Admission. In addition, half of their annual fee as independent non-executive directors will be satisfied by the issue and allotment of Ordinary Shares (please see further details in paragraph 7.3.2 of this Part XV).

3.16 Except as stated in this Prospectus:

(a) the Company does not have in issue any securities not representing share capital;

(b) no Ordinary Shares have been issued otherwise than as fully paid;

(c) no share or loan capital of the Company has since its incorporation been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Offer) fully or partly paid, either for cash or for a consideration other than cash, to any person;

(d) there are no outstanding convertible securities issued by the Company;

(e) no person has any preferential subscription rights for any share capital of the Company;

(f) save as disclosed in paragraphs 6 and 18 in this "Part XV – Additional Information" in relation to the Incentive Shares and the options under the Executive Share Option Plans, no share or loan capital of the Company is currently under option or agreed conditionally or unconditionally to be put under option; and

(g) no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

4. Articles of Association

A summary of the provisions of the Articles are set out below. Copies of the Articles are available for inspection at the address specified in paragraph 2 of this "Part XV – Additional Information".

(i) ***Unrestricted objects***

The objects of the Company are unrestricted.

(ii) ***Limited liability***

The liability of the Company's members is limited to any unpaid amount on the shares in the Company held by them.

(iii) ***Change of name***

The Articles allow the Company to change its name by resolution of the Directors. This is in addition to the Company's statutory ability to change its name by special resolution under the Companies Act 2006.

(iv) ***Share rights***

Ordinary Shares

Subject to applicable statutes (in this section "legislation") and existing Shareholders' rights, the Company may issue shares with any rights or restrictions attached to them. These rights or restrictions can either be decided by an ordinary resolution passed by the Shareholders or, if no such resolution has been passed, be decided by the Directors. These rights and restrictions will apply as if they were set out in the Articles. Redeemable shares may be issued, subject to existing Shareholders' rights. The Directors can decide on the terms and conditions and the manner of redemption of any redeemable share. These terms and conditions will apply as if they were set out in the Articles. Subject to the legislation and existing Shareholders' rights, the Directors can decide how to deal with any shares in the Company.

Deferred Shares and C Shares

Subject to the Act, any Deferred Shares and/or C Shares may be redeemed by the Company at any time at its option for one penny for all Deferred Shares and one penny for all C Shares registered in the name of any holder(s) without obtaining the sanction of the holder(s).

The allotment or issue of Deferred Shares or C Shares or the conversion or re-designation of shares into Deferred Shares or C Shares are deemed to confer irrevocable authority on the Company at any time after their allotment, issue, conversion or re-designation, without obtaining the sanction of such holder(s) to (i) appoint any person to execute any transfer (or agreement to

transfer) such Deferred Shares or C Shares; (ii) give, on behalf of such holder, consent to the cancellation of the Deferred Shares; and/or (iii) purchase the Deferred Shares or C Shares.

Notwithstanding the terms of this paragraph 4 to "Part XV – Additional Information", the Deferred Shares and the C Shares have no rights to receive dividends or to participate in the profits of the Company. The holders of the Deferred Shares and the C Shares are not entitled to receive notice of or vote at any meeting of the Company. On the winding up of the Company the holders of the Deferred Shares will be entitled to receive £1 in aggregate and the holders of the C Shares will be entitled to receive £1 in aggregate.

The prior consent of the Directors is required for the transfer of Deferred Shares.

(v) ***Voting rights***

Shareholders will be entitled to vote at a general meeting or class meeting whether on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is demanded by either the chairman of the meeting, at least five members present having the right to vote on the resolution, members present representing not less than ten (10) per cent. to the total voting rights of all members having the right to vote or a member present holding shares conferring a right to vote on the resolution on which an aggregate sum has been paid up equal to not less than ten (10) per cent. of the total sum paid up on all the shares conferring that right, as provided in the legislation. The Companies Act 2006 provides that:

(A) on a show of hands every member present in person has one vote and every proxy present who has been duly appointed by one or more members will have one vote, except that a proxy has one vote for and one vote against if the proxy has been duly appointed by more than one member and the proxy has been instructed by one or more members to vote for and by one or more other members to vote against. For this purpose the Articles provide that, where a proxy is given discretion as to how to vote on a show of hands, this will be treated as an instruction by the relevant Shareholder to vote in the way that the proxy decides to exercise that discretion; and

(B) on a poll every member has one vote per share held by him and be may vote in person or by one or more proxies. Where he appoints more than one proxy, the proxies appointed by him taken together shall not have more extensive voting rights than he could exercise in person.

This is subject to any rights or restrictions which are given to any shares or on which shares are held.

In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. Seniority shall be determined by the order in which the names of the holders stand in the register of members in respect of the joint holding

(vi) ***Restrictions***

No Shareholder is entitled to vote shares at any general meeting or class meeting if he has not paid all amounts relating to those shares which are due at the time of the meeting or if he has failed to provide the Company with information concerning interests in those shares required to be provided under legislation.

(vii) ***Dividends and other distributions***

The Shareholders may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Directors. Subject to the legislation, the Directors may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Directors, justifies any such payments. If the Directors act in good faith, they are not liable for any loss that Shareholders may suffer because a lawful dividend has been paid on other shares that rank equally with or behind their shares.

The Directors may withhold all or any part of any dividend or other money payable in respect of the Company's shares from a person with a 0.25 per cent. or greater holding of the existing shares of a class (calculated excluding any shares held as treasury shares) if such a person has failed to

provide the Company with information concerning interests in those shares required to be provided under the legislation.

Unless the rights attached to any shares or the terms of any shares say otherwise, all dividends will be declared and paid according to the amounts paid up on the share in respect of which the dividend is paid, but excluding any amount paid up on a share in advance of calls. Dividends may be declared or paid in any currency.

The Directors may, if authorised by an ordinary resolution of the Shareholders, offer Shareholders (excluding any member holding shares as treasury shares) the right to choose to receive extra Ordinary Shares which are credited as fully paid instead of some or all of their cash dividend.

Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment will be forfeited and go back to the Company unless the Directors decide otherwise.

The Company may stop sending dividend payments through the post or cease using any other method of payment (including payment through CREST) if (i) for two consecutive dividends the payments sent through the post have been returned undelivered or remain uncashed during the period for which they are valid or the payments by any other method have failed, or (ii) for any one dividend, the payment sent through the post has been returned undelivered or remains uncashed during the period for which it is valid or the payment by any other method has failed and reasonable enquiries have failed to establish any new postal address or account of the registered Shareholder. The Company will recommence sending dividend payments if requested in writing by the Shareholder or the person entitled by law to the shares.

(viii) ***Variation of rights***

If the legislation allows this, rights attached to any class of shares may be changed if this is approved either in writing by Shareholders holding at least three-quarters in nominal value of the issued shares of that class (calculated excluding any shares held as treasury shares), or by a special resolution passed at a separate meeting of the holders of those shares (this is called a "class meeting"). At every such class meeting (except an adjourned meeting) the quorum is two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares).

If new shares are created or issued which rank equally with any other existing shares, or if the Company purchases or redeems any of its own shares, the rights of the existing shares will not be regarded as changed or abrogated unless the terms of the existing shares expressly say otherwise.

(ix) ***Transfer of shares***

The shares are in registered form. Any shares in the Company may be held in uncertificated form and, unless the Articles say otherwise, a Shareholder may transfer some or all of his uncertificated shares through CREST. Provisions of the Articles do not apply to any uncertificated shares to the extent that those provisions are inconsistent with the holding of shares in uncertificated form, with the transfer of shares through CREST, with any provision of the CREST legislation or with the Company doing anything through CREST.

Unless the Articles say otherwise, a Shareholder may transfer some or all of his certificated shares. The transfer must be either in the usual standard form or in any other form which the Directors may approve. The share transfer form must be signed or made effective in some other way by or on behalf of the person making the transfer. In the case of a partly paid share, it must also be signed or made effective in some other way by, or on behalf of, the person to whom the share is being transferred.

The person transferring the shares will continue to be treated as a Shareholder until the name of the person to whom it is transferred is put on the register for that share.

The Directors can refuse to register the transfer of any shares which are not fully paid. The Directors may also refuse to register the transfer of any shares in the following circumstances.

Certificated shares

(A) A share transfer form cannot be used to transfer more than one class of shares. Each class needs a separate form.

(B) Transfers may not be in favour of more than four joint holders.

(C) The share transfer form must be properly stamped or certified or otherwise shown to the Directors to be exempt from stamp duty and must be accompanied by the relevant share certificate and such other evidence of the right to transfer as the Directors may reasonably require.

Uncertificated shares

(A) Registration of a transfer of uncertificated shares can be refused in the circumstances set out in the uncertificated securities rules (as defined in the Articles).

(B) Transfers may not be in favour of more than four joint holders.

The Directors may refuse to register a transfer of any certificated shares by a person with a 0.25 per cent. or greater holding of the existing capital (calculated excluding any shares held as treasury shares) if such a person has failed to provide the Company with information concerning interests in those shares required to be provided under the legislation unless the Directors are satisfied that they have been sold outright to an independent third party.

No transfer of Ordinary Shares in certificated form will be registered if, in the reasonable determination of the Directors, the transferee is or may be a Prohibited Person, or is or may be holding such Ordinary Shares on behalf of a beneficial owner who is or may be a Prohibited Person. In addition, if the Directors become aware that any Ordinary Shares are owned directly or beneficially by a Prohibited Person, the Directors may give notice to such person requiring such person either: (i) to provide the Directors within 30 days of receipt of such notice with sufficient documentary evidence to satisfy the Directors that such person is not a Prohibited Person; or (ii) to sell or transfer his Ordinary Shares to a person who is not a Prohibited Person within 30 days and within such 30 days to provide the Directors with satisfactory evidence of such sale or transfer. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the Directors are entitled to arrange for the sale of the relevant Ordinary Shares on behalf of the registered holder. If the Company cannot effect a sale of the relevant Ordinary Shares within five Business Days of its first attempt to do so, the registered holder will be deemed to have forfeited his Ordinary Shares. Notwithstanding the foregoing, prior to any transfer of Ordinary Shares, the Company may require the intended transferee thereof to represent and warrant, in such form as is acceptable to the Company, in its sole and absolute discretion, that such intended transferee (i) is not, and shall not be a Prohibited Person as of the time of transfer and (ii) in the event that such intended transferee subsequently becomes a Prohibited Person, and does not notify the Company, in writing, within five (5) Business Days of such change in status, such intended transferee will be deemed to have forfeited his Ordinary Shares effective immediately upon the expiration of such period.

If the ownership of Ordinary Shares by a person will or may result in the Company's assets being deemed to constitute "plan assets" under the Plan Asset Regulation, as modified by Section 3(42) of ERISA, the Ordinary Shares of such person will be subject to the terms of the immediately preceding paragraph.

(x) ***Subdivision of share capital***

Any resolution authorising the Company to subdivide any of its shares can provide that, as between the shares resulting from the subdivision, any of them may have any preference, advantage or deferred or other right or be subject to any restriction as compared with the others.

(xi) ***Non-United Kingdom Shareholders***

There are no limitations in the Articles on the rights of non-United Kingdom Shareholders to hold, or to exercise voting rights attached to, the Ordinary Shares. However, non-United Kingdom Shareholders are not entitled to receive notices unless they have given an address in the United Kingdom to which such notices may be sent.

(xii) ***General meetings***

Upon listing, the Company will be a "traded company" for the purposes of the Companies Act 2006 and as such will be required to give at least 21 clear days' notice of any other general meeting unless a special resolution reducing the period to not less than 14 clear days has been passed at the immediately preceding annual general meeting or at a general meeting held since that annual general meeting or, pending the Company's first annual general meeting, at any general meeting. Notice of a general meeting must be given in hard copy form, in electronic form, or by means of a website and must be sent to every member and every Director. It must state the time and date and the place of the meeting and the general nature of the business to be dealt with at the meeting. As the Company will be a traded company, the notice must also state the website address where information about the meeting can be found in advance of the meeting, the voting record time, the procedures for attending and voting at the meeting, details of any forms for appointing a proxy, procedures for voting in advance (if any are offered), and the right of members to ask questions at the meeting. In addition, a notice calling an annual general meeting must state that the meeting is an annual general meeting.

Each Director can attend and speak: at any general meeting of the Company. The chairman of a meeting can also allow anyone to attend and speak where he considers that this will help the business of the meeting.

If it appears to the chairman of the meeting that the meeting place is inadequate to accommodate all members entitled and wishing to attend, the meeting will be duly constituted if the chairman is satisfied that adequate facilities are available to ensure that a member who is unable to be accommodated is able to participate in the business for which the meeting has been convened, to hear and see all persons present who speak and to be heard and seen by all other persons present in the same way.

In addition to any measures which the Board may be required to take due to the location of the meeting, the Board may make any arrangement it considers appropriate and reasonable in the circumstances to ensure the security of a meeting. The Board may refuse entry to, or eject from, a meeting a person who refuses to comply with any such arrangements or restrictions.

(xiii) ***Directors***

(A) *Number of Directors*

The Company must have a minimum of two Directors and a maximum of fifteen Directors (disregarding alternate directors). The Shareholders can change these restrictions by passing an ordinary resolution.

(B) *Directors' shareholding qualification*

The Directors are not required to hold any shares in the Company.

(C) *Appointment of Directors*

Directors may be appointed by the Company's Shareholders by ordinary resolution or by the Directors.

The Directors or any committee authorised by the Directors can appoint one or more directors to any executive position, on such terms and for such period as they think fit and they can also terminate or vary such an appointment at any time.

(D) *Retirement of Directors by rotation*

At each annual general meeting one third of the Directors who are subject to retirement by rotation or if their number is not three nor a multiple of three, the number nearest to one third, shall retire from office, provided always that a Director who is subject to retirement by rotation shall retire at the third annual general meeting after the annual general meeting or general meeting (as the case may be) at which he was previously appointed or re-appointed. If there are fewer than three Directors who are subject to retirement by rotation, one of them shall retire from office at the annual general meeting.

Any Director who has held office with the Company, other than employment of executive office, and who, at the date of the annual general meeting, has held such office for nine years or more, shall be subject to re-appointment at each general meeting.

(E) *Removal of Directors by Special Resolution*

The Company's Shareholders can by ordinary resolution remove any Director before the expiration of his period of office.

(F) *Vacation of office*

Any Director automatically stops being a Director if:

(i) be gives the Company a written notice of resignation or he offers to resign and the Directors decide to accept this offer;

(ii) all of the other Directors (who must comprise at least three people) pass a resolution or sign a written notice removing him as a Director;

(iii) he is or has been suffering from mental or physical ill health and the Directors pass a resolution removing the Director from office;

(iv) he has missed Directors' meetings (whether or not an alternate director appointed by him attends) for a continuous period of six months without permission from the Directors and the Directors pass a resolution removing the Director from office;

(v) a bankruptcy order is made against him or be makes any arrangement or composition with his creditors generally;

(vi) he is prohibited from being a Director under the legislation; or

(vii) he ceases to be a Director under the legislation or be is removed from office under the Articles.

If a Director stops being a Director for any reason, he will also automatically cease to be a member of any committee or sub-committee of the Directors.

(G) *Alternate director*

Any Director can appoint any person (including another Director) to act as an alternate director. The appointment requires the approval of the Directors, unless previously approved by the Directors or unless the appointee is another Director.

(H) *Directors' meetings*

The Directors can decide when and where to have meetings and how they will be conducted. The Directors shall have meetings at least four times a year. They can also adjourn their meetings. If no other quorum is fixed by the Directors, two Directors are a quorum. A Directors' meeting at which a quorum is present can exercise all the powers and discretions of the Directors.

The Directors can appoint any Director as chairman or as deputy chairman and can remove him from that office at any time. Matters to be decided at a Directors' meeting will be decided by a majority vote. If votes are equal, the chairman of the meeting has a second or casting vote.

All or any of the Directors can take part in a meeting of the Directors by way of a conference telephone or any communication equipment which allows everybody to take part in the meeting by being able to hear each of the other people at the meeting and by being able to speak to all of them at the same time. A person taking part in this way will be treated as being present at the meeting and will be entitled to vote and be counted in the quorum.

The Directors can delegate any of their powers or discretions (with the power to sub-delegate) to committees of one or more persons as they think fit provided that there must be more Directors on a committee than persons who are not Directors. If a committee consists of more than one person, the Articles which regulate Directors' meetings and their procedure will also apply to committee meetings unless these are inconsistent with any regulations for the committee which have been laid down under the Articles.

(I) *Remuneration of Directors*

The total fees paid to all of the Directors (excluding any payments made under any other provision of the Articles) must not exceed £3,000,000 a year or any higher sum decided on by an ordinary resolution of the Shareholders.

The Directors or any committee authorised by the Directors will decide how much remuneration a Director appointed to an executive office will receive (whether as salary, commission, profit share or any other form of remuneration) and whether this is in addition to or in place of his fees as a Director.

The Directors or any committee authorised by the Directors can give special pay to any Director who, in their view, performs any special or extra services for the Company.

The Company may pay the reasonable travel, hotel and incidental expenses of each Director incurred in attending and returning from general meetings, meetings of the Directors or committees of the Directors or any other meetings which as a Director he is entitled to attend. The Company will pay all other expenses properly and reasonably incurred by each Director in connection with the Company's business or in the performance of his duties as a Director. The Company can also fund a Director's or former Director's expenditure and that of a director or former director of any holding company of the Company for the purposes permitted by the legislation and can do anything to enable a Director or former Director or a director or former director of any holding company of the Company to avoid incurring such expenditure as provided in the legislation.

(J) *Pensions and gratuities for Directors*

The Directors or any committee authorised by the Directors may decide whether to provide pensions or other benefits to any Director or former Director of the Company, or any relation or dependant of, or person connected to, such a person. However, if the Directors want to provide a benefit to a Director or former Director who has not been employed by or held an office or executive position in the Company or any of its subsidiary undertakings or former subsidiary undertakings or any predecessor in business of the Company or any such other company, or to relations or dependants of, or persons connected to, these Directors or former Directors, the Company's Shareholders must also pass an ordinary resolution to approve the payment.

(K) *Directors' interests*

The Directors may, subject to the Articles, authorise any matter which would otherwise involve a Director breaching his duty under the legislation to avoid conflicts of interest. Where the Directors give authority in relation to a conflict of interest or where any of the situations described in (i) to (v) below applies in relation to a Director, the Directors may (a) require that the relevant Director is excluded from the receipt of information, the participation in discussion and/or the making of decisions related to the conflict of interest or situation; (b) impose upon the relevant Director such other terms for the purpose of dealing with the conflict of interest or situation as they think fit; and (c) provide that where the relevant Director obtains (otherwise than through his position as a Director of the Company) information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence. The Directors may revoke or vary such authority at any time.

If a Director has disclosed the nature and extent of his interest in accordance with the legislation, a Director can do any one or more of the following:

(i) have any kind of interest in a contract with or involving the Company or another company in which the Company has an interest;

(ii) hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms, including as to remuneration, as the Directors may decide;

(iii) alone, or through a firm with which he is associated, do paid professional work for the Company or another company in which the Company has an interest (other than as auditor);

(iv) be or become a director or other officer of, or employed by or a party to a transaction or arrangement with, or otherwise be interested in any holding company or subsidiary company of the Company or any other company in which the Company has an interest; and

(v) be or become a director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a director of that other company.

A Director does not have to hand over to the Company or the Shareholders any benefit he receives or profit he makes as a result of a conflict of interest authorised by the Directors or anything allowed under the above provisions nor is any contract which is allowed or authorised under these provisions liable to be avoided.

(L) *Restrictions on voting*

A Director cannot vote or be counted in the quorum on a resolution relating to appointing that Director to a position with the Company or a company in which the Company has an interest or the terms or termination of the appointment save to the extent permitted specifically in the Articles.

Subject to certain exceptions set out in the Articles, a Director cannot vote on, or be counted in a quorum in relation to, any resolution of the Directors on any contract in which he has an interest and, if he does vote, his vote will not be counted.

Subject to the legislation, the Shareholders may by ordinary resolution suspend or relax to any extent the provisions relating to Directors' interests or restrictions on voting or ratify any contract which has not been properly authorised in accordance with such provisions.

(M) *Borrowing and other powers*

The Directors shall manage the Company's business and can use all the Company's powers except where the Articles say that powers can only be used by the Shareholders voting to do so at a general meeting. The Directors are also subject to any regulations laid down by the Shareholders by passing a special resolution at a general meeting. In particular, the Directors may exercise all the Company's powers to borrow money, to guarantee, to indemnify, to mortgage or charge all or any of the Company's undertaking, property and assets (present and future) and uncalled capital, to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party. The Directors will limit the total borrowings of the Company and, so far as they are able, its subsidiary undertakings to ensure that no money is borrowed if the total amount of the Group's borrowings (as defined in the Articles) then exceeds, or would as a result of such borrowing exceed, two times the Company's gross asset value (as defined in the Articles). However, the Shareholders may pass an ordinary resolution allowing borrowings to exceed such limit.

(N) *Indemnity of Directors*

As far as the legislation allows this, the Company can indemnify any director or former director of the Company or of any associated company against any liability and can purchase and maintain insurance against any liability for any director or former director of the Company or of any associated company.

(xiv) *Winding up of the Company*

On winding up of the Company (whether voluntary or otherwise) the liquidator may without members' resolution, divide among the Shareholders in kind the whole or part of the assets of the Company or transfer any part of the assets to trustees for the benefit of the Shareholders. The liquidator cannot distribute to Shareholders any asset to which a liability or potential liability is attached. On winding up of the Company holders of the Deferred Shares shall be entitled to receive in aggregate £1 and holders of the C Shares shall be entitled to receive in aggregate £1.

5. Directors' confirmations

Save as disclosed in this Prospectus, at the date of this Prospectus none of the Directors:

(i) has any convictions in relation to fraudulent offences for at least the previous five years;

(ii) has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company within the previous five years; or

(iii) has been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authority (including any designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

Save as set out under the heading "Part VII – Directors and Corporate Governance", none of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties they may also have.

