

Change in investment strategy and restructuring

12th August 2010: The Board of BioTech Capital Ltd (ASX: BTC) wishes to update the market with regards to its investment strategy and related restructure.

- **Change of investment strategy.** BTC was established in 2000 and managed in a similar fashion to a traditional private equity fund but as an “evergreen” fund it had no formal wind up date. In addition, BTC was listed on the stock market whereas traditional private equity funds remain unlisted and very illiquid during the term of their investment horizon. It has become clear that running private equity style mandates in a publicly listed entity has several drawbacks. In particular, the inability to properly communicate the diverse range of holdings and in particular the private investments, results in the share-price trading consistently at a large discount to the underlying asset value.

The Board has carefully considered a range of options for the future investment strategy of BTC and believe that the current portfolio should be liquidated in an orderly manner over the next 18 months with proceeds being returned to shareholders through a combination of dividends and other capital management strategies.

- **Changes to the Board.** With immediate effect, Professor Tony Basten will retire from the Board. This change reflects the decision not to pursue new investments in the life-science sector and a focus on disposing of current investments. We would like to thank Tony for his contribution to the Board over several years and wish him well.
- **Review of portfolio carrying values.** The Board has conducted a review of the unlisted investment portfolio and have adopted a very conservative provisioning approach recognising the shorter time-frame to realise these investments under the revised strategy. This will result in an additional general provision of approximately \$4.6 million and a revised net asset backing of approximately 21.3 cents per share.
- **Acquisition of investment manager and internalisation of management.** Titan Bioventures Management (“Titan”) was appointed the investment manager of BTC in 2004 under a management contract approved by shareholders. The change in investment strategy will effectively result in the termination of this management contract several years early. Shareholders will be asked to support a proposal at a forthcoming Extraordinary General Meeting whereby BTC acquires Titan and effectively internalises the investment management function. The Board believes this is in the best interests of shareholders with more details to be provided within the forthcoming Notice of Meeting and Explanatory Memorandum to be despatched to shareholders shortly.
- **Dividend policy.** As proceeds from investments are realised the Board proposes to commence paying dividends and returning capital, which may include the in-specie distribution of assets to shareholders. An initial capital return of 2.0 cents per share is proposed for all shareholders as at record date to be announced, and subject to ASX agreement if required.



The Board is of the view that these changes are appropriate and better position BioTech Capital to generate the best possible returns for shareholders in a reasonable time-frame.

Contact Information

Kathryn Greiner

Chairman
BioTech Capital Ltd

Ph: +61 412 616 916
Web: www.biotechcapital.com.au

Harry Karelis

Managing Director
BioTech Capital Ltd

Ph: +61 413 056 328
E-mail: hkarelis@titanbioventures.com
Web: www.biotechcapital.com.au