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If you require any further information or details of our services, please contact us at at the above address:

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006.

If you are in any doubt as to the action you should take, you are recommended to seek your own personal independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are taking advice in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Source BioScience Shares, please send this document, but not the personalised Forms of Proxy or (where appropriate) Form of Election, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. However, this document should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Source BioScience Shares, you should retain these documents and consult the stockbroker, bank manager or other agent through whom the sale or transfer was effected.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Recommended Cash Offer
for
Source BioScience plc
by
Sherwood Holdings Limited

**to be implemented by means of a scheme of arrangement under
Part 26 of the Companies Act 2006**

This document (including any document incorporated into it by reference) should be read as a whole, together with the accompanying Forms of Proxy and (where appropriate) Form of Election. In particular, your attention is drawn to the letter from the Chairman of Source BioScience set out in Part I (Letter from the Chairman of Source BioScience plc) of this document, which contains the unanimous recommendation of the Source BioScience Directors that you vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting of Source BioScience. A statement explaining the Scheme in greater detail and the action to be taken by you appears in Part II of this document and constitutes an explanatory statement in compliance with section 897 of the Companies Act.

The Source BioScience Directors have recommended that Source BioScience Shareholders do not elect for the Unlisted Securities Alternative, unless they are fully cognisant of, and are prepared to accept, the risks and other investment considerations as set out in section 3 of Part II and section 4 and section 14 of Part I of this document and have taken independent advice, appropriate to their own financial circumstances and investment objectives. The Source BioScience Directors who are currently interested, in aggregate, in 4,278,557 Source BioScience Shares have irrevocably undertaken to elect for 1,803,557 Sherwood Share Units in respect of their existing holdings of Source BioScience Shares.

Notices of the Court Meeting and the General Meeting of Source BioScience, each of which will be held at 1 Orchard Place, Nottingham Business Park, Nottingham, Nottinghamshire, NG8 6PX on 9 September 2016, are set out in Parts XII and XIII of this document. The Court Meeting will start at 10.00 a.m. on that date and the General Meeting at 10.10 a.m. or as soon thereafter as the Court Meeting is concluded or adjourned.

Action to be taken

The action to be taken in respect of the meetings is set out on pages 6 to 8 of this document.

Source BioScience Shareholders are asked to complete and return the enclosed pink and white Forms of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by Source BioScience's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not later than 48 hours before the relevant meeting (excluding any part of such 48 hour period falling on a weekend or a public holiday in the UK). Source BioScience Shareholders who hold Source BioScience Shares in uncertificated form (i.e. in CREST) may also appoint a proxy using CREST by following the instructions set out on page 39 of this document. If the pink Form of Proxy for use at the Court Meeting is not lodged by the relevant time, it may be handed to Equiniti Limited or the Chairman of the Court Meeting at the start of Court Meeting. However, in the case of the General Meeting, if the white Form of Proxy is not lodged by the relevant time, it will be invalid.

If you have any questions relating to this document or the completion and return of your Forms of Proxy and (where appropriate) Form of Election, please contact the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

Scheme Shareholders, who hold their Source BioScience Shares in certificated form (other than certain Overseas Shareholders), will also find accompanying this document a yellow Form of Election to be used if they wish to make an election under the Unlisted Securities Alternative. Further instructions on how to complete the Form of Election are set out on page 43 of this document.

Important Information

Strand Hanson, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to Sherwood, Continental and Harwood Capital and no-one else in connection with the Offer and other matters described in this document and will not be responsible to anyone other than Sherwood, Continental and Harwood Capital for providing the protections afforded to clients of Strand Hanson or for providing advice in relation to the Offer, the contents of this document or any other matter referred to herein.

N+1 Singer, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser and broker to Source BioScience and no-one else in connection with the Offer and other matters described in this document and will not be responsible to anyone other than Source BioScience for providing the protections afforded to clients of N+1 Singer or for providing advice in relation to the Offer, the contents of this document or any other matter referred to herein.

The statements contained in this document are not to be construed as legal, business, financial or tax advice and this document does not constitute a prospectus or prospectus equivalent document.