6. Directors' interests

The interests of the Directors and their connected persons in the ordinary share capital of the Company (all of which are beneficial) immediately following Admission assuming full take up of the Offer, no take-up of any of the Offer by the Directors and no exercise of the Over-Allotment Option save that all Ordinary Shares held by the Founders and the ESS Shareholders on Admission are calculated as if the Over-Allotment Option is exercised in full consistent with their agreed percentage of the Ordinary Share capital as set out in paragraphs 3.14, 8, 17.6 and 18.1 of "Part XV – Additional Information" are as follows:

Director	*Number of Ordinary Shares on Admission*	*Percentage of issued Ordinary Shares on Admission*	*Number of Restricted Shares on Admission*[†]	*Percentage of issued Ordinary Shares on Admission*	*Number of Ordinary Shares under awards made on Admission pursuant to EIP*[++]
C Evans*	7,412,951	8.23%	5,971,545	6.63%	295,893
Jonathan Peacock	555,556	0.62%	0	0	241,545
Joseph Anderson**	277,778	0.31%	0	0	362,318
James Rawlingson	0	0.00%	0	0	163,043
Franz Humer***	56,763	0.06%	0	0	0
David U'Prichard***	28,985	0.03%	0	0	0
Trevor Jones***	27,777	0.03%	0	0	0
John Banham***	28,985	0.03%	0	0	0
Lord John Furness of Hutton***	27,777	0.03%	0	0	0

[†] C Evans holds part of his interest in the Restricted Shares through Ectoplasm Limited and subject to the restrictions pursuant to the Restrictive Share Agreement details of which are set out in paragraphs 3.14 and 17.6 of this Part XV). Details of C Evans' interest prior to Admission are set out in paragraph 3.14 of this Part XV.

[++] Details of the options and awards granted to Directors are set out in paragraphs 3.15(a) and (b) above.

* C Evans holds part of his interest through Ectoplasm Limited.

** J Anderson holds 50 per cent. of his interest through PAL Trustees Limited, his SIPP.

*** Each of the Non-Executive Directors receives such number of Ordinary Shares on Admission, pursuant to the terms of a subscription letter, in satisfaction of a one-off payment in connection with the Offer. Subject to certain customary exceptions, such Ordinary Shares allotted pursuant to such subscription letters shall be locked-up for a period of three years following the date of the relevant Non-Executive Director's letter of appointment. For further details, see paragraph 7.3.2 of this Part XV.

In addition to the interests shown in the table above, pursuant to an option agreement, C Evans has the right to purchase 70 per cent. of the Ordinary Shares held by Arig Risk Management JLT (details of which are set out in paragraph 3.15 of this Part XV.

7. DIRECTORS

Details of the Directors and their functions are set out in paragraph 7.7 of this "Part XV – Additional Information". Their business address is 20 Berkeley Square, London W1J 6EQ, United Kingdom.

C Evans was appointed as a director on 15 September 2015 on incorporation of the Company. All the other Executive and Non-Executive Directors (with the exception of Franz Humer) were appointed on 8 February 2016 further to a resolution of the Board on 4 February 2016. Franz Humer was appointed on 7 June 2016 by a resolution of the Board. None of the Directors will be required to be put forward for re-election until the first annual general meeting of the Company following Admission.

7.1 *Current and previous directorships and partnerships*

In addition to their directorships of the Company and other Group Companies, the Directors are, or have been, members of the administrative, management or supervisory bodies ("directorships") or partners of the following companies or partnerships, at any time in the five years prior to the date of this Prospectus.

Current Directors	*Current directorships and partnerships*	*Former directorships and partnerships*
Jonathan Peacock	Arix Bioscience, Inc. Kite Pharma Bellerophon Therapeutics	Alantos Pharmaceuticals Holding, Inc. Alantos Securities Corporation Amgen Boulder Development Corporation Amgen British Columbia Inc. Amgen Cambridge Real Estate Holdings Inc. Amgen Clinical Development 7, Limited Amgen Clinical Development 8, Limited Amgen Fremont Inc. Amgen Germany Research (Munich) Holdings, Inc. Amgen Holding BC Corp. Amgen Holding No.1 Limited Amgen Holding No.2 Amgen International LLC Amgen Investments Ltd. Amgen Mountain View Inc. Amgen Rheumatology Development Corp. Amgen Risk and Insurance Services, Inc. Amgen Rockville, Inc. Amgen SF, LLC Amgen Technology, Limited Amgen USA Inc. Amgen Ventures LLC Amgen Worldwide Services, Inc. Andromeda Acquisition Corp. Arena Acquisition Company Armstrong Acquisition Corp. Avant Medical Corporation Biovex Group, Inc. Biovex, Inc. DFC Investments, Inc. Hesed Biomed Inc. Ilypsa, Inc.

Current Directors	*Current directorships and partnerships*	*Former directorships and partnerships*
Jonathan Peacock *(continued)*		Immunex Corporation Immunex Rhode Island Corporation Intralmmune Therapies, Inc. KAI Pharmaceuticals, Inc. Kiwi Acquisition Corp. Onyx Pharmaceuticals, Inc. PFC Holdings, Inc. SPT Investments, Inc. The Amgen Foundation, Inc. Xenotech, Inc.
Professor Sir Christopher Evans	Arix Bioscience Holdings Limited Arthurian Life Sciences Limited Arthurian Life Sciences GP Limited Arthurian Life Sciences SPV GP limited AV22 Ltd Ellipses Pharma Ltd Excalibur Fund Managers Limited Excalibur Group Holdings Ltd Excalibur Healthcare Services Ltd Glebe Corporate LLP Glebe Facilities Ltd Life Sciences Hub Wales Ltd Merlin Scientific Consulting Ltd Merlin Scientific LLP Proton Partners International Ltd Qbrand21 Holdings Ltd Q21 PJ Ltd Reneuron Group plc Simbec-Orion Group Ltd Sultan Scientific Ltd	Axellis Limited* Decon Sciences Limited* Destination Skin Group Limited DS Realisation 2010 Ltd* Lab 21 Diagnostic Services Limited Magstim (Holdings) Limited Magstim (Holdings) 2 Limited Merlin Asset Management Limited Merlin Limited Merlin (Scotland) GP Limited Merlin General Partner III Limited Mzima Medical Limited Simbec Research Limited Vivomedica PLC* Vivomedica (UK) Limited*
Joseph Anderson	Abingworth BioVentures III GPLP Abingworth BioVentures IV GPLP Abingworth BioVentures V GPLP Abingworth BioVentures VI GPLP Arix Bioscience Holdings Limited Arix Bioscience, Inc. Autolus Ltd	Abingworth LLP Abingworth BioEquities Fund LP Abingworth BioEquities Fund Ltd Abingworth BioEquities Master Fund Ltd Algeta ASA Amarin Corporation PLC Cytos Biotechnology Ag Epigenomics Ag

Current Directors	*Current directorships and partnerships*	*Former directorships and partnerships*
James Rawlingson	Arix Bioscience Holdings Limited Arix Bioscience, Inc. New Box Ltd	Alpha Trustees Limited Charles Stanley & Co. Limited Charles Stanley Group plc Coutts & Company Coutts & Co Investment Management Limited EBS Management plc Exempt Nominees Ltd RBS Collective Investment Funds Limited RBSG Collective Investments Holdings Limited RBSG Collective Investments Limited RBS Pension Trustee Limited Rock (Nominees) Limited Runpath Support Limited Sutherlands Group Limited Sutherlands Research Limited
Dr Franz Bernhard Humer	Citigroup, Inc. Chugai Pharmaceuticals Ltd Bial Pharmaceuticals Kite Pharma Wisekey SA	Diageo PLC Roche Holdings Ltd
Sir John Banham	Arthurian Life Sciences Limited Cyclacel Pharmaceuticals Inc. Eugenie Limited Innoveas International Limited Penberth Developments Limited Westcountry Management LLP	Dual Therapeutics Inc. ECI Partners LLP Invesco Limited Iroko Pharmaceuticals LLC Johnson Matthey plc Modern Water Monitoring Limited Shelterbox Trust Sultan Scientific Limited
David U'Prichard	BioMotiv LLC Cyclacel, Inc. Druid Consulting LLC Dual Therapeutics Inc. Iroko Pharmaceuticals. LLC Orca Pharmaceuticals Limited Angstrom/Splash Pharmaceuticals Vala Sciences, Inc.	Life Technologies, Inc. Naurex LLC Ocimum Biosolutions Oxagen Ltd Silence Therapeutics plc Stratified Medicine Scotland
Lord John Hutton of Furness	Arthurian Life Sciences Limited Byhiras Limited Nuclear Industry Association Simple Space Limited Sirius Minerals PLC	Aldbourne Consulting Limited Pension Quality Mark Limited The HMS Victory Preservation Company The Social Market Foundation MYCSP Limited

Current Directors	*Current directorships and partnerships*	*Former directorships and partnerships*
Professor Trevor Jones	Arthurian Life Sciences Limited Biopharma Partners Ltd E-Therapeutics PLC France La Financière Bayard Kcfbiopharma Limited Simbec-Orion Group Limited The British Neurological Research Trust The UK Stem Cell Foundation	Allergan Inc Merlin General Partners II Ltd Reneuron Holdings Limited Reneuron Limited Reneuron (UK) Limited SciClone Inc Sigma-Tau Finanziaria SpA Sigma-Tau Pharmaceuticals Inc Simbec Research Limited Synexus Ltd Synexus Clinical Research Midco No. 2 Limited The Merlin Biosciences Fund LP Verona Pharma plc

*Axellis Limited, Decon Sciences Limited, DS Realisation 2010 Limited, Vivomedica PLC and Vivomedica (UK) Limited were all subject to voluntary liquidation during the directorship of C Evans following the sale of each of their businesses as a whole and distribution of their assets to shareholders.

7.2 ***Transactions with Directors***

7.2.1 Save as disclosed in paragraph 17 of this "Part XV – Additional Information" in relation to "Material Agreements" and their respective employment agreements, letters of appointments and consultancy agreements (details of which are set out in paragraph 7.7 of this "Part XV – Additional Information"), there has been no transactions between the Directors and the Company (or any Group Company) since the incorporation of the Company.

7.2.2 The aggregate remuneration paid and benefits in kind granted to the Directors between the incorporation of the Company and 31 March 2016 was £1,285,000. It is estimated that, under the agreements in force at the date of this Prospectus, the aggregate remuneration payable and benefits in kind to be granted to the Directors in the year ending 31 December 2016 are estimated to be £3 million. In addition, the total emolument for the Directors of ALS in relation to remuneration and benefits in kind by ALS is in the aggregate amount of £145,000 in the 12-month period ended 31 March 2016. £55,000 of such amount was in respect to C Evans. The remaining £90,000 was in respect to Sir John Banham, Professor Trevor Jones and Lord John Matthew Patrick Hutton as non-executive directors of ALS. It is estimated that, under the agreements in force at the date of this Prospectus, the aggregate remuneration payable and benefits in kind to be granted to the Directors by ALS in the financial year ending 31 December 2016 will be £45,000.

7.3 ***Service Agreements and letters of appointment***

7.3.1 *Executive Directors' service agreements*

Each of the Executive Directors has entered into a service agreement with the Company (and in the case of Jonathan Peacock with Arix Bioscience, Inc.), further details of which are set out below. In addition to the terms specific to each Executive Directors as set out below, each of the service agreements between the Company and the Executive Directors contain the following terms:

- the Executive Directors are entitled to participate in a permanent health insurance scheme and a life assurance scheme (such health insurance scheme and life assurance scheme for Jonathan Peacock being in the US);
- the Company contributes 7.5 per cent. of the Executive Directors' salary to a personal pension scheme with the exception of Jonathan Peacock who is entitled to participate in a 401(k) retirement plan with matching contributions to be made by the Arix Bioscience, Inc.;

- the Board (acting through the Remuneration Committee) may in its discretion pay the Directors a bonus of up to 100 per cent. of his gross salary at such intervals and subject to such conditions as the Board may determine;
- the Company has the right to terminate the service agreements for cause (including amongst others disqualification from acting as director, failure to satisfy regulatory requirements or being guilty of any gross misconduct affecting the business of any Group Company) with immediate effect;
- the Company is entitled to terminate the Executive Director's employment by payment of a cash sum in lieu of notice, equal to the salary which the Executive Director would have been entitled to receive during the notice period and place the Executive Director on garden leave; and
- if the service agreement is terminated as a result of and within one month of a takeover, sale or merger by or of the Company his salary will be payable for the full 12 month notice period.

Jonathan Peacock

J Peacock was appointed as chairman of the Company on 8 February 2016 and entered into a letter of appointment with the Company on 2 February 2017 pursuant to which he agreed to serve as executive director and chairman of the Company. His fee as a director is £38,000 per annum.

Under his letter of appointment, he is subject to a confidentiality undertaking without limitation in time (subject to customary exceptions) and to non-competition restrictions with the Group's Business for a period of nine months after termination of his appointment as well as non-solicitation, and non-hiring restrictive covenants for a period of 12 months after the termination of his appointment. J Peacock's appointment as a director may be terminated upon not less than two months' prior notice (upon which an amount equal to 12 months' fees are payable).

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

J Peacock also entered into a service agreement with Arix Bioscience, Inc. dated 2 February 2017 effective from 1 October 2016 (in replacement of his service agreement with the Company which was effective 1 January 2016 to 1 February 2017) pursuant to which his salary is US$543,000 per annum. Either party may terminate the employment at any time and depending upon the reason for such termination, severance including 12 months of salary may be payable to J Peacock.

J. Peacock has entered into a restrictive covenants agreement dated 2 February 2017 which imposes on him obligations substantially similar to those under his UK letter of Appointment (but reflecting applicable US law).

This agreement is subject to the laws of New York.

Professor Sir Christopher Evans

C Evans entered into his service agreement on 1 November 2015 effective from 1 November 2015 (as amended on 6 September 2016) pursuant to which his annual salary is £250,000 per annum as Deputy Chairman. He is subject to a confidentiality undertaking without limitation in time and to non-competition restrictions with the Group's Business (other than activities relating to cancer treatment, prevention or care) as well as non-solicitation, and non-hiring restrictive covenants for period of 12 months after the termination of his service agreement. The service agreement may be terminated by either party upon 12 months' written notice.

In addition to his service agreement, the Company also entered into a consultancy agreement on 1 February 2016 with Merlin Scientific LLP ("**Merlin**"), a limited liability partnership wholly owned and controlled by C Evans (the "**Consultancy Agreement**") pursuant to which the Company agreed to pay a fee of £20,000 per month to Merlin. Under

the Consultancy Agreement Merlin agreed to make C Evans available for the performance of the services. The Consultancy Agreement may be terminated by either party upon a 12 months' notice in writing. The services to be provided by Merlin under the Consultancy Agreement include the provision of advisory and complementary services on an international basis and the provision of assistance with respect to investors and analysts in relation to the Group as a whole. Merlin is not required to provide the services exclusively to the Company. The Consultancy Agreement includes post-termination restrictive covenants by Merlin (and an obligation to procure that C Evans will comply with the covenants) for 12 months following its termination with the exclusion of any business, research, activity, investments of sourcing of drugs or technologies solely for cancer applications, treatment, prevention or care.

Finally, ALS entered into a consultancy agreement with Merlin on 1 April 2015 (the "**ALS Consultancy Agreement**") for the provision of advisory services, assistance with respect to investors and key opinion leaders, introduction of investment opportunities, managing the executives of portfolio companies, assistance in negotiating transactions and partnership agreements and in relation to communications. Under the ALS Consultancy Agreement, Merlin agreed to provide access to C Evans as principal consultant. The ALS Consultancy Agreement may be terminated by the Company at any time a 3 months' notice in writing and Merlin may terminate it at a 12 months' notice in writing. The ALS Consultancy Agreement includes post-termination restrictive covenants by Merlin (and an obligation to procure that C Evans will comply with the covenants) for 12 months following its termination with the exclusion of any business, research, activity, investments of sourcing of drugs or technologies solely for cancer applications, treatment, prevention or care. ALS agreed to pay a fee of £50,000 per month to Merlin. It was agreed between the parties that no payment would be due under the agreement following 31 March 2016 and the agreement was terminated with effect from 31 March 2016.

Joseph Anderson

J Anderson entered into a service agreement on 8 February 2016 effective from 1 January 2016 pursuant to which his annual salary is £500,000. J Anderson is entitled to either be supplied with a car for sole business use or receive a car allowance in the sum of £10,000 per annum by way of equal monthly instalments. He is subject to a confidentiality undertaking without limitation in time and to non-competition restrictions with the Group's Business as well as non-solicitation, and non-hiring restrictive covenants for period of 12 months after the termination of his service agreement. The service agreement may be terminated by either party upon 12 months' written notice.

James Rawlingson

J Rawlingson entered into a service agreement on 8 February 2016 effective from 9 February 2016 (as amended on 6 September 2016) pursuant to which his annual salary is £270,000. It is also agreed that he will be supplied with a car for sole business use. He is subject to a confidentiality undertaking without limitation in time and to non-competition restrictions with the Group's Business as well as non-solicitation, and non-hiring restrictive covenants for period of 9 months after the termination of his service agreement. The service agreement may be terminated by either party upon 6 months' written notice.

7.3.2 *Non-Executive Directors' letters of appointment*

Senior Non-Executive Director

Franz Humer was appointed as the Senior Non-Executive Director of the Company on with effect from 7 June 2016 pursuant to a letter of appointment the terms of which are identical to the terms of the letters of the other Non-Executive Directors with the exception of this remuneration and the term of his initial appointment. Accordingly, it was agreed that F Humer's annual fee would be £100,000 per annum. In addition, he would be paid a fee of £17,500 per annum for the chairmanship and membership of committees of the Board. Further, it was agreed that he would be paid a one-off payment of his annual fee of £117,500 as a one-time award in connection with the Offer (to be satisfied by the issue and allotment of New Ordinary Shares on Admission at nominal value). F Humer's initial term of appointment is three years.

Other Non-Executive Directors

Each of Sir John Banham, David U'Prichard, Professor Trevor Jones and Lord John Matthew Patrick Hutton has been appointed by the Company pursuant to a letter of appointment dated 8 February 2016 which were amended on 7 June 2016. The term of each of their appointments is for an initial term expiring at the Company's annual general meeting in 2019 and thereafter for such further term or terms as may be agreed. Their appointment will terminate before the expiry of the initial term or any other further term on the occurrence of the following which includes, *inter alia*, their removal as a director or vacation of office pursuant to the law or the Company's articles of association, as amended from time to time or in the event that the Non-Executive Directors are not reappointed or deemed to have been reappointed by the Shareholders following their retirement at any time. Their letters of appointment are terminable on three months' notice by either party.

Each of the Non-Executive Directors, with the exception of Franz Humer, has been paid a fee of £25,000 per annum until Admission and £50,000 per annum thereafter. Fees have been paid in arrears by equal monthly installments on the last working day of each month until Admission. Following Admission, each of the Non-Executive Directors is paid an additional fee of £7,500 per annum for serving as a member of board committees and an additional fee £10,000 per annum for acting as chairman of board committees. It has also been agreed by an amendment of the letters of appointment of each Non-Executive Director that an amount equal to 50 per cent. of their total annual fee shall be satisfied by the issue and allotment of Ordinary Shares at the prevailing market price following the annual general meeting of the Company each year. The remaining 50 per cent. of their fee is payable in quarterly equal installments in arrears. The Non-Executive Directors are subject to confidentiality undertakings without limit in time and require prior consent of the Board to hold any interest or undertake any engagement or activity which is liable to detract them from their engagement or which might conflict with the interests of the Company.

It was also agreed that each of the Non-Executive Directors (excluding F Humer) would be paid an amount equal to their respective annual fees on Admission, such payment to be satisfied by the issue and allotment of Ordinary Shares at the Offer Price immediately prior to Admission.

In addition, all of the Directors are entitled to be reimbursed by the Company for travel, hotel and other expenses reasonably and properly incurred by them in the course of their directors' duties relating to the Company.

Each of Sir John Banham, Professor Trevor Jones and Lord John Matthew Patrick Hutton is also a director of ALS. Until the completion of the acquisition of ALS by the Company each of them received a fee of £30,000 per annum pursuant to letters of appointment between ALS and each of these Directors. Their letters of appointment with ALS were terminated with effect from 8 July 2016 with effect from 8 July 2016 following ALS becoming a wholly-owned subsidiary of the Company.

7.3.4 *Directors' Indemnity*

The Company has customary directors' and officers' indemnity in place in respect of each of the Directors.

Pursuant to a deed of indemnity entered into between the company and each Director, the Company has undertaken, subject certain limitations, to insure, indemnify and/or loan to the Directors in relation to certain specific liabilities incurred by the Director in connection with the performance of his duties as a director of the Company.

8. Major Shareholders and other interests

8.1 As at 1 February 2017 (the latest practicable date prior to the publication of this Prospectus), the Directors were aware of the following persons who, directly or indirectly, were interested in three per cent. or more of the Company's capital or voting rights (assuming full take up of the Offer, no take up of any of the Offer by the Major Shareholders and no exercise of the Over-Allotment Option):

Person with interest	*Number of Ordinary Shares on 21 February being the latest practicable date prior to Admission*[+]	*Percentage of issued Ordinary Shares*[+]	*Number of Ordinary Shares immediately following Admission*[++]	*Percentage of issued Ordinary Shares*[++]
CF Woodford Equity Income Fund*[(1)]	13,333,333	40.4%	13,333,333	14.8%
Woodford Patient Capital Trust PLC**[(1)]	3,333,333	10.1%	3,333,333	3.7%
C Chipperton***	7,139,235	21.6%	10,497,522	11.6%
Richard Caring	2,777,778	8.4%	2,777,778	3.1%
The Elcot Fund Limited	1,388,889	4.2%	1,388,889	1.5%

[+] The figures set out in this column in the table above are exclusive of the Restricted Shares held by C Evans (directly and indirectly), C Chipperton and the ESS Shareholders (details of which are set out in paragraph 3.7 of this Part XV).

