

**Alternative Investment Fund Managers Directive Fund 3.2.2R Disclosures
International Biotechnology Trust plc (the "Company" or the "AIF")**

The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds Sourcebook forming part of the FCA Handbook (together the "**UK AIFM Regime**") requires certain disclosures to be made by UK alternative investment fund managers, such as Schroder Unit Trusts Limited (the "**AIFM**") in its capacity as alternative investment fund manager to the Company, when they market interests in an alternative investment fund to investors located in the United Kingdom.

In addition, Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers, as amended from time to time (the "**EU AIFM Directive**") imposes detailed and prescriptive obligations on fund managers established in the European Economic Area (the ("**EEA**") (the "**Operative Provisions**"). These do not currently apply to fund managers established outside the EEA, such as the AIFM. Rather, non-EEA managers are only required to comply with certain disclosure, reporting and transparency obligations of the EU AIFM Directive (the "**Disclosure Provisions**") and, even then, only if the non-EEA manager markets shares in an alternative investment fund to EEA domiciled investors within the EEA. Where the Disclosure Provisions appear to require disclosure on an Operative Provision which does not apply to the Company, no meaningful disclosure can be made.

This document contains the information that the AIFM is required to make available to investors pursuant to: (i) the UK AIFM Regime as set out in Chapter 3.2 of the Investment Funds Sourcebook of the FCA Handbook ("**FUND 3.2**") and the EU AIFM Directive and should not be relied upon as the basis for any investment decision.

This document contains either the information required by FUND 3.2 and the EU AIFM Directive to be made available to investors in the Company before they invest in the Company or cross-refers to the relevant document available to investors that contains such information.

An AIFM must, for each UK AIF that it manages, and for each AIF it markets in the UK, make available to AIF investors before they invest, in line with the instrument constituting the fund, the following information and any material changes to it:

International Biotechnology Trust plc (the "Company")

DISCLOSURE OF INFORMATION UNDER THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

This document is issued in order to comply with the provisions of the Financial Conduct Authority's Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) in the UK (the "**Directive**"), which require that certain information be disclosed to investors before investment in the Company and should not be relied upon as the basis for any investment decision. In the event that there is a material change to the information contained in this document, it will be updated and re-published. Information that is required under the Directive to be disclosed to investors without delay will also be disclosed through a regulatory news service as appropriate.

1. Investment Strategy and Objectives

Full details of the investment strategy and objective of the Company and its investment policy may be found in the Annual Report and Accounts. Details of the investment techniques employed by the Company are contained within the investment policy. The associated risks are:

Deployment - deterioration of the investment pipeline may impact the ability to commit and deploy capital into suitable opportunities in the remains strong which could limit the ability of the Company to acquire assets in line with target returns or incur abort costs where transactions are unsuccessful. Both deployment risks could ultimately impact shareholder returns.

Foreign currency - the Company's functional currency is Sterling, but some of the investments are based in countries whose local currency is not Sterling. Therefore, changes in foreign currency exchange rates may affect the value of the investments due to adverse changes in currencies.

UK/European trade deal - A trade deal was signed between the UK and the EU ahead of the deadline which came into force on 1 May 2021. Whilst this provides some level of certainty, financial services were not an areas where a detailed "deal" was achieved. As a result, there is likely to be a prolonged period of market uncertainty as the exact details are negotiated between the parties, which could result in adverse conditions for the Company, in particular volatility in macroeconomic indicators such as inflation and interest rates, foreign exchange and changes in regulations. There is also ongoing risk of supply chain disruption whilst new arrangements are embedded and uncertainty regarding the future of the UK's

Material changes to the investment policy will require shareholder approval, which would be sought at either an Annual General Meeting or at a separate General Meeting convened for that purpose and the approval of the Financial Conduct Authority (the "**FCA**")

2. Investment Restrictions

Full details of the key investment restrictions imposed on the Alternative Investment Fund Manager, Schroder Unit Trusts Limited (SUTL/AIFM), may be found in the Annual Report and Accounts.

3. Leverage

The Directive prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of "leverage" the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to be gearing.

The Company uses leverage to increase its exposure primarily for short term investment opportunities. The AIFM in dialogue with the Board has set maximum levels of leverage.