Overseas jurisdictions

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons into whose possession this document comes who are

not resident in the United Kingdom or who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person. This document does not constitute an offer or invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document has been prepared for the purposes of complying with English law, the Code, the Disclosure and Transparency Rules of the FCA, the Listing Rules and the rules of the London Stock Exchange and the information disclosed may be different from that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

The Unlisted Securities Alternative is subject to certain restrictions in relation to Overseas Shareholders. These restrictions are set out in paragraph 14 of Part II (Explanatory Statement) of this document. If Sherwood believes that an election for the Unlisted Securities Alternative by any Scheme Shareholder may infringe applicable legal or regulatory requirements or may result in a requirement for a registration under any securities laws or may require Sherwood to comply with any regulatory or other obligations which they consider to be unduly onerous or with which they are unable to comply, Sherwood will have the right to deem that such Scheme Shareholder is a Restricted Overseas Shareholder and has not validly elected for the Unlisted Securities Alternative and such Scheme Shareholder will instead receive Cash Consideration in respect of the Scheme Shares which were subject to such an election in accordance with the terms of the Scheme.

US Investors

The Offer relates to shares in a UK company and is proposed to be made by means of a scheme of arrangement under English company law. US holders of Source BioScience Shares should note that the Scheme relates to the shares of a UK company and will be governed by English law. Accordingly, neither the proxy solicitation rules nor the tender offer rules under the US Exchange Act will apply to the Scheme. Moreover, the Scheme will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. None of the securities referred to in this document have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority. Neither the SEC nor any state securities commission has reviewed, approved or disapproved this document, the Scheme or any of the proposals described herein. Any representation to the contrary is a criminal offence in the United States. This document does not constitute an offer to sell, or the solicitation of any offer to buy, any Source BioScience Shares in any jurisdiction in which such an offer or solicitation would be unlawful. Financial information included in this document has been prepared in accordance with accounting standards applicable in the UK that may not be comparable to financial statements of US companies. If Sherwood exercises its right to implement the acquisition of the Source BioScience Shares by way of a takeover offer, such offer will be made in compliance with applicable US securities laws and regulations.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth in this document since such date. Nothing in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Source BioScience, the Source BioScience Group, Sherwood or the Sherwood Group except where otherwise stated.

Cautionary note regarding forward-looking statements

This document, oral statements made regarding the Offer, and other information published by Sherwood and Source BioScience may contain certain 'forward-looking statements' with respect to the financial condition, results of operations and business of Source BioScience and certain plans and objectives of the Source BioScience Board and the Sherwood Board with respect thereto. These forward-looking statements can be identified by the fact that they do not relate to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could" or other words of a similar meaning. Such statements are based on

assumptions and assessments made by the Source BioScience Board and/or the Sherwood Board in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth in this document since such date. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this document could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. Although Source BioScience and Sherwood believe that the expectations reflected in such forward-looking statements are reasonable, neither Source BioScience nor Sherwood, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Other than in accordance with their legal or regulatory obligations (including under the Listing Rules and the Disclosure and Transparency Rules of the FCA), neither Sherwood nor Source BioScience is under any obligation, and Sherwood and Source BioScience expressly disclaim any intention or obligation to update or correct the information contained in this document and Source BioScience and Sherwood therefore caution you not to place undue reliance on these forward-looking statements which speak only as at the date of this document.

Dealing disclosure requirements

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of Source BioScience or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Source BioScience and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of Source BioScience or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of Source BioScience or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of Source BioScience or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) Source BioScience and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of Source BioScience or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by Source BioScience and by any offeror and Dealing Disclosures must also be made by Source BioScience, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are

required to make an Opening Position Disclosure or a Dealing Disclosure.

Other

No person has been authorised to make any representations on behalf of Source BioScience or Sherwood concerning the Offer or the Scheme which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised. No person should construe the contents of this document as legal, financial or tax advice and recipients of this document should consult their own advisers in connection with the matters contained herein.

Publication and availability of this document

A copy of this document will be available free of charge (subject to any applicable restrictions with respect to persons resident in Restricted Jurisdictions) on the websites of Source BioScience at www.sourcebioscience.com and Continental at www.continentalip.ch by no later than 12 noon (London time) on the Business Day following the publication of this document (subject to any applicable restrictions with respect to persons resident in Restricted Jurisdictions). Save as expressly referred to in this document, the contents of such websites are not incorporated into and do not form part of this document.

If you have received this document electronically or are a participant in the Source BioScience Share Option Schemes, you may request a hard copy of this document, free of charge and/or any information incorporated into this document by reference to another source, by calling the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK or by writing to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA stating your name, and the address to which the hard copy version should be sent. Calls to the Shareholder Helpline are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form. Unless you have previously elected to receive hard copies of any such documents, announcements or information, hard copies shall not be sent but you may request them.