[++] The figures set out in this column in the table above are inclusive of the Restricted Shares (details of which are set out in paragraph 3.10 of this Part XV). These figures assume full take up of the Offer, no take up of any of the Offer by the Major Shareholders and no exercise of the Over-Allotment Option save that all Ordinary Shares held by the Founders and the ESS Shareholders on Admission are calculated as if the Over-Allotment Option is exercised in full consistent with their agreed percentage of the Ordinary Share capital as set out in paragraphs 3.14, 8, 17.6 and 18.1 of "Part XV – Additional Information".

* CF Woodford Equity Income Fund holds its interest through NorTrust Nominees Limited.

** Woodford Patient Capital Trust PLC holds its interest through NorTrust Nominees Limited.

*** C Chipperton holds 5,555,556 of such Ordinary Shares through Arig Risk Management JLT (a company wholly-owned and controlled by C Chipperton). In addition, C Chipperton holds 38,416,321 Ordinary Shares representing 29.6 per cent. of the Ordinary Shares in issue as at 21 February 2017, being the latest practicable date prior to Admission. 35,058,034 of his Ordinary Shares will be redesignated as Deferred Shares and 3,981,028 Ordinary Shares will be Restricted Shares calculated on the basis that the Over-Allotment Option is exercised in full immediately prior to Admission in accordance with the terms of the Restrictive Share Agreement (details of which are set out in paragraphs 3.6, 3.10 and 17.6 of this Part XV).

(1) The figures for the number of Ordinary Shares on and following Admission may change as set out in paragraph 15 of this Part XV.

8.2 Save as set out in paragraph 8.1 above, as at 1 February 2017 (the latest practicable date prior to the publication of this Prospectus), the Company was not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

8.3 Those interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company do not now, and, following the Offer and Admission, will not, have different voting rights from other holders of Ordinary Shares.

9. Pension arrangements

Save for the pension contributions pursuant to the Executive Directors' service agreements (details of which are set out in paragraph 7 of this "Part XV – Additional Information" amounting to £6,375 in aggregate and the amount of pension contribution paid for employees of the Group in the total amount of £3,124 for the financial period ended 31 March 2016, there are no pensions or other similar arrangements in place with the Directors nor are any such arrangements proposed. In addition ALS

also pays pension contributions to employee's pension funds, such contribution was in aggregate £8,310 in the financial period ended 31 March 2016.

10. Employees and property

10.1 ***Employees***

Other than the Executive Directors, the Company has had one employee since its incorporation. Details of the employment arrangements of the Executive Directors are contained at paragraph 7.7 of this "Part XV – Additional Information". The Group has 15 employees as of 2 January 2017, ten of which are located in the United Kingdom and four are located in New York. Four of the Group's employees are involved in the management of the Group, six are involved in operational and business development and five are involved in finance and office administration.

10.2 ***Property***

The Company entered into an office lease on 10 March 2016 with Gladden Properties LLC in relation to office premises in New York City (the "**Lease**"). The term of the Lease is approximately 5 years (commencing on 21 March 2016 and ending 31 May 2021). Pursuant to the terms of the Lease, the Company agreed to pay annual fixed rent in the amount of $523,315 (to be increased to $550,290 on the third anniversary of the commencement of the Lease term), and to pay fixed escalation rent in the amount of $8,082.50 from the first anniversary of the commencement of the Lease term that increases each anniversary thereafter, up to $32,370 on the fourth anniversary. The annual fixed rent and fixed escalation rent are payable in equal monthly installments in advance. The Company's obligation under the Lease is guaranteed by an irrevocable and transferable letter of credit in the amount of $261,657.50, which is subject to a reduction in the event Tenant's assets under management are at least $300,000,000.

On 22 March 2016 the Company assigned the Lease to Arix US. Pursuant to the terms of the Lease, Arix US and the Company will be jointly and severally liable under the Lease.

The Company also entered into an office lease on 10 May 2016 with Berkeley Square Holdings Ltd in relation to office premises in London (the "**London Lease**"). The term of the lease is 5 years (commencing on 10 May 2016 and ending 9 May 2021). Pursuant to the terms of the London Lease, the Company has agreed to pay the yearly sum of £248,850 by equal quarterly instalments. The first instalment or a proportion (calculated on a daily basis) is in respect of the period beginning on 10 November 2016 and ending on the day immediately preceding the next quarter day to be paid on or before 10 November 2016.

No Group Company owns any other premises (whether leasehold or freehold).

11. Related party transactions

Save as described in paragraph 2.3.3 of "Part VIII – Operating and Financial Review", paragraph 25 of Section B: Historical Financial Information on Arix Holdings Group and paragraph 22 of Section D: Historical Financial Information on ALS of "Part X – Historical Financial Information", paragraph 11 of "Part XI, Section A: Financial Information relating to Arix Holdings Group" and paragraph 7 of "Part XI, Section B: Financial Information relating to Arthurian Life Sciences Limited" and this paragraph 11 of this "Part XV – Additional Information" of this Prospectus, there are no related party transactions between the Company or members of the Group that were entered into in the period during the financial years ended 2014, 2015 and 2016 and during the period between 1 April 2016 and 1 February 2017 (the latest practicable date prior to the publication of this Prospectus).

12. Working capital

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

13. Significant change

Apart from:

- on 12 December 2016, a further US$1.25 million was drawn down by BioMotiv LLC, in line with the subscription agreement; BioMotiv intends to use the proceeds to fund three new investments in its portfolio. As at 31 December 2016 a total of US$3.75 million had been drawn; and
- on 13 December 2016, a further €310,000 was paid to Depixus SAS, after the company achieved its first pre-agreed technical milestones, in line with the subscription and shareholder agreement. As at 31 December 2016 total funding of €930,000 had been paid,

there has been no significant change in the trading or financial position of the Group since 30 September 2016, being the date as at which the financial information contained in "Part XI Unaudited financial information for the six months ended 30 September 2016" has been prepared.

14. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the financial position or profitability of the Group.

15. City Code

The City Code is issued and administered by the Takeover Panel. The Takeover Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC) (the "**Directive**"). Following the implementation of the Directive by the Takeovers Directive (Interim Implementation) Regulations 2006, the rules in the City Code which are derived from the Directive now have a statutory basis.

The City Code applies to all takeovers and merger transactions, however effected, where, *inter alia*, the offeree company is a public company which has its registered office in the United Kingdom, the Isle of Man or the Channel Islands, if the company has its securities admitted to trading on a regulated market in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man. The City Code will therefore apply to the Company from Admission and its Shareholders will be entitled to the protection afforded by the City Code.

Under Rule 9 of the City Code, where: (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the City Code; or (ii) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. but not more than 50 per cent. of the voting rights of such a company, if such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, except with the consent of the Takeover Panel, he, and any person acting in concert with him, must make a general offer in cash to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by him and his concert party.

Save where the Takeover Panel permits otherwise, an offer under Rule 9 of the City Code must be in cash and at the highest price paid within the 12 months prior to the announcement of the offer for any shares in the company by the person required to make the offer or any person acting in concert with him. Offers for different classes of equity share capital must be comparable. The Takeover Panel should be consulted in advance in such cases.

A fund manager will be presumed to be acting in concert with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts unless the contrary can be established (the Category 4 Presumption). Under the Category 4 Presumption, CF Woodford Equity Income Fund and Woodford Patient Capital Trust PLC should each be presumed to be acting in concert with Woodford Investment Management

Ltd. On 21 February 2017, being the latest practicable date prior to Admission, CF Woodford Equity Income Fund and Woodford Patient Capital Trust PLC shall hold in aggregate 16,666,666 Ordinary Shares representing 50.5 per cent. of the Ordinary Shares. Each of CF Woodford Equity Income Fund, Woodford Patient Capital Trust PLC any any other entity, acting in concert with Woodford Investment Management Ltd under the Category 4 Presumption (a "**Woodford Fund**") may also subscribe for New Ordinary Shares in the Offer up to a maximum of 14,492,753 Ordinary Shares. Following the Offer and at Admission it is expected that CF Woodford Equity Income Fund, Woodford Patient Capital Trust PLC and any other Woodford Fund will hold in aggregate up to a maximum of 31,159,419 Ordinary Shares representing 34.6 per cent. of the Ordinary Shares (assuming full take-up of the Offer and no exercise of the Over-Allotment Option save that all Ordinary Shares held by the Founders and the ESS Shareholders on Admission are calculated as if the Over-Allotment Option is exercised in full consistent with their agreed percentage of the Ordinary Share capital as set out in paragraphs 3.14, 8, 17.6 and 18.1 of "Part XV – Additional Information").

The Takeover Panel has agreed based on information provided by the Company that any dilution in the shareholding of CF Woodford Equity Income Fund and Woodford Patient Capital Trust PLC in the Offer and subsequent increase in the aggregate shareholding of CF Woodford Equity Income Fund, Woodford Patient Capital Trust plc and any Woodford Fund as a result of the subscription for New Ordinary Shares in the Offer will not trigger an obligation to make a mandatory offer to the other holders of Ordinary Shares because the aggregate percentage shareholding of CF Woodford Equity Income Fund, Woodford Patient Capital Trust PLC and any Woodford Fund will be diluted following Admission as a result of the issue of the New Ordinary Shares in the Offer.

In connection with the Offer the Company has granted to the Stabilisation Manager an Over-Allotment Option which may be exercised during the Stabilisation Period and if it is so exercised then it will have the effect of further diluting CF Woodford Equity Income Fund, Woodford Patient Capital Trust PLC and any Woodford Fund to not less than 32.0 per cent. (assuming full exercise of the Over-Allotment Option and that the WIM Funds and any Woodford Fund will hold the maximum aggregate amount of 34.6 per cent. on Admission). Further details of the Over-Allotment Option and stabilisation are described in paragraph 7 of "Part XIII – Details of the Offer".

Further, in the event that the Over-Allotment Option is not exercised (or not exercised in full) then certain of the Ordinary Shares held by the Founders and ESS Shareholders will be delisted and become Deferred Shares which will result in CF Woodford Equity Income Fund, Woodford Patient Capital Trust PLC and any Woodford Fund increasing their percentage holding of the Ordinary Shares following Admission to an aggregate maximum of 35.0 per cent. of the Ordinary Shares (assuming the WIM Funds and any Woodford Fund will hold the maximum amount of 34.6 per cent. on Admission). The Takeover Panel has agreed that such an increase will not require CF Woodford Equity Income Fund, Woodford Patient Capital Trust PLC, any Woodford Fund or Woodford Investment Management Ltd. to make a general offer under Rule 9 of the City Code.

Under the Companies Act, if pursuant to a takeover offer an offeror were to acquire 90 per cent. of the Ordinary Shares the subject of the takeover offer within four months of making the offer, it could then, subject to satisfying certain other requirements, compulsorily acquire the remaining ten per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

The Companies Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can require the offeror to acquire his shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the

acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

16. The Disclosure and Transparency Rules

From Admission and for so long as the Company has any of its share capital admitted to trading on the Main Market of the London Stock Exchange, or any successor market or any other market operated by the London Stock Exchange, every Shareholder must comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules (as amended and varied from time to time) of the FCA Handbook.

Under the Disclosure and Transparency Rules, a Shareholder is required to notify the Company of the percentage of its voting rights if the percentage of voting rights which he holds (directly or indirectly) reaches, exceeds or falls below three per cent. and each one per cent. threshold thereafter up to 100 per cent. The notification must be made within four trading days of the Shareholder learning of the acquisition or disposal leading to the increase or decrease in his shareholding.

Shareholders are urged to consider their notification and disclosure obligations carefully as a failure to make the required disclosure to the Company may result in disenfranchisement.

17. Material contracts

As well as the Directors' service contracts and letters of appointment summarised at paragraph 7.3 of this "Part XV – Additional Information", the following are all the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company or Arix Holdings since their respective incorporation and for the rest of the Group for the last two years which: (a) are, or may be, material; or (b) contain obligations or entitlements which are, or may be, material to the Company, Arix Holdings or the Group as a whole as at the date of this Prospectus.

The Company

17.1 ***Share purchase agreement in relation to Arthurian Life Sciences Limited and Arthurian Life Sciences SPV GP Limited***

The Company entered into a conditional share purchase agreement on 21 December 2015 with C Evans and C Chipperton (together, the "**Sellers**") in relation to the purchase of the entire issued share capital in each of (i) Arthurian Life Sciences Limited, the company which is the alternative investment fund manager of the Wales Life Sciences Investment Fund; and (ii) Arthurian Life Sciences SPV GP Limited, the company being the general partner of the Wales Life Sciences Investment Fund L.P. constituting the Wales Life Sciences Investment Fund (the "**ALS Purchase Agreement**"). The completion of the ALS Purchase Agreement was conditional on the following conditions being satisfied:

(a) consent for change of control to be given by Finance Wales Investments (9) Limited (a special purpose company incorporated and owned by the Welsh Ministers which is the limited partner in the Wales Life Sciences Investment Fund) under the terms of the limited partnership agreement and the management agreement (as described more particularly in section 17.19B of "Part XV – Additional Information" of this Prospectus) each dated 28 February 2013 and governing the operation of the Wales Life Sciences Investment Fund L.P. (the "**Holding Fund Consent**");

(b) a private placing of Ordinary Shares for an aggregate placing price of no less than £3 million (the "**Placing**"); and

(c) receipt of a letter of no objection by the FCA to the change in control of Arthurian Life Sciences Limited (a regulated entity under FSMA) under section 178 of FSMA, or the expiry of the 60 working days statutory period from the date of application for such consent without the FCA raising further enquiries or refusing consent (the "**FCA Approval**").

In advance of the Offer, the Holding Fund Consent was granted on 19 February 2016 for the ALS Purchase Agreement.

The Placing condition was satisfied on 8 February 2016 when the Company entered into the Subscription and Shareholders Agreement further details of which are set out at paragraph 17.5 of this "Part XV – Additional Information".

The FCA Approval was granted on 20 June 2016 and the ALS Purchase Agreement was completed on 8 July 2016.

The ALS Purchase Agreement contains, among other things, the following provisions:

(a) the consideration for the shares in Arthurian Life Sciences Limited being £891,331 (payable on demand) and for the shares in Arthurian Life Sciences SPV GP Limited being £100;

(b) the Sellers each gave warranties to the Company in relation to the business, undertakings, taxation and share capital of Arthurian Life Sciences Limited and Arthurian Life Sciences SPV GP Limited as would be considered appropriate in relation to a similar transaction effected between a third party buyer and seller at arm's length;

(c) the Sellers each agreed to indemnify the Company (jointly and severally) in relation to all liabilities suffered by the Company in connection with the respective roles of each of Arthurian Life Sciences Limited and Arthurian Life Sciences SPV GP Limited in the Wales Life Sciences Investment Fund prior to the completion of the ALS Purchase Agreement as the investment manager of the Wales Life Sciences Investment Fund;

(d) the Sellers' liability is restricted to the amount of the consideration they each received;

(e) the Sellers agreed to procure that the business of Arthurian Life Sciences Limited and Arthurian Life Sciences SPV GP Limited would be conducted without change (unless approved by the Company) in the period between the date and the completion of the ALS Purchase Agreement;

(f) the ALS Purchase Agreement would terminate automatically if FCA Consent has not been given by the day falling 120 days after the date of the ALS Purchase Agreement, unless otherwise agreed by the parties. The parties agreed to extend this longstop date to 31 December 2016 by a deed dated 6 April 2016.

17.2 ***Call Option Agreement***

Given the possibility that the Company does not acquire the shares in Arthurian Life Sciences Limited having not received the regulatory approval of the FCA pursuant to the ALS Purchase Agreement, the Company entered into a call option agreement on 21 December 2015 with Arthurian Life Sciences Limited, as the limited partner of Arthurian Life Sciences Carried Interest Partner L.P (the "**Carry Partnership**") in order to ensure that nevertheless the Company acquires the partnership interest of Arthurian Life Sciences Limited representing the right to receive the carried interest in the Wales Life Sciences Investment Fund (the "**Call Option Agreement**").

The Call Option Agreement contains, among other things, the following provisions:

(a) Arthurian Life Sciences Limited granted an option to the Company to purchase its rights and obligations in the Carry Partnership (the "**Option**");

(b) the Option will become exercisable on the termination of the ALS Purchase Agreement as a result of which the Company will be prevented from acquiring the shares in Arthurian Life Sciences Limited;

(c) the price payable upon the exercise of the Option by the Company for the partnership interest in the Carry Partnership is £891,331;

(d) Arthurian Life Sciences Limited undertakes not to sell, transfer, dispose, encumber or deal with the partnership interest in the Carry Partnership at any time during the term of the Call Option Agreement; and

(e) the Call Option Agreement has terminated automatically and the Option has lapsed with immediate effect on the date of completion of ALS Purchase Agreement.

The Call Option Agreement terminated automatically on 8 July 2016 upon completion of the ALS Purchase Agreement.

17.3 ***Share purchase agreement in relation to Arthurian Life Sciences GP Limited***

The Company entered into a share purchase agreement with C Evans and C Chipperton on 21 December 2015 in relation to the purchase of 100 ordinary shares of £1.00 each in (and representing the entire issued share capital of) Arthurian Life Sciences GP Limited (the "**ALS GP**"), a company which is the general partner in the Carry Partnership (the "**ALS GP Purchase Agreement**"). Pursuant to the ALS GP Purchase Agreement, the Company paid as consideration £100 in aggregate in cash to C Evans and C Chipperton. The ALS GP Purchase Agreement was completed on 21 December 2015 when ALS GP became a wholly-owned subsidiary of the Company.

17.4 ***Tax Indemnity***

The Sellers (as such term is defined at paragraph 17.1 of this "Part XV – Additional Information" in relation to the ALS Purchase Agreement) entered into a tax indemnity deed with the Company on 21 December 2015 (the "**Tax Indemnity**"). The purpose of the Tax Indemnity is to indemnify the Company against any potential tax liability resulting from the subscription for Ordinary Shares, the sale of the shares in Arthurian Life Sciences Limited and the transfer of partnership interest pursuant to the Call Option Agreement in each case by the Sellers.

The Tax Indemnity contains, among other things, the following provisions:

(a) the Sellers irrevocably undertake to pay the Company (and any relevant Group Company) on an after tax basis, the amount of any tax liability relating to the issue and allotment of their Ordinary Shares, or which the Company or any Group Company is required to pay in relation to the relevant transfer of any assets or rights including without limitation the acquisition by the Company of the shares in Arix Holdings Limited, the transfer of the shares in Arthurian Life Sciences Limited to the Company, the transfer of shares in Arthurian Life Sciences SPV GP Limited to the Company;

(b) if the Sellers do not fulfill their obligations under the Tax Indemnity, the Company (or any Group Company) has the right to withhold the amount of the relevant tax liability from any payment due from the Company (or any Group Company) on or after the date on which the tax liability arose to the Sellers.

17.5 ***Subscription and shareholders' agreement***

The Company entered into a subscription and shareholders' agreement with CF Woodford Equity Income Fund, Woodford Patient Capital Trust PLC (together, referred to as "**Woodford**"), Arig Risk Management JLT, Richard Caring, Rathbone Investment Management Limited, Elcot Fund Limited, Jonathan Peacock and Joseph Anderson (each an "**Pre-IPO Investor**" and together the "**Pre-IPO Investors**") and the existing Shareholders (the "**Subscription Agreement**"). Pursuant to the Subscription Agreement the Investors subscribed for 27,805,556 Series B Shares in aggregate for a total of £50.05 million subscription price and the parties regulated their relationship as shareholders of the Company.

The Subscription Agreement contains, among other things, the following provisions:

(a) new articles of association of the Company was agreed to be adopted concurrently with entering into the Subscription Agreement pursuant to which;

  (i) the holders of the Series B Shares would exercise their voting rights as one class with the holders of the Ordinary Shares;

  (ii) the Series B Shares would automatically convert into Ordinary Shares on completion of an initial public offering on or before 30 July 2016 in which the net aggregate subscription amount in respect of new Ordinary Shares issued at the time of such initial public offering is not less than £200 million; or a private placing which is deemed to be a qualifying private placing by written consent of a holders of at least 75 per cent. of Series B Shares from time to time (together, the "**Qualifying IPO**") ; and

  (iii) the Series B Shares would have anti-dilution protection rights if new Series B Shares are issued by the Company at a subscription price of less than £1.80 at any time prior to a Qualifying IPO, then the Company shall, unless and to the extent that Woodford shall have waived its rights, issue to Woodford pro rata to its holdings, the aggregate number

of new Series B Shares as determined by the application of an anti-dilution formula set out in the agreement;

(b) the Founders have anti-dilution protections so that they would together hold 12 per cent. of the Ordinary Shares of the Company's Ordinary Share capital as at Admission (divided between C Evans as to 1.2 per cent., Ectoplasm Limited as to 6 per cent. and C Chipperton 4.8 per cent.);

(c) the Company may, until 30 July 2016 (unless Woodford otherwise agrees) to issue and allot additional Series B Shares up to in aggregate £250 million subscription price subject to any subscribers having entered into a deed of adherence;

(d) C Evans and C Chipperton agreed to indemnify the Company and any of the subsidiaries for any employment-related tax that becomes payable by the Company or any subsidiary by reference to any of his group shares or securities acquired pursuant to a tax indemnity dated 21 December between C Evans, C Chipperton and the Company. Their aggregate liability is limited to the higher of £30 million or 50 per cent. of the aggregate amount of investment pursuant to the Subscription Agreement in case of the Company, and an amount of £375,000 in case of C Evans and C Chipperton;

(e) as long as Woodford holds at least 5 per cent. of the equity shares in issue in the Company, it has the right to appoint and maintain in office a director of the Company;

(f) the Company agreed not to effect certain matters without the prior consent of Woodford, including amongst others, the alteration of the articles of association of the Company, creation and issue of any securities; and

(g) C Evans and C Chipperton agreed to comply with certain restrictive covenants in relation to competition with the business of the Group for a period of 12 months following the date of Admission.