The Company has established a gearing restriction for the AIFM, which seeks to limit gearing to 30% of the Company's net asset value.

Leverage is expressed as a ratio (the "**leverage ratio**") between the exposure of the Company and its net asset value. The Leverage Ratio is calculated in accordance with two methodologies for calculating the exposure of the Company, the gross method and the commitment method as summarized in the below table:

Leverage ratio

'Gross leverage ratio'

Exposure calculation methodology

The exposure calculated under the gross methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the Company in accordance with the conversion methodologies for gross exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable.

'Commitment leverage ratio'

The exposure calculated under the commitment methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the Company in accordance with the conversion methodologies for commitment exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the

exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable. Under this method, netting and hedging arrangements can be taken into consideration under certain conditions.

The two ratios resulting from applying the gross or commitment methodology for calculating the exposure of the Company supplement each other and provide a distinct representation of leverage.

Gross leverage is a conservative way of representing leverage as it does not:

- make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result strategies that aim to reduce risk will contribute to an increased level of leverage for the Company.
- allow the netting of derivative positions. As a result, derivatives roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall Company risk.

As a result, a Company that exhibits a high level of gross leverage is not necessarily riskier than a Company that exhibits a low level of gross leverage.

Commitment leverage is a more accurate representation of the true leverage of the Company as it allows for hedging and netting arrangements under certain conditions.

By convention, the leverage ratio is expressed as a fraction. A leverage ratio of 1 or below means that the Company is unleveraged, whereas a leverage ratio above 1 indicates that the Company is leveraged.

Maximum levels of leverage for the Company

Leverage ratio	Maximum leverage ratio
'Gross leverage ratio'	1.6
'Commitment leverage ratio'	1.6

These maximum levels have been set by the AIFM in order to satisfy its obligations under the Directive. The AIFM expects that under normal market conditions the typical level of leverage to be substantially lower than the maximums stated above. In addition the gross leverage methodology does not allow for offsets of hedging transactions and other risk mitigation strategies involving derivatives, such as hedging and duration management.

The Company has no collateral or re-use arrangements.

The AIFM may change the maximum level of leverage from time to time. Any changes will be disclosed to shareholders in accordance with the Directive as described below under "Periodic and Regular Disclosure".

Investors should read the risk factors in the latest Annual Report and Accounts for a description of the key risks relating to the use of gearing and leverage.

The following risks are risks identified by the Company as being associated with the types and source of leverage employed by the Company:

The Company and members of its Group may use borrowings for multiple purposes, including for investment purposes. While the use of borrowings should enhance the total return on the Company's ordinary shares (the "**Ordinary Shares**"), where the return on the Company's portfolio of assets exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's portfolio of assets is lower than the cost of borrowing. The use of borrowings by the Company and members of its Group may increase the volatility of the Net Asset Value per Ordinary Share.

To the extent that a fall in the value of the Company's portfolio of assets causes gearing to rise to a level that is not consistent with the Company's borrowing and gearing policy, borrowing limits or loan covenants, the Company may have to sell investments in order to reduce borrowings. Such investments may be difficult to realise and therefore the market price which is achievable may give rise to a significant loss of value compared to the book value of the assets as well as a reduction in income from the Company's portfolio of assets. Any amounts that are secured under a bank facility will rank ahead of Shareholders' entitlements and accordingly, should the Company's portfolio of assets not grow at a rate sufficient to cover the costs of operating the assets, on a liquidation of the Company, Shareholders may not recover all or any of their initial investment.

The Company and members of its group may incur debt with a floating rate of interest and be exposed to interest rate risk due to fluctuations in prevailing market rates. Changes in interest rates may also affect the valuation of the investment portfolio by impacting the valuation a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgements in the territory where the AIF is established.

4. Legal implications of the contractual relationship entered into for the purposes of investment

Investors will acquire shares in the Company, which is a closed ended investment limited by shares incorporated in England and Wales.

While investors acquire an interest in the Company on subscribing for or purchasing Ordinary Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debt and other obligations of the Company is limited to the amount unpaid, if any, on the Ordinary Shares, as the case may be, held by them.

Shareholders' rights in respect of their investment in the Company are governed by the articles of association of the Company (the "**Articles**") and the UK Companies Act 2006 (the "**Companies Act**"). Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in any prospectus and other marketing documents; unfair prejudice claims; and derivative actions. In the event that a shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such shareholder should consult its own legal advisers.

