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BB Healthcare Trust plc: Initial Public Offering

Announcement of intention to raise £200 million and to apply for admission to the Premium Segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange

Bellevue Asset Management AG (the “Portfolio Manager” or “Bellevue”) is to launch BB Healthcare Trust plc (the “Company” or “BB Healthcare”), an investment trust whose shares will be admitted to trading on the Main Market of the London Stock Exchange. BB Healthcare will target an issue of £200 million by means of a placing, offer for subscription and intermediaries offer of ordinary shares (the “Issue”). In addition, pursuant to the Prospectus, a share issuance programme will allow the Company to issue up to 200 million further ordinary shares and/or C shares in the 12 months from the date of publication of the Prospectus.

BB Healthcare will be a high conviction, long-only investment trust invested in listed or quoted global healthcare equities. It will be unconstrained and able to invest regardless of market cap, sub sector or region, and the portfolio will be concentrated with a maximum of 35 holdings. BB Healthcare at launch will differ from other listed healthcare investment trusts. The target annual dividend in the first financial

period is 3.5 pence per ordinary share (to be paid mostly out of capital) and in subsequent financial years will be set at 3.5 per cent. of net asset value at the end of the preceding financial year (to be paid mostly out of capital). BB Healthcare will have an annual redemption option in order to assist with discount control and directors' fees (for UK-based directors) will be paid in shares. BB Healthcare will be managed by Bellevue Asset Management AG which has built a successful track record in this sector. BB Healthcare's investment objective and investment policy are summarised below.

Highlights

- Differs from other current UK listed healthcare investment trusts and offers a new way for investors to draw on the experience and track record of Bellevue in this sector
- Bellevue believes that an investment in BB Healthcare will provide an opportunity to invest in global healthcare equities at a time when, given current valuations, Bellevue considers there to be potential for long-term structural growth of the market for healthcare, and at a time when macro uncertainties are impacting equity markets
- Bellevue believes that healthcare is an attractive long-term growth sector, driven by: 1) the world getting richer; 2) increased healthcare demands due to an ageing global population; and 3) GDP growth fuelling healthcare spending
- BB Healthcare is targeting a total dividend in its initial financial period of 3.5 pence per ordinary share, to be paid mostly from capital
- BB Healthcare will be managed by Bellevue, which manages BB Biotech AG (ticker: BION SW), Europe's leading biotech investment trust with a primary listing on the SIX Swiss Exchange and net assets of approximately £2.2bn, which has generated an average annual total shareholder return of approximately 15% since 1993 (NAV per share in USD)
- BB Healthcare will use Bellevue's fundamental, bottom up, best companies approach but applied to the broader healthcare market (compared with BB Biotech AG's narrower focus on the biotech sub-sector)
- High conviction portfolio: maximum of 35 investments versus 60+ for peers' current portfolios
- Unconstrained portfolio: no market cap, sub-sector or geographical restrictions; truly multi-cap
- Fees: 0.95% based on market capitalisation; no performance fee
- The board of directors (UK based) will receive their annual fees in BB Healthcare shares (such shares to be subject to a 3 year lock in from the date of acquisition by the directors)¹
- Robust discount control (annual redemption option at approximately NAV)

Portfolio Manager: Bellevue Asset Management AG

BB Healthcare will be managed by Bellevue, which as at 30 June 2016 had approximately US\$4 billion under management in the healthcare industry, in funds covering all areas of healthcare and geographies.

The investment team will be comprised of Dr Daniel Koller and Paul Major; they will also have access to members of the wider Bellevue team.

Daniel Koller has over 16 years of experience in the healthcare sector. He joined Bellevue in 2004 and was appointed head of portfolio management for the investment company BB Biotech AG in 2010. Since becoming head, BB Biotech has returned an annualised total shareholder return of approximately 27 per cent. (in USD). Previously, he was an asset manager for equity4life Asset Management Ltd and

prior to that an equity analyst at UBS Warburg, covering the biotechnology sector. Daniel has a PhD in Biotechnology from the Swiss Federal Institute of Technology (ETH) Zurich.