Pursuant to subscription letters with the Company entered into on 15 April 2016, Daniel V. Tierney 2011 Trust subscribed for 777,777 Series B Shares in the capital of the Company at a subscription price of £1.80 per share and Serenity Investment LLC subscribed for 333,333 Series B Shares in the capital of the Company at a subscription price of £1.80 per share for a total amount of £2.0 million, pursuant to which each of Daniel V. Tierney 2011 Trust and Serenity Investments LLC entered into deeds of adherence to the Subscription Agreement.

On 2 February 2017 the parties to the Subscription and Shareholders' Agreement entered into a deed of termination pursuant to which they confirmed the termination of that agreement as at Admission, consented to Admission constituting a "Qualifying IPO" for the purposes of that agreement and waived some of their respective anti-dilution protection rights.

17.6 ***Restrictive Share Agreement***

The Company entered into a Restrictive Share Agreement on 8 February 2016 with the Founders and the ESS Shareholders. Pursuant to the Restrictive Share Agreement, the Founders and the ESS Shareholders each undertook not to exercise the rights attaching to their Restricted Shares. The Restrictive Share Agreement was amended by a deed on 2 February 2017 with effect from Admission.

The Restrictive Share Agreement, as amended, contains, among other things, the following provisions:

(a) Until and unless the Restricted Shares (or any of them) are released from their respective undertakings the Founders and the ESS Shareholders agreed to disenfranchise their Restricted Shares. Accordingly, the Founders and the ESS Shareholders agreed: (i) not to dispose of their Restricted Shares; (ii) not to exercise any of the voting rights attaching to their Restricted Shares; and (iii) to renounce all rights attaching to the Restricted Shares to receive any dividend or any other distribution on liquidation or return of capital.

(b) If at any time during the period between the date of the Restricted Share Agreement and the date when the Company receives a net aggregate subscription amount of £49.5 million following the issue of further Series B Shares, the Company will release the Founders and the Employee Shareholders from their respective restrictions under the Restrictive Share

Agreement in relation to some of the Restricted Shares so as to maintain their requisite unrestricted pro-rata percentage shareholding in the Company;

(c) The Founders agreed that on Admission all Restricted Shares which are not Incentive Shares or Withheld Founders Shares (as these terms are defined below in this paragraph) would be re-designated as Deferred Shares so as the aggregate number of Ordinary Shares held by the Founders which are not Restricted Shares represent 2.33 per cent. of the Company's issued ordinary share capital immediately following Admission (including any Ordinary Shares which may be issued pursuant to the exercise of the Over-Allotment Option).

(d) The Company agreed that the Founders would be released from their undertakings under the Restrictive Share Agreement in relation to such number of Restricted Shares as represent in aggregate 4.66 per cent. of the fully diluted ordinary share capital of the Company immediately following Admission (assuming full take-up of the Offer and including any Ordinary Shares which may be issued pursuant to the exercise of the Over-Allotment Option) (the "**Withheld Founders Shares**") in two equal proportions on the first and second anniversary of Admission as set out in the table below. The figures will be adjusted as soon as practicable after the end of the Stabilisation Period in proportion to the number of Ordinary Shares issued pursuant to the exercise of the Over-Allotment Option so that it will represent 4.66 per cent. in aggregate of the Ordinary Shares in issue at that time and if the Over-Allotment Option is not exercised in full, will be reduced by redesignating the relevant number of Ordinary Shares as Deferred Shares, which will be delisted as soon as practicable following the end of the Stabilisation Period.

	No. of Restricted Shares to be released	
Founder	*First anniversary*	*Second anniversary*
C Evans	240,235	240,235
Ectoplasm Limited	1,201,173	1,201,173
C Chipperton	960,938	960,939

(e) The Company agreed that the Founders' would be released from their undertakings under the Restrictive Share Agreement in relation to a number of their Restricted Shares equal to the number of Incentive Shares according to the rules of the Founders' Incentive Arrangement, details of which are set out in paragraph 18.1 of this "Part XV – Additional Information". It was agreed that the total number of Incentive Shares will represent 5 per cent. of the entire issued ordinary share capital of the Company on a fully diluted basis on Admission (including any Ordinary Shares which may be issued pursuant to the exercise of the Over-Allotment Option).

On 15 April 2016 the Company released the Founders and the ESS Holders from their undertakings pursuant to the Restrictive Share Agreement in relation to an aggregate number of 156,642 Ordinary Shares following the issue of new Series B Shares to investors that day as evidenced by a letter dated 7 June 2016 from the Company (details of which are set out in paragraph 3.6 of this "Part XV – Additional Information").

17.7 ***Consultancy agreement between the Company and Martin Charles Walton***

The Company entered into a consultancy agreement on 8 February 2016 with Martin Charles Walton (the "**MW Consultancy Agreement**") pursuant to which the Company agreed to pay a fee of £1,351 per day to Martin Charles Walton. Under the MW Consultancy Agreement, the services to be provided by Martin Charles Walton included agreeing to use his best endeavours to promote the interests of the Company and its group companies, to be available for up to 2.5 days per week, to provide assistance relating to any and all duties associated with memoranda of agreements with universities and the process of listing the Company as directed by the CEO. The MW Consultancy Agreement may be terminated by either party giving to the other not less than 2 weeks' written notice. The MW Consultancy Agreement may be terminated by the Company with immediate effect and with no liability to make any further payment (other than in respect of any accrued fees or expenses). Martin Charles Walton is not required to provide the services exclusively to the Company.

17.8 ***Consultancy agreement between the Company and Christopher Chipperton dated 17 September 2015***

The Company entered into a consultancy agreement on 17 September 2015 with C Chipperton (the "CC Consultancy Agreement") pursuant to which the Company agreed to pay a fee of £35,000 per month to C Chipperton. Under the CC Consultancy Agreement, the services to be provided by C Chipperton included agreeing to use his best endeavours to promote the interests of the Company and its group companies, to provide advisory and complementary services to the Company specifically with respect to investment sources and business opportunities in the Middle East and Far East, provide assistance with respect and key opinion leaders, to promote the Company to potential investors in the Middle East and Far East and provide assistance in negotiating transactions and partnership agreements in the countries of the GCC. The CC Consultancy Agreement may be terminated by the Company on a one month's notice and by the Consultant on a 12 months' notice. The CC Consultancy Agreement includes post-termination restrictive covenants by C Chipperton for 12 months following its termination. This agreement was terminated by a deed of termination dated 17 February 2016.

17.9 ***Strategic agreement between the Company and BioMotiv, LLC and subscription agreement between BioMotiv and Arix US dated 31 December 2015***

The Company and BioMotiv entered into a strategic agreement and a subscription agreement dated 31 December 2015. Pursuant to the subscription agreement between BioMotiv and Arix US, Arix US acquired 2,500 Class A Units of BioMotiv for up to US$25 million in aggregate of which Arix US paid US$2.5 million. BioMotiv may draw down from the remaining $22.5 million subscription price as required having demonstrated to Arix US and the Company a need for cash to support BioMotiv's operating expenses. If Arix US does not pay any drawdown, BioMotiv may reduce the Class A Units held by the Company proportionately to the unpaid amount. In addition, non-payment will constitute a default under the Strategic Agreement and may result in its termination unless remedied within 90 days from BioMotiv giving notice to require such remedy.

Pursuant to the strategic agreement, during its term, the Company is a partner to BioMotiv, with an exclusive right to invest in certain projects in which BioMotiv is involved. Accordingly, no third party shall receive more favourable information rights, advisory board rights and co-investment rights. BioMotiv may grant co-investment rights to others pursuant to any Future Strategic Agreement approved by the Company.

17.10 ***Facility letter between the Company and HSBC Bank Plc ("HSBC") and charge dated 17 March 2016***

The Company entered into a facility letter (including bank guarantees) with HSBC in relation to a total amount of $261,658 for the purposes of providing the letter of credit to the landlord pursuant to the Lease (further details of which are set out in paragraph 10.2 of this "Part XV – Additional Information"). The Company granted as security a charge over the cash deposits made by the Company to HSBC. Pursuant to the facility letter the Company undertook, amongst others, not to create any encumbrance over all of part of its assets or revenues. No amount has been drawn down by the Company under the facility agreement.

17.11 ***Engagement letters***

On 23 November 2015, the Company entered into an engagement letter with WG Partners LLP ("**WG Partners**" or "**Placing Agent**") to act as a placing agent for the Company in relation to a private placement, such engagement to terminate upon the full payment by the Company to WG Partners of the fees following the completion of such placing. The Company agreed to pay 3 per cent. of the gross proceeds of the placing as commission to WG Partners save in relation to those proceeds from specific investors introduced by the Company. The engagement letter was superseded by an engagement letter dated 18 April 2016 pursuant to which consideration for the appointment of WG Partners as a placing agent in relation to the Offer, WG Partners may be paid commission of 0.5 per cent. of the gross proceeds of the Offer (excluding any paid by Woodford Investment Management and Temasek Holdings) at the absolute discretion of the Board. The engagement terminates upon receipt by WG Partners of full payment of the fees following completion of the Placing.

A further amendment was effected by a letter on 7 June 2016 pursuant to which the Company agreed to pay WG Partners a commission of 0.6 per cent. of the aggregate gross proceeds of the

Placing of the New Ordinary Shares excluding those subscribed by Woodford Investment Management and Temasek Holdings, such commission being part of the commission payable by the Company to the Bookrunner under the Placing Agreement (see paragraph 17.12 below).

On 18 January 2017, a second addendum was made to the engagement letter dated 18 April 2016. The Company agreed to pay WG Partners a commission of 0.6 per cent. of the aggregate gross proceeds of the placing excluding any proceeds resulting from investments made by Woodford Investment Management (or any of its affiliates) and Temasek Holdings. In addition, WG Partners will be eligible, at the Company's discretion, to receive a commission of up to 1.5 per cent. of the aggregate gross proceeds of the placing. WG Partners will also receive a commission of 4.5 per cent. on the gross proceeds of the placing resulting from investments made by certain third parties. In the event that there are any introducer fees payable to third parties by the Company in relation to certain third parties, such introducer fees will be deducted from the 4.5 per cent. commission payable to WG Partners (and to the extent that WG Partners is in receipt of that amount repaid by them to the Company) and will be paid to the introducers directly by the Company.

17.12 ***Placing Agreement***

The Company has entered into an Placing Agreement dated 2 February 2017 amongst the Company, the Directors, and the Bookrunner, pursuant to which, subject to certain conditions, the Bookrunner has agreed to use reasonable endeavours to procure subscribers for the New Ordinary Shares and the Bookrunner has agreed to underwrite the settlement risks in relation to the New Ordinary Shares for which it procured subscribers.

The Placing Agreement contains, among other things, the following provisions:

(a) The Company has appointed the Bookrunner as placing agent to the Offer.

(b) The Company and the Directors have given certain customary representations, warranties and undertakings to the Bookrunner including, among others, warranties in relation to the information contained in this Prospectus and other documents prepared by the Company in connection with the Offer and the Company. In addition, the Company has agreed to indemnify the Bookrunner against certain liabilities, including in respect of the accuracy of information contained in this Prospectus, losses arising from a breach of the Placing Agreement and certain other losses suffered or incurred in connection with the Offer. The liability of the Company under the Placing Agreement is unlimited as to time and amount. The liability of the Directors under the Placing Agreement is limited as to time and amount, save that such limitations will not apply in relation to any claim arising from fraud or willful default of the relevant Director.

(c) The Company, subject to certain exceptions, has agreed to pay the Bookrunner a commission of 3 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of New Ordinary Shares subscribed for by Investors (excluding the Investors referred to in the side letter between the Company and WG Partners in paragraph 17.11.1 above), such amount to include the commission payable by the Company to the Placing Agent pursuant to the WG Partners engagement letter but excluding the commission payable by the Company to WG Partners pursuant to the side letter dated 7 June 2016 (further details of which are set out in paragraph 17.11 of this "Part XV – Additional Information"). The Company may also pay the Bookrunner a discretionary incentive commission of up to 1.5 per cent. of an amount equal to the Offer Price multiplied by the aggregate number of New Ordinary Shares subscribed for by Investors including any discretionary commission the Company may agree to pay WG Partners. Further, the Company shall also pay the Bookrunner a corporate finance fee of £1,000,000 conditional on (i) the Offer Price times the aggregate number of New Ordinary Shares (less the total amount of costs of the Offer and Admission payable by the Company) being in excess of £100 million (the "**Hurdle**"), and (ii) on Admission. In the event the Hurdle is not achieved, then the Company may in its absolute discretion waive the Hurdle condition and decide to pay a corporate finance fee to the Bookrunner of such an amount (plus VAT) as the Company shall determine not exceeding £1,000,000. Finally, subject to certain conditions relating to the Over-Allotment Option having been satisfied or waived, the Company shall pay, on the closing date of the Over-Allotment Option (if any) to the Stabilising Manager commission of 3 per cent. of the amount equal to the product of (i) the Offer Price, and (ii) the aggregate number of New Ordinary Shares issued pursuant to the Over-

Allotment Option to be issued on that date by the Company. The Bookrunner has agreed to pay certain commissions due to the Intermediaries and the Intermediary Offer Adviser out of commissions payable under the Placing Agreement. The Company shall pay any VAT which is payable on such payments. The Bookrunner will not be paid a commission in respect of the New Ordinary Shares placed with the investors specified in the letters among the Company, WG Partners and the Bookrunner dated 7 June 2016 and 18 January 2017.

(d) The obligation of the Company to issue the New Ordinary Shares and the obligation of the Bookrunner to use reasonable endeavours to procure subscribers for the New Ordinary Shares are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others, that Admission occurs not later than 8.00 a.m. on 22 February 2017 or such later date as the Company and the Bookrunner may agree, not being later than close of business on 23 March 2017.

(e) The Placing Agreement entitles the Bookrunner to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If is right is exercised, the Offer and these arrangements will lapse and any monies received in respect of the Offer will be returned to applicants without interest.

(f) The Company has undertaken to pay or cause to be paid (together with any amounts in respect of applicable VAT), certain costs, charges, fees and expenses relating to the Offer. In addition, the Company has, in certain circumstances and subject to certain exemptions, agreed to pay to and reimburse the Bookrunner in respect of all reasonable costs and expenses incurred by the Bookrunner in connection with the Offer.

(g) The Company has undertaken not to issue (subject to certain exemptions) Ordinary Shares for a period of 180 days following the date of the Placing Agreement.

17.13 ***Lock-up arrangements***

Directors

Pursuant to the Placing Agreement, each of the Directors has agreed that they shall not, without the prior written consent of the Bookrunner, offer, sell, contract to sell, pledge or otherwise dispose of any Ordinary Shares which they hold directly or indirectly in the Company for a period commencing on the date of the Placing Agreement and ending and ending 365 days after Admission. Subject to certain exemptions, the Company has agreed to not issue any new Ordinary Shares during a 180-day period following the date of the Placing Agreement.

The restrictions on the ability of the Directors to transfer their Ordinary Shares are subject to certain usual and customary exceptions and exceptions for: transfers for estate planning purposes; transfers to trusts (including any direct or indirect wholly-owned subsidiary of such trusts) for the benefit of the Directors or their families; transfers to any direct or indirect subsidiary of the Company, a target company or shareholders of a target company; transfers of any Ordinary Shares acquired after the date of Admission in an open market transaction; the acceptance of, or provision of, an irrevocable undertaking to accept a general offer made to all Shareholders on equal terms; and transfers to satisfy certain tax liabilities in connection with, or as a result of transactions related to, completion of the Offer.

Shareholders

Woodford Patient Capital Trust PLC, CF Woodford Equity Income Fund, Rathbone Nominees Limited, C Chipperton, Arig Risk Management JLT, Ectoplasm Limited, Serenity Investments LLC, Daniel V. Tierney 2011 Trust, PAL Trustees Limited and the ESS Shareholders have also entered into lock-up arrangements pursuant to the terms of a Lock-Up Deed whereby they have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of any of their interests (for a period commencing on the date of Admission and ending on (a) the date that is 180 days from the date of Admission (in respect of Woodford Patient Capital Trust PLC, CF Woodford Equity Income Fund, Rathbone Nominees Limited, Serenity Investments LLC, and Daniel V. Tierney 2011 Trust only) and 365 days from the date of Admission (in respect of C Chipperton, Arig Risk Management JLT, Ectoplasm Limited, PAL Trustees Limited and the ESS Shareholders), or (b) such earlier date as agreed in writing by the Company and/or the Bookrunner) (the "**Lock-Up Period**") and further will not affect any disposal of any of their interests in (i) all or any Ordinary Shares which are legally or beneficially owned by them at

Admission, and (ii) all or any Ordinary Shares which are allotted or issued to them pursuant to any capital reorganisation (including, for the avoidance of doubt, by way of capitalisation of profits or any capital or reserve account of the Company) in respect of Ordinary Shares beneficially owned, held or controlled by them on Admission. This lock-up arrangement shall apply in respect of in aggregate 37,641,733 Ordinary Shares representing 41.8 per cent. of the issued Ordinary Share capital of the Company on Admission assuming full take up of the Offer, no take up of any of the Offer by any Shareholder subject to a lock-up agreement and no exercise of the Over-Allotment Option save that all Ordinary Shares held by the Founders and the ESS Shareholders on Admission are calculated as if the Over-Allotment Option is exercised in full consistent with their agreed percentage of the Ordinary Share capital as set out in paragraphs 3.14, 8, 17.6 and 18.1 of "Part XV – Additional Information".

The restrictions on the ability of such Shareholders to transfer their Ordinary Shares during the Lock-Up Period are subject to certain usual and customary exceptions for, amongst other matters, (i) any disposal notified in writing in advance to the Company and/or the Bookrunner and to which the Company and/or the Bookrunner have given their prior consent in writing, (ii) any disposal of Ordinary Shares pursuant to any offer by the Company to purchase its own Ordinary Shares which is made on identical terms to all holders of Ordinary Shares in the Company, and (iii) any disposal to an associate or associated undertaking provided such person is not a Prohibited Person under the Articles (subject, in each case, to the transferee agreeing to bound by the restrictions of the Lock-Up Deed). The lock-up arrangements for Woodford Patient Capital PLC also contains an additional exception relating to any disposal by it to a bank or lending institution by way of fixed or floating charge as security for the payment and discharge of its obligations to the relevant lending institution.

17.14 ***Registrar Agreement***

The Company and the Registrar have entered into the Registrar Agreement dated 20 June 2016 pursuant to which the Registrar has agreed to act as registrar to the Company and to provide transfer agency services and certain other administrative services to the Company in relation to its business and affairs.

The Registrar is entitled to receive a fixed annual fee for the provision of its services under the Registrar Agreement. In addition to the annual fee, the Registrar is entitled to additional fees for certain additional services that the Registrar may be required to perform and to reimbursement for all out-of-pocket expenses incurred by it in the performance of its services.

The Registrar Agreement shall continue for an initial period of one year and thereafter unless and until terminated upon written notice by either party, by giving not less than twelve months' written notice. In addition, the agreement may be terminated with immediate effect if either party (i) commits a material breach of the agreement which has not been remedied within 60 days of a notice requesting the same; (ii) goes into liquidation (except voluntary) or becomes bankrupt or insolvent; or (iii) ceases to have the appropriate authorisations to permit it to perform its obligations under the Registrar Agreement.

The Company has agreed to indemnify the Registrar against any damages, losses, costs, claims or expenses incurred by the Registrar in connection with or arising out of the Registrar's performance of its obligations in accordance with the terms of the Registrar Agreement, save to the extent that the same arises from some act of fraud, negligence or willful default on the part of the Registrar.

17.15 On 17 November 2016, the Company entered into a strategic alignment relationship letter agreement with UCB S.A. ("**UCB**"). Pursuant to the letter agreement the Company agreed to provide to UCB reasonable access to the Company's process of acquiring Group Businesses including observation of or participation in deal sourcing, deal screening, due diligence with a view to facilitate UCB's investment in such Group Businesses in therapeutic areas including fields of immunology, neurology and bone (the "**Field of Interest**"). UCB and the Company agreed to establish a joint advisory committee to facilitate such cooperation. The Company agreed that it would not enter into an agreement similar to the agreement with UCB with any other person whose field of strategic interest overlaps or coincides with the Field of Interest. UCB acknowledged that as a result of such cooperation it may obtain price sensitive information and

therefore agreed that, for as long as it (or any of its subsidiaries) holds Ordinary Shares it would comply with the Company's share dealing code. The initial term of the letter agreement is three years (renewable annually thereafter) but it may be terminated by the Company, *inter alia*, upon a breach by UCB of certain regulatory matters or on 9 months' notice if UCB sells more than 25 per cent. of its initial shareholdings in the IPO.

Arthurian Life Sciences Limited

17.16 ***ALS' non-executive directors' letters of appointment***

Lord Hutton, Professor Marc Clement, Robert Arnold, Professor Trevor Jones and Sir John Banham were appointed as non-executive directors of ALS as from 1 July 2013 pursuant to letters of appointment the terms with an initial term of 2 years unless terminated earlier by either party giving to the other three months' prior written notice. The appointment requires the director to attend 4 quarterly board meetings and to commit an average of 3 days per quarter of marketing to potential and existing investors, site visits to investee companies, deal flow analysis, or other consultancy. Professor Marc Clement and Robert Arnold are paid an annual fee of £20,000 payable quarterly in arrears whilst Lord Hutton, Professor Trevor Jones and Sir John Banham are paid £30,000 per annum. From the period 1 July 2013 to 30 June 2014, 50 per cent. of the annual fee will be deferred and rolled up in the form of a loan, repayable in the following year when ALS is in the position of earning further fees from the additional £50 million to be raised.

All of the ALS non-executive directors have waived their rights to interest in the general partners' carried interest pursuant to a waiver letter dated January 2016.