5. Jurisdiction and applicable law

The jurisdiction and applicable law is the law and practice currently in force in England and Wales and are subject to changes therein. As noted above, shareholders' rights are governed principally by the Articles and the Companies Act. By subscribing for Ordinary Shares, investors agree to be bound by the Articles which are governed by, and construed in accordance with, the laws of England and Wales.

Regulation (EC) 593/2008 ("**Rome I**") must be applied in all member states of the European Union (other than Denmark). Accordingly, where a matter comes before the courts of the relevant member state, the choice of governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's court may apply any rule of that member state's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that country which cannot be derogated from by agreement. The United Kingdom has legislated to the effect that, immediately upon the conclusion of the Brexit transition period (i.e. 31 December 2020), the rules in Rome I were incorporated into domestic law. As a result, English choice of law clauses in contracts continue to be respected both in the UK and the EU member states.

The UK's accession to the Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters 2007 remains uncertain and consequently, foreign judgments obtained in EU member states relating to proceedings commenced on or after 1 January 2021 will only be enforceable under the default common law regime or (if applicable) the Hague Convention. The Hague Convention only applies to the enforcement of judgments that arise from proceedings commenced pursuant to an exclusive jurisdiction clause in favour of a contracting state in civil or commercial matters. The UK government has passed domestic legislation which came into force on 1 January 2021. This legislation provides that exclusive jurisdiction clauses, which would have been caught by the Hague Convention by virtue of the UK's membership of the EU, will continue to be treated in exactly the same way as exclusive jurisdiction clauses concluded once the UK is a member of the Hague Convention in its own right.

Investors should note, however, that there is no instrument in place for the recognition and enforcement of judgements between the United Kingdom and the US and accordingly, if an investor were to seek to have an order of a US court (irrespective of the state in which the order was obtained) recognised or enforced in the courts of England and Wales, the investor would need to rely on the laws of England and Wales and may therefore find it difficult in practice to enforce a judgement obtained in the US in England and Wales

6. Appointment of AIFM and Delegations

SUTL provides portfolio management, risk management, company secretarial, accounting and administration services and has been appointed as the Company's AIFM in accordance with an AIFM Agreement. The AIFM agreement can be terminated by either party on not less than 6 months' notice in writing or on immediate notice in the event of certain material breaches or the insolvency of either party.

Full details of the appointment of the AIFM, including fees charged to the Company and termination provisions are provided in the Directors' Report in the Annual Report and Accounts and, in the Interim Report in circumstances where such fees have changed during the reporting period.

SUTL has delegated investment management to two wholly owned subsidiaries of Schroders plc, Schroder Investment Management Limited ("**SIML**") and Schroders Investment Management (Europe) S.A.

SUTL has in place appropriate professional indemnity cover.

7. Appointment of Depositary

The Company has appointed HSBC Bank plc as Depositary.

Under the Depositary Agreement, HSBC Bank plc is responsible, *inter alia*, for the custody of financial instruments and cash monitoring.

The Depositary is permitted to delegate the safekeeping of the asset of the Company.

No arrangements have been made with the Depositary to contractually discharge itself of liability in accordance with Article 21(13) of the Directive. Should there be any changes with respect to depositary liability, these will be notified through a regulatory news service without delay.

The Depositary and any of its affiliates may effect (and make a profit from) transactions in which the Depositary or its affiliates or another client of the Depositary or its affiliates has, directly or indirectly, a material interest or a relationship of any description with another party which involves or may involve a potential conflict with the Depositary's duty to the Company and (without prejudice) in circumstances where the Depositary or any of its connected persons may act as market maker in the securities held by the Company, provide broking services to the Company and/or to other companies, act as financial adviser, banker, derivatives counterparty or otherwise provide services to the issuer of the securities held by the Company, act in the same transaction as agent for more than one client, have a material interest in the issue of the securities or earn profits from any of the activities listed herein. The Depositary will ensure that such transactions are effected on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed.

Potential conflicts of interests as notified by the Depositary to the AIFM from time to time will be disclosed by the AIFM or the Company to the investors of the Company as soon as reasonably practicable following such notification.