Paul Major has 18 years of experience in the healthcare sector on the sell-side and was top-rated by a number of institutional investment clients. He was one of the first research partners at Redburn, Europe's leading independent research firm. His work there included bespoke projects on healthcare portfolio construction for several institutions. Paul was previously an analyst and corporate financier at UBS Warburg and studied Biochemistry.

Investment objective

The investment objective of BB Healthcare is to provide shareholders with capital growth and income over the long term, through investment in listed or quoted global healthcare companies. BB Healthcare's specific return objectives are: (i) to beat the total return of the MSCI World Healthcare Index (in sterling) on a rolling 3 year period (the index total return including dividends reinvested on a net basis); and (ii) to seek to generate a double-digit total shareholder return per annum over a rolling 3 year period.

Investment policy

BB Healthcare intends to invest in a concentrated portfolio of listed or quoted equities in the global healthcare industry (maximum of 35 holdings). BB Healthcare may also invest in ADRs or convertible instruments issued by such companies and may invest in, or underwrite, future equity issues by such companies.

BB Healthcare may utilise contracts for differences for investment purposes in certain jurisdictions where taxation or other issues in those jurisdictions may render direct investment in listed or quoted equities less effective.

The investable universe for the Company within the global healthcare industry will include companies in industries such as pharmaceuticals, biotechnology, medical devices and equipment, healthcare insurers and facility operators, information technology (where the product or service supports, supplies or services the delivery of healthcare), drug retail, consumer healthcare and distribution.

No single holding will represent more than 10 per cent. of BB Healthcare's gross assets at the time of investment and, when fully invested, the portfolio will have no more than 35 holdings. BB Healthcare will typically seek to maintain a high degree of liquidity in its portfolio holdings (such that a position could typically be exited within 1 to 5 trading days, with minimal price impact) and as a consequence of the concentrated approach, it is unlikely that a position will be taken in a company unless a minimum holding of 1.0 per cent. of gross assets at the time of investment can be achieved within an acceptable level of liquidity.

There will be no restrictions on the constituents of BB Healthcare's portfolio by index benchmark, geography, market capitalisation or healthcare industry sub-sector. Whilst the MSCI World Healthcare Index (in sterling) will be used to measure the performance of the Company, BB Healthcare will not seek to replicate the index in constructing its portfolio. The portfolio may, therefore, diverge substantially

from the constituents of this index (and, indeed, it is expected to do so). However, the portfolio is expected to be well diversified in terms of industry sub-sector exposures. Given the nature of the wider healthcare industry and the geographic location of the investable universe, it is expected that the portfolio will have a majority of its exposure to stocks with their primary listing in the United States and with a significant exposure to the US dollar in terms of their revenues and profits. Although the base currency of BB Healthcare is sterling, which creates a potential currency exposure, this will not be hedged using any sort of foreign currency transactions, forward transactions or derivative instruments.

The Company's full investment policy will be included in its Prospectus, expected to be published in early November 2016.

Dividend policy

BB Healthcare is targeting a total dividend for the period from incorporation to its initial financial period-end of 30 November 2017 of 3.5 pence per ordinary share². BB Healthcare will set a target dividend each financial year equal to 3.5 per cent. of net asset value as at the last day of the Company's preceding financial year. The target dividend will be announced at the start of each financial year. The Company intends to pay dividends on a semi-annual basis, by way of two equal dividends. Dividends will be financed through a combination of available net income in each financial year and other reserves. It is currently expected that most of the total annual dividend will be financed from other reserves.

Listing

BB Healthcare will seek admission of its ordinary shares to the premium segment of the official list of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. BB Healthcare will be structured as a closed-ended investment company incorporated in England & Wales with an indefinite life and registered as an investment company under Section 833 of the Companies Act 2006. BB Healthcare intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

Commenting on the new trust, Chairman of BB Healthcare Trust plc, Justin Stebbing, said:

"Bellevue has earned the respect of the industry for the performance it has generated with BB Biotech. This new investment trust, BB Healthcare, will give investors access to these same skills, but across the wider global healthcare market. The world is getting richer, older and spending more on a range of healthcare products and services. Healthcare equity valuations do not currently fully reflect the long term potential of the industry. In Bellevue we have a portfolio manager that has an established fundamental approach that has consistently identified opportunities and delivered for investors."