17.17 ***Consultancy agreement between Arthurian Life Sciences Limited and Merlin Scientific LLP ("Merlin")***

Arthurian Life Sciences Limited entered into a consultancy agreement on 1 April 2015 with Merlin (the "**ALS Consultancy Agreement**") pursuant to which Arthurian Life Sciences Limited agreed to pay a fee of £50,000 per month to Merlin. Merlin is controlled by C Evans. Under the ALS Consultancy Agreement, Merlin agreed to make C Evans available for the performance of the services. The ALS Consultancy Agreement may be terminated by Arthurian Life Sciences upon 3 months' notice in writing, with immediate payment of 1 month's compensation in line with the fees due over such period. The services to be provided by Merlin under the ALS Consultancy Agreement include the provision of advisory and complementary services on an international basis and assistance with respect to investors and prospective investors and analysts in relation to the Group as a whole. Merlin's engagement is not exclusive. The ALS Consultancy Agreement includes post-termination restrictive covenants by Merlin (and an obligation that C Evans will comply with the same covenants)) for 12 month period following its termination. The ALS Consultancy Agreement was terminated with effect from 31 March 2016.

In addition to the ALS Consultancy agreement above, Arthurian Life Sciences Limited is party to the Carry Option (details of which are set out in paragraph 17.19 of this "Part XV – Additional Information".

17.18 ***Consultancy agreement between Arthurian Life Sciences Limited and Martin Charles Walton***

ALS entered into a consultancy agreement on 8 February 2016 with Martin Charles Walton (the "**MW ALS Consultancy Agreement**") pursuant to which ALS agreed to pay a fee of £1,351 per day to Martin Charles Walton. Under the MW ALS Consultancy Agreement, the services to be provided by Martin Charles Walton included agreeing to use his best endeavours to promote the interests of ALS and its group companies, to be available for up to 2.5 days per week, to do any and all aspects of work needed. The MW ALS Consultancy Agreement may be terminated by either party giving to the other not less than 2 weeks' written notice. The MW ALS Consultancy Agreement may be terminated by ALS with immediate effect and with no liability to make any further payment (other than in respect of any accrued fees or expenses). Martin Charles Walton is not required to provide the services exclusively to ALS.

17.19 ***Service Agreement between Arthurian Life Sciences Limited and Excalibur Fund Managers Limited dated 8 October 2012***

Pursuant to the agreement, Excalibur Fund Managers Limited provided such operational and administrative services as ALS reasonably required on a non-exclusive basis and Excalibur Fund

Managers Limited was entitled to provide services to any third party during the term of this agreement. C Evans indirectly owns Excalibur Fund Managers Limited. The services which EFM provided to ALS include without limitation initial set up work and year end work. In consideration for the provision of services, Excalibur Fund Managers Limited was paid an initial one off fee relating to the set-up of a fund of £998,000 and an ongoing discretionary management fee. The agreement has been terminated pursuant to a deed of termination dated 21 December 2015.

17.20 ***(A) Sale of limited partnership interests of Arthurian Life Sciences Carried Interest Partner LP and transfer of shares of the general partner***

Pursuant to a deed of assignment dated 18 December 2015, Excalibur Fund Managers Limited assigned its limited partnership interests of Arthurian Life Sciences Carried Interest Partner LP to Arthurian Life Sciences Limited in consideration for the payment of £891,331 in cleared funds.

On 21 December 2015, C Evans and C Chipperton sold their shares in Arthurian Life Sciences GP Limited which constituted the general partner interests in Arthurian Life Sciences Carried Interest Partner LP in consideration for an aggregate amount of £100 payable in cash.

17.21 ***(B) Management Agreement relating to the Wales Life Sciences Investment Fund, between The Wales Life Sciences Investment Fund L.P and Arthurian Life Sciences Limited, dated 28 February 2013 (the "Management Agreement")***

Pursuant to the terms of the Management Agreement, WLSIF appointed ALS to be the manager of the WLSIF with full power and authority (i) to act as manager of the WLSIF, and (ii) as such manager, to manage the WLSIF and all of the assets of the of the WLSIF to the total exclusion of any other person.

ALS will use its best endeavours to raise an additional £50 million for investment in the WLSIF or in a parallel fund having the same general partner and/or manager and substantially the same investment operational guidelines (including but not limited to the same geographical restrictions) as the WLSIF, and may be established on such terms as agreed by (i) ALS SPV (as the general partner), and (ii) Finance Wales Investments (9) Limited, by way of written consent.

As remuneration for acting as manager of WLSIF, ALS is entitled to be paid by ALS SPV such fee as may from time to time be agreed between ALS SPV and ALS. In addition, ALS and its associates are entitled to charge, accept and retain for their own account all transaction fees, monitoring fees and non-executive directors fees.

ALS is entitled to be indemnified out of all of the assets of WLSIF against any liabilities, costs or expenses incurred in its capacity as the manager, provided that: (i) this indemnity shall not extend to any liability incurred other than in carrying out the powers and duties of ALS pursuant to the Management Agreement, and (ii) the manager shall not be so indemnified with respect to, amongst other things, its fraud, willful default, negligence, any material breach of the provisions of the Management Agreement, or any breach of the investment policy.

Termination of the Management Agreement (and the appointment of ALS as manager) shall terminate, *inter alia*, on the termination of the WLSIF or upon ALS ceasing for any reason to be authorised under FSMA.

Arix Holdings

17.22 ***Memoranda of Agreements with Universities (the "University MOAs")***

The key terms of the University MoAs (each referred to as an "MoA"), are set out below:

University of Dundee commencing on 19 April 2016

- The term of the MoA is ten years from its date which may be extended by mutual written agreement. Either party may terminate the MoA upon a material breach of its terms by the other party which remains unremedied for a period of 30 days.
- The MoA is conditional on Arix Holdings obtaining the "Minimum Funding" (as defined below). Arix Holdings shall have a maximum of 6 months from the 19 April 2016 to raise

funding in excess of £100 million ("**Minimum Funding**"). If the Minimum Funding is not obtained by 20 October 2016, the MoA will terminate. The university is not obliged to share any information with Arix Holdings until it receives written confirmation that the Minimum Funding has been obtained.

- On 5 October 2016, the parties agreed to extend the term of the agreement for a further 6 months. Arix Holdings will have a maximum of 12 months from the commencement of the agreement to raise funding in excess of £100 million from its IPO, or IPO of its parent company.
- The university will share with Arix Holdings on a "first look/first investment offer" basis information pertaining to projects in all areas of life sciences and human health research., other than in relation to project information which has been created using third party charitable or corporate funding, is subject to third party contractual rights or is jointly owned with a collaborating party.
- In consideration for sharing information, and subject to opportunities being approved, Arix Holdings will allocate £25 million to the university to invest in life science and human health commercialisation opportunities. Arix Holdings also agreed to provide a dedicated relationship manager.
- Arix Holdings will have a right of first refusal to provide financing to and/or invest in opportunities shared by the university under the terms of the MoA within 40 days from having been notified of any such opportunity. After the expiry of the 40-day period the university shall be free to seek alternative sources of funding without further recourse to Arix Holdings.
- Arix Holdings will commit to underwrite the funding requirement to be met by the proposed CURE Fund, which is a drawdown fund of £35 million over 10 years (£3.5 million per annum), and provide assistance and expertise to raise further funding for the CURE Fund as may be required. Arix Holdings, as an investor in the CURE Fund will receive a maximum 80 per cent. share of the net exploitation benefits received by the university as a result of licensing and commercialisation deals set out under the CURE Fund cost models. In addition, Arix Holdings agreed to advise the university on the structuring of the CURE Fund, assisting in obtaining investment and procure that ALS would act as its regulated fund manager.
- The parties to the MOA acknowledge that the university has an agreement with Frontier IP plc pursuant to which Frontier IP has the first right to invest into the university spin-outs. The term of that agreement will expire on 3 November 2016, and the university agreed not to extend it beyond that date.

Exeter University dated 25 November 2015 (and amended on 10 May 2016)

- The term of the MoA is 15 years. The university may terminate the MoA on notice in the event that (amongst others) a listing of the Company's shares does not complete by 31 December 2016 or in completing, fails to raise a minimum of £100 million, an insolvency event occurs, Arix Holdings materially defaults in a material provision of the MoA which if capable of being remedied is left unremedied for 3 months, the gross misconduct of Arix Holdings may in the opinion of the university cause reputational risk to it. The term of the MoA has been extended on 19 December 2016 so that it expires on the date falling 6 months after the date of admission to trading on any stock exchange and initial public offering by the Company, or a fundraising by private placing provided such fundraising occurs no later than 30 June 2017.
- Arix Holdings agrees to provide fast access to seed funding and growth capital and will provide access to its commercialisation, capital markets and scientific expertise of its team and support in the processes of trade sale or initial public offering. Subject to high quality businesses and other opportunities being approved, Arix Holdings will ring-fence £15 million of capital for investment in opportunities from the "identified portfolio" (being investment opportunities which arise from the university research projects, are approved by the university, in the opinion of the university, unencumbered and may be suitable for commercialisation and in which the university has a material and direct interest). Such

capital could come from any funds available to Arix Holdings but it is intended that the balance sheet of Arix Bioscience will be the primary source.

- The university agrees to identify new technologies, intellectual property or other university investment opportunities which arise from its research projects which in the opinion of the university are unencumbered and may be suitable to take to commercialisation either as potential equity investments or proof of concept opportunities in which the university has a material and direct interest in the commercialisation.
- The university agrees to grant Arix Holdings a 30-day exclusivity period in respect of each specific opportunity presented by it.

University Agreement with King's College, London dated 30 October 2015 as amended and restated on 29 June 2016

- The term of the MoA is 12 years. The university may terminate the MoA on notice in the event that (amongst others) a listing of the Company's shares does not complete by 31 December 2016 or in completing, fails to raise a minimum of £100 million, the value of capital available to the Group falls below £100 million, an insolvency event occurs, Arix Holdings materially defaults in a material provision of the MoA which if capable of being remedied is left unremedied for 3 months, the gross misconduct of Arix Holdings may in the opinion of the university cause reputational risk to it.
- Arix Holdings agrees to provide fast access to seed funding and growth capital and will provide access to its commercialisation, capital markets and scientific expertise of its team and support in the processes of trade sale or initial public offering.
- The university agrees to identify new technologies, intellectual property or other university investment opportunities which arise from its research projects which in the opinion of the university are unencumbered and may be suitable to take to commercialisation either as potential equity investments or proof of concept opportunities in which the university has a material and direct interest in the commercialisation.
- The university agrees to share information in relation to opportunities through quarterly review meetings.
- The university agrees to grant Arix Holdings a 30 day exclusivity period in respect of each specific opportunity presented by it.
- Whilst the term of the MOA has expired, there are ongoing discussions to extend the term.

Liverpool School of Tropical Medicine ("LSTM") dated 5 May 2016

By a letter dated 5 May 2016, LSTM confirmed in writing their agreement to share with Arix Holdings on a "first look/first investment offer" basis information pertaining to projects within its intellectual property in all areas of life science and human health pipeline (in relation to unencumbered intellectual property). The MOA contains the following key terms:

- The term of the MoA is 15 years.
- The university will agree to share with Arix Holdings on a "first look/first investment offer" basis information pertaining to projects within its intellectual property pipeline in the following sectors: biotech, pharmaceuticals (including services) diagnostics, small molecules, biologics, medical technologies, healthcare tools and services, medical products and consumables, drug delivery, healthcare IT, digital health, e-health, gene therapy, orphan drugs, cell therapy, regenerative medicine and medical and pharma services. Information will be shared in quarterly review meetings or more frequently if so required.
- Arix Holdings will provide access to its commercialisation, capital markets and scientific expertise of its team and support in the processes of trade sale or initial public offering. In addition, Arix Holdings will nominate a specific relationship manager to the university.
- The university understands that Arix Holding's would be prepared to put up amounts in the region of £100,000-£500,000 for usually no less than 30-35 per cent. of proof of concept projects.

University of Liverpool dated 5 May 2016

By a letter dated 5 May 2016, the university confirmed in writing their agreement, subject to the successful completion of the Company's fundraising, to share with Arix Holdings on a "first look/first investment offer" basis information pertaining to projects within its intellectual property in all areas of life science and human health pipeline(in relation to unencumbered intellectual property). The key terms of the MoA are as follows:

- The term of the MoA is 10 years, to be reviewed by the parties after 3 years based on the number of projects presented and funded, subject to which the MoA can be terminated before the end of its term.
- The university will agree to share with Arix Holdings a "first look/first investment offer" basis access to cases in its pipeline of research projects and new technologies. Arix Holdings will provide a relationship manager to the university. In addition, Arix Holdings agreed to make available funding to support the research, development and commercialisation of projects in life science and human health sector derived from research at the university provided that such opportunities meet the criteria of Arix Holdings.
- Arix Holdings will provide access to its commercialisation, capital markets and scientific expertise of its team and support required, through to licensing, partnership, trade sale or initial public offering as well as assist in the design, formation and development of an in-house see fund of the university.

University of Manchester (acting through UMI3, its innovation company) dated 8 April 2016

The agreement to be entered into based on the MoA would include the following key terms:

- The university would have the right to terminate Arix Holdings' rights after 3 years if early stage funding deployed (or number of opportunities funded) was deemed insufficient in respect of any of all of the following categories: small molecules, biologics (including antibodies), regenerative medicine, gene therapy, cell therapy, target identification and target-to-hits, medical/pharma services.
- Arix Holdings would need to ring-fence (subject to entering into contract) £50 million for opportunities offered by UMI13 of which £10 million would be especially ring-fenced for early stage processes. Arix Holdings would provide access to its commercialisation, capital markets and scientific expertise of its team and support in the processes of trade sale or initial public offering.
- The university would agree to share with Arix Holdings on a "first look/first investment offer" basis information pertaining to projects within its intellectual property pipeline. Arix Holdings has no obligations to provide funding to any particular project, the funding is subject to approval of the projects.
- Arix Holdings agrees that the university has the right to co-invest an amount of up to 55 per cent. of the balance of any project's or spin out's funding requirement that falls within this MoA.
- The scope of the agreement would exclude low value materials supply and transfer activities, service companies, medical diagnostics and devices, E-health, healthcare tools, software and projects which do not go through the technology transfer process.
- The university would have the right to terminate the agreement with Arix Holdings in respect of small molecules, biologics without antibodies and regenerative medicine where early stage financing is deemed to be insufficient.
- The university would have the right to co-invest (either directly or by making arrangements with another investor) an amount of up to 50 per cent. of the funding requirements of any spin-outs.
- The MoA is subject to entering into a contract. The arrangement would be for a term ending 31 December 2019 (to be extended up to an additional 5 years by mutual agreement).

University of Technology Sydney dated 5 May 2016

- Subject to Arix Holdings raising in excess of £100 million funding, the university agrees to enter into an agreement with Arix Holdings to create opportunities for further research,

development and commercialisation of projects in life science and human health derived from university research.

- The university will use reasonable endeavours to provide Arix Holdings with the right in respect of projects which the parties decide should be taken to commercialisation.
- The university can only commit to providing rights in respect of projects which include research, technology or other intellectual property which is unencumbered. The rights for each project are available to Arix Holdings for a period of 40 days, unless otherwise agreed.
- In addition, Arix Holdings will nominate a specific relationship manager to the university.
- Either party may terminate the MoA by notice to the other party if the other party breaches a provision of the MoA which is incapable of remedy, breaches a provision of the MoA which is capable of remedy but fails to remedy the breach within 14 days of notice to do so or the possible termination is discussed at a performance review and a party provides notice of termination within one month of such review.
- The university may terminate the MoA if Arix Holdings fails to: conduct a genuine appraisal of presented projects and communicate that appraisal to the university in respect of more than 20 per cent. of such projects in any calendar year; or raise more than £100 million or if the listing of the Company's shares has not occurred by 31 October 2016.
- Either party may terminate the agreement if the other suffers an insolvency event.
- The term of the MoA has been extended on 11 January 2017 so that it expires on the date falling six months after the date of admission on any stock exchange and initial public offering by the Company, or a fundraising by private placing provided such fundraising occurs no later than 30 June 2017.

17.23 ***Partnership agreement between Lead Discovery Centre GmbH dated 30 October 2015 as amended and re-stated on 1 May 2016 (the "Partnership Agreement")***

- The term of the Partnership Agreement is 5 years from its date which may be extended by 5 years mutual agreement.
- Arix Bioscience has no rights of title or ownership in any of the research-derived intellectual property generated by or on behalf of Lead Discovery Center GmbH ("**LDC**") and will have no rights to make any equity participation in any spin-out opportunities or businesses, save for those in which an equity or similar investment based on LDC projects is made.
- Arix Bioscience agrees to provide access to its commercialisation, capital markets and scientific expertise including access to its investment team at quarterly review meetings, access to its board of directors, rapid commercial evaluation of opportunities and support in the processes of commercialisation, sales, partnerships, licensing and exit through trade sale or IPO.
- LDC agrees to share with Arix Bioscience on a "first look" basis information on its unencumbered project portfolio or its pipeline projects, ascertain with Arix Bioscience which projects demonstrate potential for commercialisation, what the need for funding is and how best to develop the projects.
- Arix Bioscience will be charged EUR 25,000 per annum on an annual basis as a scouting fee. The fee will be refunded after the first successfully funded project in that respective year.
- Conditional on the satisfaction of certain criteria by each of Arix Bioscience and LDC, Arix Bioscience commits to make EUR 30 million available to fund opportunities from LDC during the term of the Partnership Agreement, with approximately 30 per cent. of that amount to be reserved for early stage funding to be deployed at qualified hit stage.
- It is expected that Arix Bioscience will finance at least 6 projects during the term of the Partnership Agreement and that funding requirements per project are expected to range from approximately EUR 5 million for early stage projects and EUR 3 million for later stage projects, whereas the individual project budget will be determined by a mutually agreed development plan.
- The Partnership Agreement may be terminated by either party if within 12 months no project has been funded with at least EUR 2 million or within 24 months less than EUR 6 million in total has been invested by Arix Bioscience.

- LDC agrees that at the first commercial equity funding round of such a specific opportunity based on a funded LDC project, where that opportunity is being considered for equity investment by another commercialisation partner under an existing agreement, to allow Arix Bioscience to subscribe for a minimum of 25 per cent. of the equity in the company offered in that round on the same terms. If the commercialisation partner does invest, Arix Bioscience shall be restricted to holding no more than 50 per cent. of the equity in the company.

17.24 ***Relationship agreement between, amongst others, Arix Holdings, ALS SPV and Verona dated 17 June 2016 (the "Verona Relationship Agreement")***

The Verona Relationship Agreement, conditional on Verona Admission and which became unconditional on 22 July 2016, was entered into by the parties to regulate the relationship between them and to ensure that (i) all transactions, agreements, relationships and arrangements entered into between the Company and its associates, ALS SPV and its associates and Verona's group of companies will only be made on an arm's length basis and on normal commercial terms, and (ii) with effect from Verona Admission, Verona will be capable at all times of carrying on its business independently of the Company and its associates and ALS SPV and its associates. Certain other specific matters are set out in the Verona Relationship Agreement, including the right of Company and ALS SPV to appoint a non-executive director to the board of Verona subject to holding a number of ordinary shares equal to the lesser of (i) 6.5 per cent. of the issued share capital of Verona, and (ii) 60 per cent. of (a) the number of ordinary shares held by the shareholders on admission plus (b) the number of shares required to be purchased further to an IPO in the US and to terminate the appointment of such a director (subject to the consent of Verona).

The obligations and restrictions of the Company and ALS SPV pursuant to the Verona Relationship Agreement will continue in full force and effect in relation to the Company and ALS SPV for so long as any of the Company or ALS SPV (or their associates), whether individually or collectively, is a "Controlling Shareholder" (as defined in the Verona Relationship Agreement).

18. Incentive Schemes

The Company's aim is to attract, retain and motivate the best talent to help ensure continued growth and success as it enters its next stage of its development operating in a listed company environment.

The remuneration policy aims to align the interests of the Directors, senior executives and employees to the long-term interests of shareholders and aims to support a high performance culture with appropriate reward for superior performance, without creating incentives that will encourage excessive risk taking or unsustainable Company performance.

Overall remuneration levels have been set at a level that are considered by the Remuneration Committee to be appropriate for the size and nature of the business (subject to taking independent advice where necessary) in order to ensure that the policies and remuneration structure is appropriate for the listed company environment.

To support this aim, the Company adopted the Executive Share Option Plan and the Employee Share Plans, the latter consisting of two discretionary executive share plans: the Arix Bioscience plc Annual and Deferred Bonus Plan (the "**ABP**") and the Arix Bioscience plc Executive Incentive Plan (the "**EIP**"). In addition, the Company has in place the Founders' Incentive Arrangement. The Employee Share Plans have been developed in line with listed company corporate governance best practice. The ABP and EIP are described in this paragraph 18 below. No further awards following Admission will be made under the Founders' Incentive Arrangement or the Executive Share Option Plan, which were adopted prior to Admission, and are described in paragraphs 18.1 and 18.2 below.

The Remuneration Committee will review annually the remuneration arrangements for the Executive Directors and key senior executives drawing on trends and adjustments made to all employees across the Group and taking into consideration:

- business strategy over the period;
- overall corporate performance;

- market conditions affecting the Company;
- the recruitment market;
- changing practice in the market where the Company compete for talent; and
- changing views of institutional shareholders and their representative bodies.

The details of the Group's Executive Director remuneration arrangements, including the operation of the Group's incentive plans and payments made under them, will be set out each year in a remuneration report contained in the Group's annual report.

18.1 ***Founders' Incentive Arrangement***

The Company has agreed to release the Founders from their undertakings pursuant to the Restrictive Share Agreement in relation to such number of their Restricted Shares as represents in aggregate 5 per cent. of the Company's Ordinary Share capital on Admission as Incentive Shares in four equal tranches (as set out in the table below) subject to the terms and conditions set out in the Restrictive Share Agreement relating to the Founders Incentive Arrangement. The release of the Incentive Shares is conditional, to the extent that a Founder (or its beneficial owner) is an employee or a director of the Company, that such Founder remains an employee or a director of the Company at the date upon which the incentive shares are eligible for release. If the relevant Founder ceases to be an employee, director or a consultant of any Group Company for reasons of death, ill-health, redundancy, retirement, the sale of the relevant Group Company to a third party or any other reasons (other than for fault), the number of Restricted Shares to be released as Incentive Shares shall be the total number of his incentive shares. If the engagement of the relevant Founder with the group ceases for reasons of fault, the number of Restricted Shares to be released as Incentive Shares shall be limited to the number which were due to be released at the time of the cessation of the Founder's engagement with the Group.