8. Auditor

The Company has appointed PricewaterhouseCoopers LLP to provide statutory audit services.

9. Registrar

The Company has appointed Equiniti to act as Registrar. The services provided in their capacity as Registrar include share register maintenance, including the cancellation and allotment of shares as required; handling Shareholder queries and correspondence; arranging for the payment of dividends, maintenance and reconciliation of associated bank accounts; meeting management for company meetings including registering of proxy votes and Scrutineer services as and when required; and Corporate Action Services.

10. Investor Rights

Absent a direct contractual relationship between a shareholder and a service provider to the Company, shareholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a shareholder may potentially bring a claim against the relevant service provider. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Company by the relevant service provider is, prima facie, the Company itself. The above is without prejudice to any right a shareholder may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.

Shareholders who are "Eligible Counterparties" for the purposes of the FCA "Dispute Resolutions Complaints" rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints to the Financial Ombudsman Service ("FOS") (further details of which are available at <https://www.financial-ombudsman.org.uk>). Additionally, Shareholders may be eligible for compensation under the Financial Services Compensation Scheme ("FSCS") if they have claims against an FCA authorised service provider which is in default. There are limits on the amount of compensation available. Further information about the FSCS is at www.fscs.org.uk. To determine eligibility in relation to either the FOS or the FSCS, Shareholders should consult the respective websites above and speak to their legal advisers.

11. Professional Liability Insurance

In order to cover potential professional liability risks resulting from the AIFM's activities, the AIFM holds a professional indemnity insurance policy against liability arising from professional negligence which is appropriate to the risks covered.

12. Fees

Full details of the fees paid to the AIFM can be found in the Annual Report and Accounts in the Directors' Report.

Details of all other expenses incurred in running the Company are provided in the notes to the Accounts in the Annual Report and Accounts.

The ongoing charges for each financial year (representing total expenses excluding finance costs and performance fee, expressed as a percentage of average daily net assets and calculated in accordance with the Association of Investment Companies) are provided in the Financial Highlights section of the Annual Report and Accounts.

There are no fees charges directly to investors by the Company.

13. Pricing Methodology

The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of directors (the "Directors"). Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. Investments that are unlisted or not actively traded are valued using a variety of techniques to determine their fair value; all such valuations are reviewed by both the AIFM's fair value pricing committee and by the Directors.

All purchases and sales are accounted for on a trade date basis.

14. Valuation Procedure

The Company's net asset value is calculated every Dealing Day (a day on which the London Stock Exchange and banks in England and Wales are normally open for business). All instruction to issue or cancel ordinary shares given for a prior Dealing Day shall be assumed to have been carried out (and any cash paid or received). The valuation will be based on the following:

- Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.
- All transferable securities will be valued at fair value. Fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the exchange on which they are quoted.
- All other property contained within the Company's portfolio of assets will be priced at a value which, in the opinion of the AIFM, represents a fair and reasonable price.
- If there are any outstanding agreements to purchase or sell any of the Company's portfolio of assets which are incomplete, then the valuation will assume completion of the agreement.
- Added to the valuation will be:
 - any accrued and anticipated tax repayments of the Company
 - any money due to the Company because of ordinary shares issued prior to the relevant Dealing Day
 - income due and attributed to the Company but not received
 - any other credit of the Company due to be received by the Company. Amounts which are *de minimis* may be omitted from the valuation
- Deducted from the valuation will be:
 - any anticipated tax liabilities of the Company
 - any money due to be paid out by the Company because of ordinary shares bought back by the Company prior to the valuation
 - the principal amount and any accrued but unpaid interest on any borrowings
 - any other liabilities of the Company, with periodic items accruing on a daily basis. Amounts which are *de minimis* may be omitted from the valuation.

Valuations of net asset value per ordinary share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained. Any such suspension will be announced to the Regulatory Information Service.

The Company's unquoted portfolio of assets will be valued on each working day in accordance with IFRS and the PE and VC Valuation guidelines (IPEVC).

15. Procedures and Conditions for the Issue and Sale of shares

The Company seeks authority each year to issue up to 10% of the issued share capital, including any shares being held in treasury, for potential re-issue on a non pre-emptive basis. Any shares issued under this authority may only be issued at a premium to the prevailing net asset value at the time of issue. Shares are purchased and sold through intermediaries as they are listed on the London Stock Exchange.