Expected timetable

Publication of the Prospectus	Early November 2016
Publication of the results of the Issue	Late November 2016

Peel Hunt LLP (“Peel Hunt”) is acting as sponsor, broker, placing agent and intermediaries offer adviser to the Company.

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Note:

1. The prospective board of directors are Justin Stebbing (Chairman), Josephine Dixon, Randeep Grewal, Siddhartha Mukherjee and Paul Southgate.
2. This is a target only and not a profit forecast and there can be no assurance that it will be met.

About Bellevue Asset Management AG

The Company, through Mirabella Financial Services LLP (acting as the AIFM), will appoint Bellevue as the Company's portfolio manager pursuant to a delegated portfolio management agreement (the “Delegated Portfolio Management Agreement”). The Portfolio Manager is an asset management company incorporated in Switzerland, specialising in the healthcare sector, and part of the Bellevue Group.

The Portfolio Manager is an authorised asset manager subject to regulation by the Swiss Financial Market Supervisory Authority, FINMA. It is also the investment manager of BB Biotech AG, a Swiss investment company listed on the SIX Swiss Exchange, the Frankfurt Stock Exchange and the Stock Exchange in Milan, and is responsible for the management operations of Bellevue Funds (Lux) SICAV, as well as a number of other investment funds and mandates.

As at 30 June 2016, the Portfolio Manager's group had total funds under management of approximately US\$4 billion in the healthcare industry, in funds spanning all areas of healthcare and geographies.

The Portfolio Manager will appoint Bellevue Advisors Limited, its UK subsidiary, to provide investment advisory services to it in relation to the Company and its portfolio. Bellevue Advisors Limited currently intends to seek its Part IV permission under FSMA for, *inter alia*, the regulated activity of managing

investments. If Bellevue Advisors Limited does obtain such permission, the Delegated Portfolio Management Agreement may be novated to Bellevue Advisors Limited.

Disclaimer

This is a financial promotion and is not intended to be investment advice. The content of this announcement, which has been prepared by and is the sole responsibility of the Company, has been approved by Peel Hunt solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 (as amended).

This announcement is an advertisement and does not constitute a prospectus and investors must subscribe for or purchase any shares referred to in this announcement only on the basis of information contained in the Prospectus to be published by the Company in due course (and in any supplementary prospectus) and not in reliance on this announcement. When made generally available, copies of the Prospectus may, subject to any applicable law, be obtained from the registered office of the Company and will be made available for viewing at the National Storage Mechanism at <http://www.morningstar.co.uk/NSM> and on the Company's website. This announcement does not constitute, and may not be construed as, an offer to sell or an invitation to purchase investments of any description, a recommendation regarding the issue or the provision of investment advice by any party. No information set out in this announcement is intended to form the basis of any contract of sale, investment decision or any decision to purchase shares in the Company.

The information contained in this announcement is given at the date of its publication (unless otherwise marked) and is subject to updating, revision and amendment when the Prospectus is published.

Peel Hunt, which is authorised and regulated by the Financial Conduct Authority, is acting for the Company only in connection with the matters described in this announcement and is not acting for or advising any other person, or treating any other person as its client, in relation thereto and will not be responsible for providing the regulatory protection afforded to clients of Peel Hunt or advice to any other person in relation to the matters contained herein.

The shares of the Company have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold into or within the United States absent registration, except pursuant to an applicable exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any relevant state or other jurisdiction of the United States. Moreover, the shares of the Company have not been, nor will they be, registered under the applicable securities laws of Australia, Canada, the Republic of South Africa, Japan or any member state of the EEA (other than the United Kingdom). Further, the Company is not, and will not be, registered under the US Investment Company Act of 1940, as amended. The shares of the Company will be offered outside of the United States pursuant to the provisions of Regulation S of the Securities Act. Subject to certain exceptions, the shares of the Company may not be offered or sold in the United States, Australia, Canada, the Republic of South Africa, Japan or any member state of the EEA (other than the United Kingdom or to professional investors in certain EEA member states for which marketing passports have been obtained) or to, or for the account or benefit of, any national, resident or citizen of the United States, Australia, Canada, the Republic of South Africa, Japan or any member state of the EEA (other

than the United Kingdom or to professional investors in certain EEA member states for which marketing passports have been obtained). The Share Issuance Programme (including the Issue), and the distribution of this announcement, in other jurisdictions may be restricted by law and the persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions.