In consideration for the release from their respective undertakings in relation to the Incentive Shares, the Founders shall pay £1.80 per Incentive Share to the Company.

Any Restricted Shares which have not been released as Incentive Shares may at the request of the Founders be released on a change of control event if so requested within 20 days thereafter. Any Incentive Shares in relation to which the Founders have elected not to pay the consideration by the tenth anniversary of the date of Admission will be re-designated as Deferred Shares on that date.

No further awards following Admission will be made under the Founders' Incentive Arrangement.

The table below sets out the number of Incentive Shares which are to be released to each of the Founders assuming full take-up of the Offer and calculated on the basis that the Over-Allotment Option is exercised in full. The figures will be adjusted as soon as practicable after the end of the Stabilisation Period in proportion to the number of Ordinary Shares issued pursuant to the exercise of the Over-Allotment Option so that it will represent in aggregate 5 per cent. of the Ordinary Shares in issue at that time and if the Over-Allotment Option is not exercised in full, will be reduced by redesignating the relevant number of Ordinary Shares as Deferred Shares, which will be delisted as soon as practicable following the end of the Stabilisation Period:

	Number of Incentive Shares to be released		
Date of release	*C Evans*	*C Chipperton*	*Ectoplasm*
8 February 2017	128,697	514,788	643,485
8 February 2018	128,697	514,788	643,485
8 February 2019	128,697	514,788	643,485
8 February 2020	128,697	514,788	643,486

18.2 ***Executive Share Option Plan***

On 4 February 2016 the Board adopted the Executive Share Option Plan. The key terms of the Executive Share Option Plan are as follows:

- Options may be granted by the Board to eligible employees being an employee of any Group Company at the time of the grant of the option.
- The Board will determine at the time of the grant of the option the number of Ordinary Shares over which the option is granted, the exercise price of the option, the date after which the option may be exercised, any performance targets or other conditions applicable to the options and whether the options are subject to claw-back.
- An option will lapse after 20 days following the option holder ceasing to be an eligible employee.
- An option will vest in full in certain circumstances including on a change of control, re-organisation affecting all the ordinary share capital, on a scheme of arrangement, and a voluntary winding-up of the Company in which case the option may be exercised within 20 days following the date of the relevant event.
- The Board may, at the time when an option becomes exercisable reduce the number of Ordinary Shares subject to an option in the following circumstances:
  - (i) discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts;
  - (ii) the assessment of any performance target or condition in respect of an option was based on error or inaccurate or misleading information;
  - (iii) the discovery that any information used to determine the number of shares subject to an option was subject to an option was based on error or inaccurate or misleading information;
  - (iv) action or conduct of an option holder which amounts to fraud or gross misconduct;
  - (v) events or behaviour of an option holder have led to the censure of a group member by a regulatory authority.

No options may be granted under the Executive Share Option Plan following Admission.

As at 1 February 2017 (being the latest practicable date prior to the publication of this Prospectus), options were granted pursuant to the Executive Share Option Plan to Jonathan Peacock and Joseph Anderson, terms of each of which are set out below.

Jonathan Peacock's option certificates

Options were granted to Jonathan Peacock subject to the rules of the Executive Share Option Plan:

– on 8 February 2016 (the "**First Option**"), in relation to such number of Ordinary Shares as is the requisite number of shares as represents 2.25 per cent. of the fully diluted ordinary share capital of the Company immediately following Admission (including any Ordinary Shares which may be issued pursuant to the exercise of the Over-Allotment Option); and

– on 7 June 2016 (the "**Second Option**"), in relation to such number of Ordinary Shares as is the requisite number of shares as represents 0.19 per cent. of the fully diluted ordinary share capital of the Company immediately following Admission (including any Ordinary Shares which may be issued pursuant to the exercise of the Over-Allotment Option),

(the First Option and the Second Option together referred to as the Options).

The Options will vest in four equal proportions on 8 February of 2017, 2018, 2019 and 2020. The Options will also vest and become exercisable in the following circumstances:

- on a change of control of the Company;
- on cessation of employment where the proportion of the Options which has not at that time vested will become exercisable according to whether the optionholder is a "good leaver" or a "bad leaver". For the purpose of this provision the optionholder will be a "good leaver" if:
  - his employment cease by reasons of death, ill-health, redundancy, retirement (evidenced as required by the Company),

– the sale of the business unit or Group Company for which the optionholder works to a third party; or

– any other reason except where the optionholder gives notice of termination or is dismissed for cause.

The First Option may not be exercised after the tenth anniversary of the date of grant, being 8 February 2026. The Second Option may not be exercised after the tenth anniversary of the date of grant, being 7 June 2016. The Options will lapse on the tenth anniversary of the date of grant if they have not lapsed or have not been exercised in full before then.

The exercise price payable per Ordinary Share on the exercise of the Options is £1.80.

The exercise of the Options is subject to the following conditions (and the rules of the Executive Share Option Plan are amended accordingly):

- The Company may impose malus before the relevant vesting of the Options which would reduce the number of Ordinary Shares subject to the Options (including to nil) as the Company in its discretion considers to be fair and reasonable if:
  - any information used to determine the number of Options vesting was based on error, was inaccurate or misleading;
  - there has been an action of conduct of the optionholder which amounts to gross misconduct; or
  - events or the behaviour of the optionholder led to the censure of a Group Company by a regulatory authority or have had a significant detrimental impact of the reputation of the Group which is attributable to the optionholder.
- The rule relating to claw-back in the Executive Share Option Plan does not apply to the Options.

Joseph Anderson

Options were granted to Joseph Anderson subject to the rules of the Executive Share Option Plan:

– on 8 February 2016 (the "**First Option**"), in relation to such number of Ordinary Shares as is the requisite number of shares as represents 2.75 per cent. of the fully diluted ordinary share capital of the Company immediately following Admission (including any Ordinary Shares which may be issued pursuant to the exercise of the Over-Allotment Option); and

– on 7 June 2016 (the "**Second Option**"), in relation to such number of Ordinary Shares as is the requisite number of shares as represents 0.24 per cent. of the fully diluted ordinary share capital of the Company immediately following Admission (including any Ordinary Shares which may be issued pursuant to the exercise of the Over-Allotment Option),

(the First Option and the Second Option together referred to as the Options).

The Options will vest in four equal proportions on 8 February of 2017, 2018, 2019 and 2020. The First Option may not be exercised after the tenth anniversary of the date of grant, being 8 February 2026. The Second Option may not be exercised after the tenth anniversary of the date of grant, being 7 June 2016. The Options will lapse on the tenth anniversary of the date of grant if they have not lapsed or have not been exercised in full before then.

The exercise price payable per Ordinary Share on the exercise of the Options is £1.80.

The Options granted to Joseph Anderson otherwise are subject to the same terms as Jonathan Peacock's Options as described above.

18.3 ***Employee Share Plans***

A reference in this section to the Board includes any designated committee of the Board. Information on certain awards to be made at or following Admission and the principal features of the Employee Share Plans are as follows:

18.3.1 *The Annual and Deferred Bonus Plan ("ABP")*

The ABP was adopted by the Board on 6 September 2016 and approved by Shareholders on 19 September 2016 by written resolution. The ABP incorporates the Company's executive bonus scheme as well as a mechanism for the deferral of bonus into awards over Ordinary Shares.

The ABP is both a cash bonus plan and a discretionary executive share plan under which a proportion of a participant's bonus may be deferred into an award over Ordinary Shares. Under the ABP, the Board may, within certain limits, grant to eligible employees deferred awards over Ordinary Shares taking the form of (i) nil cost options over Ordinary Shares ("**ABP Options**") and/or (ii) conditional awards (i.e. a conditional right to acquire Ordinary Shares) ("**ABP Conditional Awards**") and/or (iii) Ordinary Shares which are subject to restrictions and the risk of forfeiture ("**ABP Restricted Shares**" and, together with ABP Options and ABP Conditional Awards, "**ABP Awards**"). No payment is required for the grant of an ABP Award.

All employees (including Executive Directors) of the Group are eligible for selection to participate in the ABP at the discretion of the Board.

Employees selected to participate in the ABP for a financial year of the Company will be eligible to receive an annual bonus subject to satisfying performance conditions and targets set for that financial year. The Board may determine that a proportion of a participant's annual bonus will be deferred into an ABP Award. The maximum bonus (including any part of the bonus deferred into an ABP Award) deliverable under the ABP will be 100 per cent. of a participant's annual base salary. The Board will determine the bonus to be delivered following the end of the relevant financial year.

Except in certain circumstances, an ABP participant who ceases to be employed by or hold office with the Group before the bonus determination is made will cease to be eligible to receive a bonus. However, if a participant so ceases before the end of the financial year to which the bonus relates because of his ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group company or being employed in an undertaking which is transferred to a person who is not a Group company or in other circumstances at the discretion of the Board (each an "**ABP Good Leaver Reason**"), or if he so ceases after the financial year but before the bonus determination date for any reason other than gross misconduct, he will remain eligible for a bonus at the discretion of the Board. The performance conditions and targets will be considered and the bonus will be deliverable in the same way and at the same time as if the individual had not ceased to be employed or hold office with the Group, unless the Board otherwise decides, although the value of the bonus will be prorated to reflect the reduced period of time between the start of the financial year and the participant's cessation of employment as a proportion of that financial year.

In addition, in the event that a corporate event occurs as described below, a participant will be eligible to receive a bonus as soon as practicable after the relevant event, the amount of which shall be determined by the Board taking into account the performance conditions and targets. The value of the bonus will be prorated to reflect the reduced period of time between the start of the financial year and the relevant corporate event as a proportion of the relevant financial year unless the Board otherwise decides.

The Board may determine that a proportion of a participant's annual bonus will be deferred into an ABP Award.

There is a maximum limit on the market value of Ordinary Shares granted to any employee under an ABP Award of up to 50 per cent. of the total annual bonus for that individual. ABP Awards may be granted during the 42 days beginning on: (i) Admission; (ii) the day after the announcement of the Company's results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the making of the ABP Award at that time; or (iv) the day after the lifting of any dealing restrictions.

However, no ABP Awards may be granted more than 10 years from the date when the ABP was adopted.

At its discretion, the Board may grant ABP Awards subject to a holding period of a maximum of up to two years following vesting.

The Board may decide (a) at the time of payment of a cash bonus or at any time before to reduce the amount of the bonus (including to nil) and/or (b) at the vesting of ABP Award or any time before, that the number of Ordinary Shares subject to an ABP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company,
- the assessment of any performance condition or condition in respect of a bonus or an ABP Award was based on error, or inaccurate or misleading information,
- the discovery that any information used to determine the bonus or number of Ordinary Shares subject to an ABP Award was based on error, or inaccurate or misleading information,
- action or conduct of a participant which amounts to fraud or gross misconduct, or
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him.

ABP Awards will normally vest on the third anniversary of the date of grant of the ABP Award to the extent permitted following any operation of malus or clawback. ABP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from the date of grant.

The Board may apply clawback to all or part of a participant's cash bonus and/or ABP Award in substantially the same circumstances as apply to malus (as described above) during the period of three years following the determination of the relevant bonus. Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards or bonuses.

Except in certain circumstances, set out below, an ABP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

If a participant ceases to be a Group employee or director because of an ABP Good Leaver Reason, his ABP Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or director, subject to the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an ABP Good Leaver Reason, the Board can alternatively decide that his ABP Award will vest early when he leaves. If an employee dies, a proportion of his ABP Award will vest on the date of his death. The extent to which an ABP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the ABP Award has been held and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be prorated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that ABP Options vest for an ABP Good Leaver Reason, they may be exercised for a period of 6 months following vesting (or such longer period as the Board

determines) and will otherwise lapse at the end of that period. To the extent that ABP Options vest following death of a participant, they may be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

In the event of a takeover, scheme of arrangement or winding-up of the Company, the ABP Awards will vest early. The proportion of the ABP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the ABP Award has been held by the participant.

To the extent that ABP Options vest in the event of a takeover, scheme of arrangement or winding-up of the Company they may be exercised for a period of 6 months measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that ABP Awards shall vest. The proportion of the ABP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the ABP Award has been held by the participant. ABP Options that vest in these circumstances may be exercised during such period as the Board determines and will otherwise lapse at the end of that period.

18.3.2 *The Executive Incentive Plan* ("***EIP***")

The EIP was adopted by the Board on 6 September 2016 and approved by Shareholders on 19 September 2016 by written resolution.

The EIP is a discretionary executive share plan. Under the EIP, the Board may, within certain limits and subject to any applicable performance conditions, grant to eligible employees (i) nil cost options over Ordinary Shares ("**EIP Options**") and/or (ii) conditional awards (i.e. a conditional right to acquire Ordinary Shares) ("**EIP Conditional Awards**") and/or (iii) Ordinary Shares which are subject to restrictions and the risk of forfeiture ("**EIP Restricted Shares**", and together with EIP Options and EIP Conditional Awards, "**EIP Awards**").

All employees (including Executive Directors) of the Group are eligible for selection to participate in the EIP at the discretion of the Board.

The Board may grant EIP Awards over Ordinary Shares to eligible employees with a maximum total market value in any financial year of up to 225 per cent. of the relevant individual's annual base salary or up to 300 per cent. of the relevant individual's annual base salary in circumstances the Board considers to be exceptional. However, EIP Awards granted to any eligible employees on Admission fall outside these limits.

At its discretion, the Board may grant EIP Awards subject to a holding period of a maximum of two years following vesting.

The Board will impose performance conditions on the vesting of EIP Awards unless it determines otherwise for reasons such as recruitment. The performance conditions attaching to EIP Awards will be based on the achievement of stretching total shareholder return or corporate financial targets which support the Company's business strategy. The underlying measurement period for such conditions will be up to five years.

Any performance conditions applying to EIP Awards may be varied, substituted or waived if the Board considers it appropriate, provided the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of EIP Awards.

The Board may decide, at the vesting of EIP Awards or at any time before, that the number of Ordinary Shares subject to an EIP Award shall be reduced (including to nil) on such

basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting an adjustment in the audited accounts of the Group or any Group company,
- the assessment of any performance condition or condition in respect of an EIP Award was based on error, or inaccurate or misleading information,
- the discovery that any information used to determine the number of Ordinary Shares subject to an EIP Award was based on error, or inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct, or
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him.

EIP Awards will normally vest, and EIP Options will normally become exercisable, to the extent that any applicable performance conditions have been satisfied and to the extent permitted following any operation of malus or clawback. EIP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from grant.

The Board may apply clawback to all or part of a participant's EIP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an Award. Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards.

Except in certain circumstances, set out below, an EIP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant ceases to be an employee because of his ill-health, injury, disability, redundancy, retirement with the agreement of his employer, the participant being employed by a company which ceases to be a Group Company or being employed in an undertaking which is transferred to a person who is not a Group Company or in other circumstances at the discretion of the Board (each an "**EIP Good Leaver Reason**"), his EIP Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for an EIP Good Leaver Reason, the Board can alternatively decide that his EIP Award will vest early when he leaves. If a participant dies, a proportion of his EIP Award will normally vest on the date of his death. The extent to which an EIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the EIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that EIP Options vest for an EIP Good Leaver Reason, they may be exercised for a period of 6 months following vesting (or such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that EIP

Options vest following death of a participant, they may normally be exercised for a period of 12 months following death and will otherwise lapse at the end of that period.

In the event of a takeover, scheme of arrangement, or winding-up of the Company, the EIP Awards will vest early. The proportion of the EIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the EIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that EIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period.

In the event of a demerger, distribution or any other corporate event, the Board may determine that EIP Awards shall vest. The proportion of the EIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the EIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time. EIP Options that vest in these circumstances may be exercised during such period as the Board determines and will otherwise lapse at the end of that period.

18.3.3 *Provisions applying to both Employee Share Plans*

Awards granted under the Employee Share Plans are not transferable other than to the participant's personal representatives in the event of his death provided that awards and Ordinary Shares may be held by the trustees of an employee as nominee for the participants.

The Employee Share Plans may operate over new issue Ordinary Shares, treasury Ordinary Shares or Ordinary Shares purchased in the market. The rules of each of the Discretionary Plans provide that, in any period of 10 calendar years, not more than 5 per cent. of the Company's issued ordinary share capital may be issued under the relevant plan and under any other employees' share scheme operated by the Company. Ordinary Shares issued out of treasury under the relevant Employee Share Plans will count towards these limits for so long as this is required under institutional shareholder guidelines. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits. Awards satisfied by Ordinary Shares acquired in the market or granted prior to Admission will be disregarded for the purposes of this limit.

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under each of the Employee Share Plans, including the number of Ordinary Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

In respect of any award granted under any of the EIP and the ABP, the Board may decide that participants will receive a payment (in cash and/or additional Ordinary Shares) equal in value to any dividends that would have been paid on the Ordinary Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends *in specie*.

At its discretion, the Board may decide to satisfy awards granted under the Employee Share Plans with a payment in cash or Ordinary Shares equal to any gain that a participant would have made had the relevant award been satisfied with Ordinary Shares.

Except in relation to the award of Ordinary Shares subject to restrictions, Ordinary Shares issued and/or transferred under the Employee Share Plans will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when an option is exercised or an award vests will rank

equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Ordinary Shares subject to restrictions shall have the same rights as a holder of Ordinary Shares in issue at the time that the participant acquires the Ordinary Shares, save to the extent set out in the agreement with the participant relating to those Ordinary Shares.

The Board may, at any time, amend the provisions of any of the Employee Share Plans in any respect. The prior approval of the Company in general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an award can be made under the relevant Employee Share Plan, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule relating to such prior approval, save that there are exceptions for any minor amendment to benefit the administration of the relevant Employee Share Plan, to take account of the provisions of any proposed or existing legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and/or its other Group companies. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

The Board may, at any time, establish further plans based on the EIP and the ABP for overseas territories. Any such plan shall be similar to the EIP or the ABP, as relevant, but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

The benefits received under the Employee Share Plans are not pensionable.

19. Intermediaries Terms and Conditions

The Intermediaries Terms and Conditions regulate the relationship between the Company, the Intermediaries Offer Adviser, the Bookrunner and each of the Intermediaries that are accepted by the Company to act as an Intermediary after making an application for appointment in accordance with the Intermediaries Terms and Conditions.

The Intermediaries Offer is subject to a minimum application amount of £1,000 per application from investors in the United Kingdom, the Channel Islands and the Isle of Man. There is no maximum limit on the monetary amount that underlying applicants may apply to invest in the Intermediaries Offer. All applications will be subject to potential scaling back, on the basis set out below, in the event of oversubscription of the Offer and to all other applicable allocation policies which may be applied to the Offer, and which may be notified by the Global Coordinator in relation to the Institutional Offer and/or the Intermediaries Offer.

The Bookrunner has agreed to pay Intermediaries a commission of 1.0 per cent. of the amount equal to the Offer Price multiplied by the aggregate number of New Ordinary Shares subscribed pursuant to the Intermediaries Offer.

Capacity and liability

The Intermediaries have agreed that, in connection with the Intermediaries Offer, they will be acting as agent for retail investors in the United Kingdom, the Channel Islands and the Isle of Man who wish to acquire New Ordinary Shares under the Intermediaries Offer. None of the Company, the Intermediaries Offer Adviser or the Bookrunner will have any responsibility for any liability, costs or expenses incurred by any Intermediary.

Eligibility to be appointed as an Intermediary

In order to be eligible to be considered by the Company for appointment as an Intermediary, each intermediary must be:

(a) authorised by the FCA or the Prudential Regulatory Authority in the United Kingdom;

(b) a member firm of the London Stock Exchange conducting business in the Channel Islands or the Isle of Man;

(c) in respect of acting as agents for Underlying Applicants in Jersey, authorised by the Jersey Financial Services Commission to carry on the relevant class of investment business in Jersey; or

(d) a person licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) to carry on restricted activities in respect of category 2 controlled investments under such Law,

and in each case have appropriate permissions, licences, consents and approvals to act as Intermediary in the United Kingdom, Jersey, Guernsey or the Isle of Man, as applicable. Each Intermediary must also:

(a) be a member of CREST; or

(b) have arrangements with a clearing firm that is a member of CREST.

Each Intermediary must also, to the extent applicable, conduct its business in the Isle of Man in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 or any relevant exclusion or exemption therefrom and all other relevant Isle of Man laws and regulations.

Applications for Shares

A minimum of £1,000 per underlying applicant will apply. The Intermediaries have agreed not to make more than one application per underlying applicant.

Allocations of New Ordinary Shares under the Intermediaries Offer will be at the absolute discretion of the Company, after consultation with the Global Coordinators. If there is excess demand for New Ordinary Shares in the Intermediaries Offer, allocations of New Ordinary Shares may be scaled down to an aggregate value which is less than that applied for. Each Intermediary will be required by the Company to apply the basis of allocation to all allocations to underlying applicants who have applied through such Intermediary.

Effect of Intermediaries Offer Application Form

By completing and returning the Intermediaries Offer Application Form, the Intermediary will be deemed to have irrevocably agreed to invest or procure the investment in New Ordinary Shares of the aggregate amount stated on the Intermediaries Offer Application Form or such lesser amounts in respect of which such application may be accepted. The Company and Jefferies reserve the right to reject, in whole or in part, or to scale down, any application for New Ordinary Shares in the Intermediaries Offer.

Commission

Conditional upon Admission, the Bookrunner will pay each Intermediary a commission rate of 1.0 per cent. of the aggregate value (based on the final Offer Price) of the New Ordinary Shares allocated to and paid for by such Intermediary. In addition, the Company agreed to pay the Intermediaries Offer Advisor a fee of £30,000.