16. Latest Annual Report, Historical Performance and Latest Net Asset Value

Historic performance information may be found in the latest Annual Report and Accounts under the "Financial Highlights" Section of the Report and on the web at <https://www.schroders.com/en-gb/uk/individual/funds-and-strategies/investment-trusts/IBT.com>

The Net Asset Value announcement can be found on both the Company's website: [●] and the London Stock Exchange's website: www.londonstockexchange.com.

17. Fair Treatment of Investors

The Directors have certain statutory duties with which they must comply. These include a duty upon each Director to act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole. As a company listed on the FCA's Official List, the Company is required under the Premium Listing Principles to treat all Shareholders of a given class equally.

The AIFM maintains a conflicts of interest policy to avoid and manage any conflicts of interest that may arise between the AIFM (and its affiliates) and the Company.

The shares of the same class rank pari passu with each other.

18. Preferential Treatment of Investors

The Company's investors purchase shares on the open market and therefore the Company is not in a position to influence the treatment of investors. No investor receives preferential treatment.

The Directors of the Company have certain statutory duties with which they must comply. These include a duty upon each Director to act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its Shareholders as a whole.

No investor has a right to obtain preferential treatment in relation to their investment in the Company. However, the AIFM may enter into arrangements with certain investors to rebate part of the management fee attributable to those investors' Ordinary Shares without the prior approval of, or disclosure of the detail of those terms to, Shareholders. The types of investors who may benefit are investors making significant or strategic investments in the Ordinary Shares.

19. Liquidity Risk Management

The Company's shares are traded on the London Stock Exchange through market intermediaries. There are no special rights to redemption.

None of the assets of the Company are subject to special arrangements arising from their illiquid nature.

The AIFM maintains a liquidity management policy to monitor the liquidity risk of the Company.

20. AIFM Remuneration Disclosures

SUTL has no employees but is a wholly owned subsidiary of Schroders plc (Schroders).

Schroders' remuneration philosophy aims to reward performance and attract and retain talented employees. Schroders seeks to encourage enterprise whilst ensuring alignment with its objectives, avoiding unnecessary or excessive risk and meeting regulatory requirements. To maintain Schroders' position as an employer of choice, it offers competitive terms and conditions across all aspects of remuneration, including salaries, benefits, pensions, paid leave and variable remuneration, with an appropriate balance of fixed and variable remuneration. Schroders defers significant portions of variable remuneration awards to provide higher-paid employees with potential upside but also downside risk through the link to the Schroders' share price and a range of Schroders' investment funds.

Remuneration strategy across Schroders is governed by its Remuneration Committee, a committee of the Schroders Board. The Remuneration Committee has established an AIFM Remuneration Policy designed to ensure the requirements of the AIFM Remuneration Code in the UK FCA handbook are met proportionately for all AIFM Remuneration Code Staff, following the effective implementation date. The Remuneration Committee is responsible for overseeing the implementation of this Policy on behalf of the Board of the AIFM, SUTL.

SUTL's remuneration disclosures are available here:

<https://www.schroders.com/en/investor-relations/shareholders-and-governance/disclosures/remuneration-disclosures>

Schroder's remuneration framework can be found here:

<https://www.schroders.com/en/global/individual/corporate-transparency/disclosures/remuneration-disclosures/>

21. Periodic and Regular Disclosure under the Directive / FCA regulations

The following information will be disclosed to shareholders on a semi-annual basis by way of the Interim and Annual Reports which are made available to shareholders:

- a) the percentage of any of the Company's assets that are subject to special arrangements arising from their illiquid nature;
- b) any new arrangements for managing the liquidity of the Company including, but not limited to, any material changes to the liquidity management systems and procedures employed by the AIFM; provided that shareholders will be notified immediately where the issue, cancellation, sale and redemption of shares is suspended, when redemptions are suspended or where other similar special arrangements are activated;
- c) the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks.

The following information will be provided through a regulatory news service without undue delay and in accordance with the Directive / FCA regulations:

(1) any change to:

- a) the maximum level of leverage which the AIFM may employ on behalf of the Company; and
- b) the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.

(2) the total amount of leverage employed by the Company. .