The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. Figures refer to past performance and past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the Company's financial position, strategy, plans, proposed acquisitions and objectives, are forward-looking statements.

Forward-looking statements are subject to risks and uncertainties and, accordingly, the Company's actual future financial results and operational performance may differ materially from the results and performance expressed in, or implied by, the statements. These factors include but are not limited to those described in the Prospectus. These forward-looking statements speak only as at the date of this announcement and cannot be relied upon as a guide to future performance. The Company, the Portfolio Manager and Peel Hunt expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so by the Financial Services and Markets Act 2000, the Prospectus Rules of the Financial Conduct Authority, the EU Market Abuse Regulation or other applicable laws, regulations or rules.

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This document is being made to and directed only at qualified investors within Article 10 (3), 10 (3bis) and (3ter) of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (the "CISA") and

independent asset managers as per Art. 3 (2)(c) CISA registered in Switzerland. BB Healthcare has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA).

The representative of BB Healthcare in Switzerland is ACOLIN Fund Services AG, with its registered office at Affolternstrasse 56, 8050 Zurich, Switzerland (the "Representative"). The offering documents and annual or semi-annual reports can be obtained free of charge from the Representative. The place of performance for Shares of BB Healthcare (the "Shares") offered or distributed in or from Switzerland are the registered office of the Representative. The courts of the canton of Zurich shall have jurisdiction in relation to any disputes arising out of the duties of the Representative. Any dispute related to the distribution of Shares in and from Switzerland shall be subject to the jurisdiction of the registered office of the distributor. The paying agent in Switzerland is Bank am Bellevue, with its registered office at Seestrasse 16, 8700 Küsnacht, Switzerland (the "Paying Agent"). The Shares may be subscribed and/or redeemed with the Paying Agent.

The fees and expenses associated with the representation, paying agency and other distribution items may be charged to the Company. As applicable, the actual amount of such fees and expenses will be disclosed in the audited annual report.

The Portfolio Manager may pay retrocessions as remuneration for distribution activity in respect of Shares in or from Switzerland. This remuneration may be payable for the provision of distribution and investor relations services. Retrocessions are paid by the Portfolio Manager and are not passed on to investors. The recipients of any retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution. On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the Company to the investor concerned.

BB Healthcare may grant discounted fees to investors in Switzerland which may be deemed to be "rebates" under Swiss law. The purpose of a rebate is to reduce the fees or costs incurred by a certain investor. Rebates are permitted provided that they are paid from management fees and do not represent an additional charge on the fund assets; they are granted on the basis of objective criteria and, all investors in Switzerland who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent. The objective criteria for the granting of rebates by BB Healthcare are as follows: the business activity generated by the investor; the loyalty of the investor to BB Healthcare or the Portfolio Manager generally; the strategic nature of the investor; the lock up period of the investor; and/or the size of the investor's subscription. At the request of the investor, BB Healthcare must disclose the detailed criteria and terms of such rebates free of charge. Where BB Healthcare's Shares are distributed in countries other than Switzerland and the law in the country of domicile of BB Healthcare sets out rules on the granting of rebates that are stricter than those under Swiss law, these stricter rules must be disclosed and applied to distribution in Switzerland.

This document should not be passed on to any other person. The Portfolio Manager has not been authorized by FINMA for public offering in or from Switzerland. Accordingly, the investment and investment activity may not be offered to the public in or from Switzerland and neither this document nor any other offering materials relating to the investment and investment activity may be distributed in connection with any such public offering. This document as well as any other material relating to the

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