20. Accounts and annual general meetings

The Company's annual report and accounts will be made up to 31 December in each year, with the first annual report and accounts covering the period from incorporation to 31 December 2016. The Company will prepare its annual report and accounts for the period to 31 December thereafter. It is expected that the Company will make public its annual report and accounts within four months of each financial year end (or earlier if possible) and that copies of the annual report and accounts will be sent to Shareholders within six months of each financial year end (or earlier if possible). The Company will prepare its unaudited interim report for each six-month period ending 30 June thereafter. It is expected that the Company will make public its unaudited interim reports within two months of the end of each interim period.

The Company shall hold its first annual general meeting within the time required under the companies legislation.

21. Environmental issues

As far as the Directors are aware, there are no material environmental issues that may affect the Group or the Group's utilisation of its tangible assets.

22. Issues of new shares

The Directors are authorised to issue up to 264,800,000 Ordinary Shares, such authority expiring at the conclusion of the annual general meeting of the Company following the earlier of (i) the date falling 15 months after 19 September 2016; and (ii) on the conclusion of the next annual general meeting of the Company. The pre-emption rights in the Companies Act 2006 have been disapplied, and therefore pre-emption rights do not apply, to issues of relevant securities in the circumstances described in paragraph 2.8 above.

23. Intermediaries

The Intermediaries authorised at the date of this Prospectus to use this Prospectus in connection with the Intermediaries Offer are:

Name	*Address*
A J Bell Securities Limited	Trafford House, Chester Road, Manchester, M32 ORS
Alliance Trust Savings Limited	PO Box 164, 8 Marketgait, Dundee, DD1 9YP
Barclays Bank Plc	1 Churchill Place, London, E14 5HP
Equiniti Financial Services Limited	Aspect House, Spencer Road, Lancing, BN99 6DA
Hargreaves Lansdown Asset Management Limited	One College Square South, Anchor Road, Bristol, BS1 5HL
Interactive Investor Trading Limited	Standon House, 21 Mansell Street, London, E1 8AA
Jarvis Investment Management Limited	78 Mount Ephraim, Tunbridge Wells, Kent, TN4 8BS
Midas Investment Management Limited	2nd Floor, Arthur House, Chorlton Street, Manchester, M1 3FH
Redmayne-Bentley LLP	9 Bond Court, Leeds, LS1 2JZ
Syndicate Room Limited	71 Regent Street, Cambridge, CB2 1AR
The Share Centre Limited	Oxford House, Oxford Road, Aylesbury, Buckinghamshire, HP21 8SX
TD Direct Investing (Europe) Limited	Exchange Court, Duncombe Street, Leeds, LS1 4AX

Any new information with respect to financial intermediaries unknown at the time of publication of this Prospectus, including in respect of: (i) any intermediary financial institution that is appointed by the Company in connection with the Intermediaries Offer after the date of this document following its agreement to adhere to and be bound by the Intermediaries Terms and Conditions; and (ii) any Intermediary that ceases to participate in the Intermediaries Offer, will be made available on the Company's website at www.arixbioscience.com.

24. General

24.1 By a resolution of the members passed on 14 September 2016, PricewaterhouseCoopers LLP, whose address is at 1 Embankment Place, London WC2N 6RH, United Kingdom, were appointed as the first auditors of the Company. PricewaterhouseCoopers LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

24.2 PricewaterhouseCoopers LLP has given and has not withdrawn its consent to the inclusion in this Prospectus of its accountant's reports in "Part X – Historical Financial Information" and "Part XI – Unaudited Pro Forma Financial Information" in the form and context in which they are included and has authorised the contents of those reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

24.3 A written consent under the Prospectus Rules is different to a consent filed with the SEC under Section 7 of the US Securities Act. As the Ordinary Shares have not been and will not be

registered under the US Securities Act, PricewaterhouseCoopers LLP has not filed a consent under Section 7 of the US Securities Act, which is applicable only to transactions involving securities registered under the US Securities Act.

24.4 The financial information contained in this Prospectus does not amount to statutory accounts within the meaning of section 424(3) of the Companies Act 2006.

25. Other information

25.1 There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.

25.2 Save as disclosed in paragraph 5 of "Part VIII – Operating and Financial Review" there are no significant investments in progress.

25.3 No exceptional factors have influenced the Company's activities, other than disclosed in this Prospectus.

25.4 Assuming full take up of the Offer and no exercise of the Over-Allotment Option, the total expenses incurred (or to be incurred) by the Company in connection with Admission, the Offer and the incorporation (and initial capitalisation) of the Company are approximately £9 million. The estimated Net Proceeds, after deducting fees and expenses in connection with the Offer, are approximately £91 million.

25.5 The information in this Prospectus that is sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

26. Availability of this Prospectus

Following Admission, copies of this Prospectus are available for viewing free of charge at www.arixbioscience.com (subject to applicable securities laws and certain access restrictions applicable to persons located or resident outside the United Kingdom).

Copies of this Prospectus may be collected, free of charge during normal business hours, from the office of the Company.

27. Documents for inspection

Copies of the following documents may be inspected at the registered office of the Company, and at the offices of Brown Rudnick LLP, 8 Clifford Street, London W1S 2LQ during usual business hours on any day (except Saturdays, Sundays and public holidays) from the date of this Prospectus until the Offer closes:

(a) the Articles of the Company;

(b) the accountant's reports by PricewaterhouseCoopers LLP on the historical financial information of the Arix Holdings Group and ALS set out in "Part X – Historical Financial Information";

(c) the accountant's report by PricewaterhouseCoopers LLP on the unaudited pro forma financial information set out in "Part XII – Unaudited Pro Forma Financial Information";

(d) the consent letter from PricewaterhouseCoopers LLP; and

(e) this Prospectus.

PART XVI

NOTICES TO INVESTORS

The distribution of this Prospectus and the Offer may be restricted by law in certain jurisdictions and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This Prospectus has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 of FSMA and the Prospectus Directive. No arrangement has however been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Prospectus as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction. Issue or circulation of this Prospectus may be prohibited in countries other than those in relation to which notices are given below.

For the attention of EEA Investors

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

(i) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Bookrunner for any such offer; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State.

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

implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant Member State to qualified investors as so defined, or in circumstances in which the prior consent of the Company and the Bookrunner have been obtained to each such proposed offer or resale. The Company, the Bookrunner and their affiliates, and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Notwithstanding the above, a person who is not a qualified investor and who has notified the Bookrunner of such fact in writing may, with the prior consent of the Bookrunner, be permitted to acquire Ordinary Shares in the Offer.

During the period up to but excluding the date on which the Prospectus Directive is implemented in member states of the EEA, this Prospectus may not be used for, or in connection with, and does not constitute, any offer of Ordinary Shares or an invitation to purchase or subscribe for any Ordinary Shares in any member state of the EEA in which such offer or invitation would be unlawful.

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

For the attention of UK Investors

This Prospectus comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules and approved by the FCA under section 87 A of FSMA. This Prospectus has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

For the attention of US Investors

The Ordinary Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or jurisdiction of the US, and may not be offered or sold within the US or to, or for the account or benefit of, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and such other applicable securities laws.

Accordingly, the Ordinary Shares are being offered hereby only:

- to QIBs, as defined in Rule 144A of the US Securities Act and/or accredited investors, as defined in Rule 501(a) of Regulation D of the US Securities Act, who are also, in each case, QPs, as defined in Section 2(a)(51) of the Investment Company Act, for purposes of Section 3(c)(7) of the Investment Company Act and the rules promulgated thereunder, in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; and
- outside the US in reliance upon Regulation S under the US Securities Act to non-US Persons in offshore transactions who will be required to make certain representations to the Company and other prior to the investment in the Ordinary Shares.

Because of these restrictions and those described below, potential investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Ordinary Shares. Any offer or sale of the New Ordinary Shares, pursuant to an exemption from registration or as a transaction not subject to the registration requirements of the US Securities Act will be made by either the Company directly, or broker-dealers who are registered as such under the US Exchange Act of 1934, as amended.

In addition, the Company has not been and will not be registered under the Investment Company Act in reliance on the exemption provided by section 3(C)(7) thereof. The Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, none of these protections or restrictions

are or will be applicable to the Company. To avoid becoming subject to the registration requirements of the Investment Company Act, the Company has implemented restrictions on the ownership and transfer of its Ordinary Shares, which may materially affect certain Shareholders' ability to transfer their Ordinary Shares. Purchasers in the US or who are US persons will be required to execute and deliver a US Investor Letter to the Bookrunner and/or the Company, as the case may be.

In addition, except with the express consent of the Company in respect of an investment in the Offer, each purchaser and subsequent transferee of the New Ordinary Shares will be deemed to represent and warrant that no portion of the assets used to acquire or hold its interest in the New Ordinary Shares constitutes or will constitute the assets of any Plan Investor.

Purchasers of Ordinary Shares who are US Persons or persons in the US can only offer, sell, transfer, assign, pledge or otherwise dispose of the New Ordinary Shares purchased in the Offer in an offshore transaction complying with the provisions of Regulation S (including, for the avoidance of doubt, a bona fide sale on the London Stock Exchange Main Market for listed securities) and in compliance with applicable securities laws and causes such letter to be promptly delivered to the Company.

If any New Ordinary Shares are owned directly or beneficially by a person believed by the Directors to be in violation of the transfer restrictions set forth in this Prospectus or a Plan Investor, the Directors may give notice to such person requiring him either (i) to provide the Directors within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Directors that such person is not in violation of the transfer restrictions set forth in this Prospectus or is not a Plan Investor, as applicable, or (ii) to sell or transfer its New Ordinary Shares to a person qualified to own the same within 30 days, and within such 30 days to provide the Directors with satisfactory evidence of such sale or transfer. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the Board is entitled to arrange for the sale of the New Ordinary Shares on behalf of the person. If the Company cannot effect a sale of the New Ordinary Shares within five Business Days of its first attempt to do so, the person will be deemed to have forfeited his New Ordinary Shares.

Restrictions on purchasers of New Ordinary Shares that are in the US or are US Persons (wherever located)

Each purchaser of New Ordinary Shares within the US, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

(a) it is (i) (x) both a QIB within the meaning of Rule 144A that is also a QP within the meaning of Section 2(a)(51) of the Investment Company Act, or (y) an accredited investor, as defined in Rule 501(a) of Regulation D of the US Securities Act, who is also a QP within the meaning of Section 2(a)(51) of the Investment Company Act, (ii) acquiring the New Ordinary Shares for its own account or for the account of one or more QIBs and/or accredited investors who are also, in each case, QPs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (iii) acquiring the New Ordinary Shares for investment purposes, and not with a view to further distribution of such shares, and (iv) aware, and each beneficial owner of the New Ordinary Shares has been advised, that the sale of the Shares to it is being made in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;

(b) it acknowledges and understands that (i) the New Ordinary Shares are being offered and sold in the US only in a transaction not involving any public offering within the meaning of the US Securities Act and that the New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the US and (ii) the Company has not been and will not be registered under the Investment Company Act and rules promulgated thereunder;

(c) it understands that the Ordinary Shares may not be offered, sold, pledged or otherwise transferred except (i) in an offshore transaction in accordance with Regulation S outside the US to a non-US person (as defined in Regulation S), by pre-arrangement or otherwise, or (ii) to the Company or a subsidiary thereof;

(d) it further (i) understands that the Ordinary Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Ordinary Shares established or maintained by a

depositary bank, (ii) acknowledges that the Ordinary Shares (whether in physical certificated form or in uncertificated form held in CREST) are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Ordinary Shares, (iii) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Ordinary Shares made other than in compliance with the above-stated restrictions and (iv) understands that the Company may require any US person or any person within the US who was not a QP (as defined in Section 2(a)(51) of the US Investment Company Act) at the time it acquired any Ordinary Shares or any beneficial interest therein to transfer the Ordinary Shares or any such beneficial interest immediately in a manner consistent with these restrictions and if the obligation to transfer is not met, the Company is irrevocably authorised, without any obligation, to transfer the Ordinary Shares, as applicable, in a manner consistent with these restrictions and, if such Ordinary Shares are sold, the Company shall be obliged to distribute the net proceeds to the entitled party;

(e) it understands that the Ordinary Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE ORDINARY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE ORDINARY SHARES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") OUTSIDE THE UNITED STATES TO A PERSON NOT KNOWN BY YOU TO BE A US PERSON (AS DEFINED IN REGULATION S), BY PRE-ARRANGEMENT OR OTHERWISE, (2) PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (4) TO THE COMPANY OR A SUBSIDIARY THEREOF. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY WILL BE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(A)(3) UNDER THE SECURITIES ACT AND FOR SO LONG AS SUCH SHARES ARE "RESTRICTED SECURITIES" (AS SO DEFINED) THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

THE COMPANY AND ITS AGENTS WILL NOT BE REQUIRED TO ACCEPT FOR REGISTRATION OF TRANSFER ANY SHARES MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS. THE COMPANY MAY REQUIRE ANY US PERSON OR ANY PERSON WITHIN THE UNITED STATES WHO WAS NOT A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT) AT THE TIME IT ACQUIRED ANY SHARES OR ANY BENEFICIAL INTEREST THEREIN TO TRANSFER THE SHARES OR ANY SUCH BENEFICIAL INTEREST IMMEDIATELY IN A MANNER CONSISTENT WITH THESE RESTRICTIONS, AND IF THE OBLIGATION TO TRANSFER IS NOT MET, THE COMPANY IS IRREVOCABLY AUTHORIZED, WITHOUT ANY OBLIGATION, TO TRANSFER THE SHARES, AS APPLICABLE, IN A MANNER CONSISTENT WITH THESE RESTRICTIONS AND, IF SUCH SHARES ARE SOLD, THE COMPANY SHALL BE OBLIGED TO DISTRIBUTE THE NET PROCEEDS TO THE ENTITLED PARTY; and

(f) it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Ordinary Shares while they remain "restricted securities" within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

The Company, the Bookrunner and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

In addition, each purchaser of New Ordinary Shares in the Offer that is within the United States or is a US person will be required to execute a US Investor Letter. The US Investor Letter will require such purchaser to represent and agree that, among other things, (i) (x) it is a QIB, within the meaning of Rule 144A, that is also a QP, within the meaning of Section 2(a)(51) of the Investment Company Act, or (y) an accredited investor as defined in Rule 501(a) of Regulation D of the US Securities Act, who is also a QP, (ii) that it is acquiring the New Ordinary Shares as principal for its own account or for the account of a QIB and/or accredited investors that, in each case, is a QP with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein and therein, (iii) it will only offer, sell, transfer, assign, pledge or otherwise dispose of the New Ordinary Shares purchased in the Offer in accordance with the transfer restrictions set forth herein. Such transferor will notify any subsequent transferee or executing broker, as applicable, of the restrictions that are applicable to the New Ordinary Shares being sold, (iv) that it has knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of the purchase of the New Ordinary Shares, (v) that it has been furnished with all materials relating to the business, finances and operations of the Company and relating to the offer and sale of the New Ordinary Shares that have been requested and that it has sought such accounting, legal and tax advice as it has considered necessary to make an informed decision with respect to its purchase of the New Ordinary Shares, (vi) that the Company and counsel to the Company are relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgements and understandings of the purchaser set forth in such US Investor Letter (x) in concluding that the offer and sale of the New Ordinary Shares is a "private offering" and, as such, is exempt from the registration requirements of the US Securities Act, and (y) to determine the applicability of such exemptions in evaluating the suitability of such purchaser to purchase the New Ordinary Shares and (vii) that it is not a Plan Investor. The US Investor Letter contains additional written representations, agreements and acknowledgements relating to the transfer restrictions applicable to the New Ordinary Shares.

The Ordinary Shares have not been registered and will not be, registered under the US Securities Act, or any state securities laws, and may not be offered or sold within the US or to, or for the account or benefit of, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and such other applicable state securities laws. Accordingly, the Ordinary Shares may be offered and sold only (i) (x) to "qualified institutional buyers" ("QIBS"), as defined in Rule 144A, who are also, in each case, "qualified purchasers" ("QPs"), as defined in section 2(a)(51) of the Investment Company Act, for purposes of Section 3(c)(7) of the US Investment Company Act and the rules promulgated thereunder or (y) "accredited investors" as defined in Rule 501(a) of Regulation D of the US Securities Act, who are also, in each case, QPs, in reliance on an exemption from, or a transaction not subject to, the registration requirements of the US Securities Act, or (ii) outside of the US in reliance upon Regulation S under the US Securities Act ("Regulation S") to non-US persons in offshore transactions. Purchasers in the US or who are US persons will be required to execute and deliver a US Investment Letter to the Bookrunner. In addition, the Company has not been, and will not be, registered under Investment Company Act. Based on the Company's current business model, the Company expects that it will be a passive foreign investment company within the meaning of Section 1297 of the US Tax Code, or PFIC, for the current taxable year and may continue to be a PFIC in future taxable years. To make a successful QEF Election, a US holder would need an annual QEF information statement which the Company may provide subject to specific request and to certain conditions at the Company's discretion. Please note that at this time the Company has not undertaken any obligation to provide such information to a US holder.

The New Ordinary Shares and any beneficial interests therein may not be acquired or held by Investors using assets of any, or that constitutes a, Plan Investor. Except with the express consent of the Company, in the US Investment Letter, each purchaser of the New Ordinary Shares in the Offer and Admission that is within the United States will be required to represent, agree and acknowledge (and each subsequent transferee, by acquiring the New Ordinary Shares or a beneficial interest therein, will be deemed to represent, agree and acknowledge) that no portion of the assets used to acquire or hold its interest in the New Ordinary Shares constitutes or will constitute the assets of any Plan Investor. If the Company determines that upon or after effecting an investment it is no longer necessary for it to impose these restrictions on ownership by Plan Investors, the restrictions may be lifted (which may necessitate making changes to the Articles).

If any purchaser of New Ordinary Shares that was required to execute a US Investor Letter in connection with the investment of such New Ordinary Shares receives New Ordinary Shares in certificated form, such New Ordinary Shares shall bear an appropriate legend substantially to the following effect:

"THE ORDINARY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE ORDINARY SHARES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") OUTSIDE THE UNITED STATES TO A PERSON NOT KNOWN BY YOU TO BE A US PERSON (AS DEFINED IN REGULATION S), BY PRE-ARRANGEMENT OR OTHERWISE, (2) PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (4) TO THE COMPANY OR A SUBSIDIARY THEREOF. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY WILL BE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(A)(3) UNDER THE SECURITIES ACT AND FOR SO LONG AS SUCH SHARES ARE "RESTRICTED SECURITIES" (AS SO DEFINED) THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

THE COMPANY AND ITS AGENTS WILL NOT BE REQUIRED TO ACCEPT FOR REGISTRATION OF TRANSFER ANY SHARES MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS. THE COMPANY MAY REQUIRE ANY US PERSON OR ANY PERSON WITHIN THE UNITED STATES WHO WAS NOT A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT) AT THE TIME IT ACQUIRED ANY SHARES OR ANY BENEFICIAL INTEREST THEREIN TO TRANSFER THE SHARES OR ANY SUCH BENEFICIAL INTEREST IMMEDIATELY IN A MANNER CONSISTENT WITH THESE RESTRICTIONS, AND IF THE OBLIGATION TO TRANSFER IS NOT MET, THE COMPANY IS IRREVOCABLY AUTHORIZED, WITHOUT ANY OBLIGATION, TO TRANSFER THE SHARES, AS APPLICABLE, IN A MANNER CONSISTENT WITH THESE RESTRICTIONS AND, IF SUCH SHARES ARE SOLD, THE COMPANY SHALL BE OBLIGED TO DISTRIBUTE THE NET PROCEEDS TO THE ENTITLED PARTY."

Until 40 days after Admission, an offer or sale of the New Ordinary Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than pursuant to an available exemption from registration under the US Securities Act.

Restrictions on purchasers of Ordinary Shares outside the United States who are not US Persons

Each purchaser of the Ordinary Shares offered outside the United States in reliance on Regulation S in the Offer by accepting delivery of this Prospectus will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

(i) the Investor is a non-US Person outside the United States, and is not acquiring the Ordinary Shares for the account or benefit of a US Person or a person in the United States;

(ii) the Investor is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S (including, for the avoidance of doubt, a bona fide sale on the London Stock Exchange Main Market for listed securities);

(iii) the Ordinary Shares have not been offered to it by the Company, the Bookrunner, their respective directors, officers, agents, employees, advisers or any others by means of any "directed selling efforts" as defined in Regulation S;

(iv) the Investor is aware that the Ordinary Shares have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States absent registration or an exemption from, or transaction not subject to, registration under the US Securities Act;

(v) the investor is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire Ordinary Shares;

(vi) it is not acquiring the Ordinary Shares with a view to offer, sell, resell, transfer, deliver or distribute directly or indirectly, to a US Person or into the United States or any jurisdiction referred to in (v) above;

(vii) except with the express consent of the Company given in respect of an investment in the Offer, no portion of the assets used by such Investor to purchase, and no portion of the assets used by such Investor to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of a Plan Investor and that such Investor is not a Plan Investor;

(viii) if in the future it decides to offer, sell, transfer, assign, novate or otherwise dispose of Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the Investment Company Act, in each case outside the United States to persons reasonably believed to be non-US Persons. It acknowledges that any sale, transfer, assignment, novation, pledge or other disposal made other than in compliance with such laws and the above-stated restrictions will be subject to the forfeiture and/or compulsory transfer provisions as provided in the Company's Articles;

(ix) it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Ordinary Shares to any persons within the United States, nor will it do any of the foregoing; and

(x) each of the Bookrunner, the Company, their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations and agreements. If any of the representations or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company and, if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, the Investor has sole investment discretion with respect to each such account and has full power to make such foregoing representations and agreements on behalf of each such account.

Certain ERISA Considerations

General

The following is a summary of certain considerations associated with the purchase of the Ordinary Shares by (i) an "employee benefit plan," as defined in section 3(3) of ERISA, that is subject to Part 4 of Subtitle B of Title I of ERISA, (ii) a "plan," as defined in section 4975 of the US Tax Code, or (iii) any entity whose underlying assets are considered to include "plan assets" of any such "employee benefit plan" or "plan," as applicable, described in preceding clause (i) or (ii) under, and to the extent provided in, section 3(42) of ERISA and United States Department of Labor Regulation section 2510.3-101 (the "Plan Asset Regulation"), as modified by section 3(42) of ERISA. Each entity described in preceding clause (i) or (ii) is referred to herein as an "ERISA Plan." Each entity that is an ERISA Plan or that is described in the preceding clause (iii) is referred to herein as a '"Plan Investor" and each "employee benefit plan," as defined in clause (i) of the immediately preceding sentence, that is not subject to Part 4 of Subtitle B of Title I of ERISA or section 4975 of the US Tax Code or other plan or investor whose purchase or holding of Ordinary Shares would be subject to any state, local, non-US or other laws or regulations similar to Part 4 of Subtitle B of Title I of ERISA or section 4975 of the US Tax Code is referred to herein as a Non-ERISA Plan (any such laws or regulations, "Similar Laws"). This summary is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions under ERISA, the US Tax Code or Similar Laws, as applicable, it is particularly important that fiduciaries, or other persons considering purchasing the Ordinary Shares on behalf of, or with the assets of, any plan, consult with their counsel to determine whether such plan is subject to Title I of ERISA, section 4975 of the US Tax Code or any Similar Laws.

Section 3(42) of ERISA provides that the term "plan assets" has the meaning assigned to it by such regulations as the Department of Labor may prescribe, except that under such regulations the assets of any entity shall not be treated as plan assets if, immediately after the most recent investment of any equity interest in the entity, less than 25 per cent. (25%) of the total value of each class of equity is held by "benefit plan investors" as defined in section 3(42) of ERISA. The Plan Asset Regulation generally provides that when an ERISA Plan acquires an equity interest in an entity that is neither a "publicly-offered security" (as defined in the Plan Asset Regulation) nor a security issued by an investment company registered under the US Investment Company Act, the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by "benefit plan investors" is not significant or that the entity is an "operating company", in each case as defined in the Plan Asset Regulation. Section 3(42) of ERISA modifies the definition of "benefit plan investor" contained in the Plan Asset Regulation to include only Plan Investors. For the purposes of the Plan Asset Regulation, as modified by section 3(42) of ERISA, equity participation in an entity by Plan Investors will not be significant if, immediately after the most recent acquisition of any equity interest in the entity by any person, such Plan Investors hold, in the aggregate, less than 25 per cent. (25%) of the value of each class of equity interests of such entity, excluding equity interests held by any person (other than a Plan Investor) who has discretionary authority or control with respect to the assets of the entity or who provides investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates of such person. Section 3(42) of ERISA provides that for purposes of the Plan Asset Regulation, an entity is considered to hold plan assets only to the extent of the percentage of the equity interests held by Plan Investors.

It is anticipated that: (i) the Ordinary Shares will not constitute "publicly offered securities" for purposes of the Plan Asset Regulation, (ii) the Company will not be an investment company registered under the US Investment Company Act, and (iii) the Company will not qualify as an operating company within the meaning of the Plan Asset Regulation. The Company will use commercially reasonable efforts to prohibit ownership by Plan Investors in the Ordinary Shares.

However, no assurance can be given that investment by Plan Investors in the Ordinary Shares will not be "significant" for purposes of section 3(42) of ERISA and the Plan Asset Regulation. Nor does the Company guarantee any outcomes under Similar Law with respect to any Non-ERISA Plan under Similar Law.

Plan asset consequences

If the Company's assets were deemed to be "plan assets" of an ERISA Plan whose assets were invested in the Company, this would result in, among other things: (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Company and investments in the Ordinary Shares made by a Plan Investor, and (ii) the possibility that certain transactions that the Company might enter into, or may have entered into in the ordinary course of business, or investments in the Ordinary Shares made by a Plan Investor might constitute or result in non-exempt prohibited transactions under section 406 of ERISA and/or section 4975 of the US Tax Code and might have to be rescinded. A non-exempt prohibited transaction, in addition to imposing potential liability upon fiduciaries of the ERISA Plan, may also result in the imposition of an excise tax under the US Tax Code upon a "party in interest" (as defined in ERISA) or "disqualified person" (as defined in the US Tax Code), with whom the ERISA Plan engages in the transaction.

Non-ERISA Plans (for example, plans that are governmental plans, certain church plans and non-US plans), while not subject to Part 4 of Subtitle B of Title I of ERISA or section 4975 of the US Tax Code, may nevertheless be subject to Similar Laws. Fiduciaries of such Non-ERISA Plans should consult with their counsel before purchasing or holding any Ordinary Shares.

Due to the foregoing, except with the express written consent of the Company given in respect of an investment in the Offer, the Ordinary Shares may not be purchased or held by any Plan Investor. In addition, except with the express written consent of the Company, Plan Investors are strictly prohibited from investing and/or dealing in any Ordinary Shares or being transferred any Ordinary Shares at any time and in any manner whatsoever.

Representation and warranty

In light of the foregoing, except with the express consent of the Company given in respect of an investment in the Offer, by accepting an interest in any Ordinary Shares, each Investor will be deemed to have represented and warranted, or will be required to represent and warrant in writing, that no portion of the assets used to purchase or hold its interest in the Ordinary Shares constitutes or will constitute the assets of any Plan Investor. If the Company determines that upon or after effecting an Investment it is no longer necessary for it to impose these restrictions on ownership by Plan Investors, the restrictions may be lifted, which would require an amendment to the Articles.

For the attention of Canadian investors

The New Ordinary Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the New Ordinary Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the Banks are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

For the attention of Australian investors

This document (a) does not constitute a prospectus, a product disclosure statement or other disclosure document under the Corporations Act 2001 of the Commonwealth of Australia ("**Corporations Act**"); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission ("**ASIC**"), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors ("**Exempt Investors**") who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are "wholesale clients" for the purpose of section 761G of the Corporations Act.

The New Ordinary Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the New Ordinary Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any New Ordinary Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the New Ordinary Shares, each purchaser or subscriber of New Ordinary Shares represents and warrants to the Company, the Bookrunner and their affiliates that such purchaser or subscriber is an Exempt Investor.

As any offer of New Ordinary Shares under this document, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those New Ordinary Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the New Ordinary Shares each purchaser or subscriber of New Ordinary Shares undertakes to the Company and the Bookrunner that such purchaser

or subscriber will not, for a period of 12 months from the date of issue or purchase of the New Ordinary Shares, offer, transfer, assign or otherwise alienate those New Ordinary Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

For the attention of Japanese investors

The New Ordinary Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, (the "FIEA")). Accordingly, each Bank has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any New Ordinary Shares in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

Notice to Prospective Investors in Israel

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, or the Securities Law, and has not been filed with or approved by the Israel Securities Authority. In Israel, this prospectus is being distributed only to, and is directed only at, and any offer of the New Ordinary Shares is directed only at, (i) a limited number of persons in accordance with the Israeli Securities Law and (ii) investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and "qualified individuals," each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case, purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors are required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.

PART XVII

DEFINITIONS

The following definitions apply throughout this Prospectus unless the context requires otherwise:

"2010 PD Amending Directive"	means Directive 2010/73/EU;
"Admission"	means admission of the Ordinary Shares to the standard segment of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange;
"ALS" or "Arthurian Life Sciences"	means Arthurian Life Sciences Limited;
"ALS SPV"	means Arthurian Life Sciences SPV GP Limited;
"Arix Holdings"	means Arix Bioscience Holdings Limited;
"Arix Holdings Group"	means Arix Bioscience plc, Arix Holdings Limited, Arix US and Arthurian Life Sciences GP Limited (as from 21 December 2015 only);
"Arix US"	means Arix Bioscience, Inc.;
"Articles of Association" or "Articles"	means the articles of association of the Company in force from time to time from Admission;
"Artios"	means Artios Pharma Limited;
"Auditors"	means PricewaterhouseCoopers LLP;
"BioMotiv"	means BioMotiv, LLC, a Delaware limited liability company whose registered office is at 20600 Chagrin Blvd., Suite 210, Cleveland, OH 44122;
"BioMotiv Agreement"	means the strategic agreement dated 31 December 2015 entered into between BioMotiv, LLC and Arix US;
"Brexit"	means the UK exiting the European Union as a result of the in-or-out referendum on the UK's membership
"Business Days"	means a day or days (other than a Saturday or a Sunday) on which banks are open for business in London;
"C Chipperton"	means Christopher Chipperton;
"C Shares"	means the C Shares of £1 each in the capital of the Company from time to time;
"certificated" or "in certificated form"	means in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST);
"C Evans"	means Professor Sir Christopher Thomas Evans;
"Chairman"	means the chairman of the Board from time to time;
"Chief Executive Officer"	means the chief executive officer of the Company from time to time;

"Chief Financial Officer"	means the chief financial officer of the Company from time to time;
"City Code"	means the City Code on Takeovers and Mergers;
"Companies Act 2006" or "Act"	means the Companies Act 2006 of the United Kingdom, as amended;
"Company" or "Arix Bioscience"	means Arix Bioscience plc, a public company limited by shares incorporated in England under the Companies Act 2006 with number 09777975;
"COPD"	means chronic obstructive pulmonary disease;
"CREST Manual"	means the compendium of Prospectus entitled "CREST Manual" issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules, the CSS Operations Manual and the CREST Glossary of Terms;
"CREST" or "CREST System"	means the paperless settlement system operated by Euroclear enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments;
"Deferred Shares"	means the deferred shares of £0.00001 each in the capital of the Company;
"Directors" or "Board" or "Board of Directors"	means the directors of the Company, whose names appear on page 52 of this Prospectus, or the board of directors from time to time of the Company, as the context requires, and "Director" is to be construed accordingly;
"Directors' Employment Contracts and Letters of Appointment"	means the employment contracts and letters of appointment for each of the Directors, details of which are set out in "Part XV – Additional Information";
"Disclosure and Transparency Rules"	means the disclosure and transparency rules of the UK Listing Authority made in accordance with section 73A of FSMA as amended from time to time;
"EEA"	means the European Economic Area;
"EEA States"	means the member states of the European Union and the European Economic Area, each an "**BEA State**";
"Employee Share Plans"	means the Arix Bioscience plc Annual and Deferred Bonus Plan ("**ABP**") and the Arix Bioscience plc Executive Incentive Plan ("**EIP**") described in more detail in "Part XV – Additional Information";
"ERISA"	means the US Employee Retirement Income Security Act of 1974, as amended;
"ERISA Plan"	means a plan subject to Part 4 of Subtitle B of Title I of ERISA or section 4975 of the US Tax Code;
"ESS Shareholders"	means Martin Walton, Shafia Zahoor and Beverley Borthwick;

"EU" or "European Union"	means the Member States of the European Union;
"Euroclear"	means Euroclear UK & Ireland Limited;
"Executive Directors"	means Jonathan Peacock, C Evans, Joseph Anderson and James Rawlingson;
"Executive Share Option Plan"	means the share incentive plan adopted by the Company 4 February 2016 in relation to the share incentive options of some of the Executive Directors as described in more detail in "Part XV – Additional Information";
"FCA"	means the UK Financial Conduct Authority;
"Finance Act 2016"	means the Finance Bill 2016 published on 24 March 2016, which will become the Finance Act 2016 on Royal Assent;
"Founders"	means C Evans, C Chipperton and Ectoplasm Limited;
"Founders' Incentive Arrangement"	means the terms and conditions set out in the Restrictive Share Agreement in relation to the release of the Restricted Shares as Incentive Shares to the Founders as described in more detail in paragraph 18.1 of "Part XV – Additional Information";
"Founders' Shares"	means the Ordinary Shares held by the Founders as at the date of this Prospectus;
"FSMA"	means the Financial Services and Markets Act 2000 of the UK, as amended;
"general meeting"	means a meeting of the Shareholders of the Company or a class of Shareholders of the Company (as the context requires);
"Group"	means the Company, any subsidiary and any company or business they acquire (directly or indirectly) from time to time and "**Group Company**" means any of them;
"Group Business"	means an individual company, body corporate or other business entity in which members of the Group have invested in its equity regardless of whether such investment is a majority or a minority stake and the term "**Group Businesses**" shall be deemed to be a reference to them collectively;
"HMRC"	means HM Revenue & Customs;
"IASB"	means the International Accounting Standards Board;
"Incentive Shares"	the Restricted Shares to be released subject to the rules of the Founders' Incentive Arrangement;
"IFRS"	means the International Financial Reporting Standards as adopted by the EU;
"Institutional Offer"	means the offer of New Ordinary Shares to certain institutional and other investors as described in Part XIII (*Details of the Offer*);

"Intermediaries"	means the entities listed in paragraph 23 of "Part XV – Additional Information", together with any other intermediary financial institution (if any) that is appointed by the Company in connection with the Intermediaries Offer after the date of this document and "**Intermediary**" shall mean any one of them;
"Intermediaries Offer"	the offer of New Ordinary Shares to the Intermediaries as described in paragraph 2 of "Part XIII – Details of the Offer";
"Intermediaries Offer Adviser"	means Scott Harris UK Ltd of 71 Queen Victoria Street, London EC4V 4BE;
"Intermediaries Offer Application Form"	the form of application for New Ordinary Shares in the Intermediaries Offer used by the Intermediaries;
"Intermediaries Terms and Conditions"	the terms and conditions upon which the Intermediaries have agreed to be appointed by the Company to act as an Intermediary in the Intermediaries Offer and pursuant to which the Intermediaries may apply for New ordinary Shares in the Intermediaries Offer, details of which are set out at paragraph 19 of "Part XV – Additional Information";
"Investor/s"	means a person or persons who confirms his agreement to the Bookrunner to subscribe for New Ordinary Shares under the Offer;
"ISIN"	means International Securities Identification Number;
"Jefferies" or "Bookrunner" or "Stabilising Manager"	means Jefferies International Ltd;
"LDC"	means the Lead Discovery Centre GmbH;
"Listing Rules"	means the listing rules made by the UK Listing Authority under section 73A of FSMA as amended from time to time;
"London Stock Exchange" or "LSE"	means London Stock Exchange plc;
"Main Market"	means the regulated market of the LSE for officially listed securities;
"Major Shareholders"	means those Shareholders described in paragraph 8.1 of Part XV (Additional Information);
"Money Laundering Regulations 2007"	means the Money Laundering Regulations 2007 (SI 2007/2157);
"Net Proceeds"	means the funds received on closing of the Offer less any expenses paid or payable in connection with Admission and the Offer;
"Non-ERISA Plan"	means any "employee benefit plan," as defined in clause section 3(3) of ERISA, that is not subject to Part 4 of Subtitle B of Title I of ERISA or section 4975 of the US Tax Code or other plan or investor whose purchase or holding of Ordinary Shares would be subject to any Similar Laws;
"New Ordinary Shares"	means new Ordinary Shares issued pursuant to the Offer on the terms and subject to the conditions in this Prospectus;

"Non-Executive Directors"	means the non-executive directors of the Company whose names are set out in "Part VII – Directors and corporate governance";
"Offer"	means the proposed offer of New Ordinary Shares on behalf of the Company at the Offer Price and on the terms and subject to the conditions set out in this Prospectus;
"Offer Price"	means 207 pence per New Ordinary Share;
"Official List"	means the official list maintained by the UK Listing Authority;
"Offshore Transaction Notice"	means the notice set out in the appendix to the US Investor's Letter;
"ordinary resolution"	means a resolution passed at a meeting of the Shareholders duly convened and passed by a simple majority of the votes cast, whether on a show of bands or on a poll;
"Ordinary Shares"	means the ordinary shares of £0.00001 par value in the capital of the Company including, if the context requires, the New Ordinary Shares;
"Over-Allotment Option"	means the grant to the Bookrunner of an option exercisable within 30 days of the announcement of the Offer Price to purchase up to 7,246,376 additional New Ordinary Shares at the Offer Price, solely to cover over-allotments, if any, in connection with the Offer;
"Placing Agent"	means WG Partners LLP;
"Placing Agreement"	means the placing agreement dated 2 February 2017 made between the Company, the Directors and the Bookrunner, details of which are set out in "Part XV – Additional Information";
"Plan Asset Regulation"	means section 3(42) of ERISA and United States Department of Labor Regulation section 2510.3-101;
"Plan Investor"	means (i) an "employee benefit plan," as defined in section 3(3) of ERISA, that is subject to Part 4 of Subtitle B of Title I of ERISA, (ii) a "plan," as defined in section 4975 of the U.S. Tax Code, or (iii) any entity whose underlying assets are considered to include "plan assets" of any such "employee benefit plan" or "plan," as applicable, described in preceding clause (i) or (ii) under, and to the extent provided in, section 3(42) of ERISA and United States Department of Labor Regulation section 2510.3-101, as modified by section 3(42) of ERISA;
"Premium Listing"	means a premium listing under Chapter 6 of the Listing Rules;
"Premium Listing Principles"	means the high-level principles contained in the Listing Rules applicable to companies with a Premium Listing;
"Proceeds of Crime Act 2002"	means the Proceeds of Crime Act 2002 of the United Kingdom, as amended;

"Prohibited Person"	means any person whose legal or beneficial ownership of Ordinary Shares, in the opinion of the Directors, would or would reasonably be likely to: (i) require the Company to register as an "investment company" under the US Investment Company Act; (ii) require the Company to register under the US Exchange Act or result in the Company not being considered a "foreign private issuer" as such term is defined in Rule 3b-4I under the US Exchange Act; (iii) result in a Plan Investor holding shares in the Company; or (iv) subject the Company to regulation in the United States as a bank, bank holding company or other financial institution;
"Prospectus"	means this prospectus;
"Prospectus Directive"	means Directive 2003/71/EC (and any amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant member state), and includes any relevant implementing measures in each EEA State that has implemented Directive 2003/71/EC;
"Prospectus Rules"	means the prospectus rules of the UK Listing Authority made in accordance with section 73A of FSMA, as amended from tune to time;
"QEF Election"	means an election to treat any PFIC as a qualified electing fund, as defined in section 1295 of the US Tax Code;
"Qualified Institutional Buyer" or "QIB"	means a qualified institutional buyer as defined in Rule 144A;
"Qualified Purchaser" or "QP"	has the meaning given to such term by section 2(a)(51) of the US Investment Company Act;
"Registrar''	means Equiniti Limited or any other registrar appointed by the Company from time to time;
"Registrar Agreement"	means the registrar agreement dated 20 June 2016 between the Company and the Registrar, details of which are set out in "Part XIV – Additional Information";
"Regulation S"	means Regulation S under the US Securities Act;
"Restricted Shares"	means those Ordinary Shares held by the Founders which are subject to restrictions pursuant to the Restrictive Share Agreement and details of which are set out in "Part XV – Additional Information";
"Restrictive Share Agreement"	means the restrictive share agreement made between the Company, Ectoplasm Limited, C Chipperton, C Evans and each of the ESS Shareholders dated 8 February 2016 (as amended by the amended and restated restrictive share agreement) relating to Ordinary Shares in the Company, details of which are set out in "Part XV – Additional Information";
"Rule 144A"	means Rule 144A under the US Securities Act;
"SEC"	means the US Securities and Exchange Commission;
"SEDOL"	means Stock Exchange Daily Official List identifier;

"Shareholders"	means the holders of the Ordinary Shares and/or New Ordinary Shares, as the context requires;
"Similar Laws"	means any state, local, non-US or other laws or regulations similar to Part 4 of Subtitle B of Title I of ERISA or section 4975 of the US Tax Code;
"Stamp Duty Reserve Tax Regulations 1986"	means the Stamp Duty Reserve Tax Regulations 1986 of the United Kingdom, as amended;
"Stabilisation Manager"	means Jefferies;
"Stabilisation Period"	means the 30 calendar day period from the commencement of the conditional dealings of the Ordinary Shares;
"Standard Listing"	means a standard listing under Chapter 14 of the Listing Rules;
"Takeover Panel"	means the UK Panel on Takeovers and Mergers;
"Terrorism Act 2000"	means the Terrorism Act 2000 of the United Kingdom, as amended;
"The Harrington Project"	means The Harrington Project for Discovery and Development, a US and UK initiative to support the discovery and development of therapeutic discoveries by physician-scientists and consisting of three components of the Harrington Discovery Institute at the University Hospitals Cleveland, Ohio, the Innovation Support Centre within that institute and BioMotiv;
"UK Corporate Governance Code"	means the UK Corporate Governance Code issued by the Financial Reporting Council in the UK from time to time;
"UK Listing Authority" or "UKLA"	means the FCA in its capacity as the competent authority for listing in the UK pursuant to Part V of FSMA;
"uncertificated" or "in uncertificated form"	means, in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
"United Kingdom" or "UK"	means the United Kingdom of Great Britain and Northern Ireland;
"United States" or "US"	has the meaning given to the term "United States" in Regulation S;
"USD" or "US$" or "$"	means the lawful currency of the US;
"US Exchange Act"	means the US Securities Exchange Act of 1934, as amended;
"US Investment Company Act"	means the US Investment Company Act of 1940, as amended, and related rules;
"US Investor Letter"	means the letter agreement entered into between the Company and the relevant subscriber;

"US Person"	has the meaning given to the term "US Person" in Regulation S;
"US Securities Act" or "Securities Act"	means the US Securities Act of 1933, as amended;
"US Tax Code"	means the US Internal Revenue Code of 1986, as amended;
"VAT"	means (i) within the EU, any tax imposed by any Member State in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC), and (ii) outside the EU, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition;
"Verona"	means Verona Pharma plc;
"Verona Placing"	means as described on page 71 of this Prospectus;
"voting rights"	means all the voting rights attributable to the capital of a company which are currently exercisable at a general meeting;
"Withheld Founders' Shares"	means the Ordinary Shares which are held by the Founders representing in aggregate 4.66 per cent. of the Company's issued ordinary share capital immediately following Admission;
"WLSIF"	means Wales Life Sciences Investment Fund;
"Woodford Fund"	means as defined in section 15 of Part XV (Additional Information) of this Prospectus;
"£"	means the lawful currency of the UK.

References to a "company" in this Prospectus shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

ARIX BIOSCIENCE plc

London 20 Berkeley Square
London W1J 6EQ

New York 250 West 55th Street
33rd Floor
New York NY 10019