Electronic communications

Please be aware that addresses, electronic addresses and certain information provided by Source BioScience Shareholders, persons with information rights and other relevant persons for the receipt of communications from Source BioScience may be provided to Sherwood during the Offer Period as requested under Section 4 of Appendix 4 of the Code to comply with Rule 2.12(c) of the Code.

Rounding

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Definitions

Capitalised terms used in this document shall have the meanings given to them in Part XI to this document.

This Scheme Document is dated 17 August 2016.

TO VOTE ON THE ACQUISITION

Whether or not you plan to attend the Meetings:

- (i) complete, sign and return the pink Form of Proxy for use at the Court Meeting, so as to be received by no later than 10.00 a.m. on 7 September 2016; and
- (ii) complete, sign and return the white Form of Proxy for use at the General Meeting, so as to be received by no later than 10.10 a.m. on 7 September 2016.

If you have any questions relating to this Scheme Document or the completion and return of your Forms of Proxy or the Form of Election, please contact the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons, the helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

The completion and return of Forms of Proxy will not prevent you from attending and voting at the Court Meeting and/or the General Meeting, or any adjournments thereof, in person should you wish to do so and should you be so entitled.

If the pink Form of Proxy, for use at the Court Meeting, is not returned by 10.00 a.m. on 7 September 2016, it may be handed to Equiniti Limited, on behalf of the Chairman of the Court Meeting, at the Court Meeting before the taking of the poll and will still be valid. However, in the case of the General Meeting, unless the white Form of Proxy is returned so as to be received by no later than 10.10 a.m. on 7 September 2016 (or, if the General Meeting is adjourned, not less than 48 hours (excluding any part of such 48-hour period falling on a weekend or a public holiday in the UK) prior to the time and date set for the adjourned meeting), it will be invalid.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.

This page should be read in conjunction with the **ACTION TO BE TAKEN**, set out on pages 7 to 10 (inclusive) of this document, and the rest of this document.

ACTION TO BE TAKEN

Detailed instructions on the action to be taken are set out in paragraph 18 of Part II of this document and are summarised below.

The Court Meeting and the General Meeting will be held at 1 Orchard Place, Nottingham Business Park, Nottingham, Nottinghamshire NG8 6PX on 9 September 2016 at 10.00 a.m. and 10.10 a.m. respectively (or, in the case of the General Meeting, if later, as soon as the Court Meeting has been concluded or adjourned). The Scheme requires approval at both of these Meetings.

Please check that you have received the following with this document:

- a pink Form of Proxy for use in respect of the Court Meeting;
- a white Form of Proxy for use in respect of the General Meeting;
- save as set out below, a yellow Form of Election for use in respect of the Unlisted Securities Alternative for those eligible Source BioScience Shareholders holding Source BioScience Shares in certificated form only; and
- a pre-paid reply envelope for use in the United Kingdom.

If you are resident in a Restricted Jurisdiction you should not have received a yellow Form of Election. The attention of persons resident in, or citizens of, jurisdictions outside the United Kingdom is drawn to paragraph 14 of Part II of this document which contains important information for such shareholders.

If you have not received all of these documents, please contact the Shareholder Helpline on the telephone number indicated below.

TO VOTE ON THE SCHEME:

Whether or not you plan to attend the Meetings, PLEASE COMPLETE AND SIGN BOTH THE ACCOMPANYING PINK AND WHITE FORMS OF PROXY and return them as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 7 September 2016 in the case of the Court Meeting (pink form) and by no later than 10.10 a.m. on 7 September 2016 in the case of the General Meeting (white form).

This will enable your votes to be counted at the Meetings in the event of your absence. If the pink Form of Proxy for use at the Court Meeting is not lodged with Equiniti Limited by 10.00 a.m. on 7 September 2016, it may be handed to Equiniti Limited or the Chairman of the Court Meeting at the start of the Court Meeting.

Scheme Shareholders (or Voting Scheme Shareholders in the case of the Court Meeting) are entitled to appoint a proxy in respect of some or all of their Source BioScience Shares and are also entitled to appoint more than one proxy. A space has been included in the Forms of Proxy to allow shareholders to specify the number of Source BioScience Shares in respect of which that proxy is appointed. Shareholders who return a Form of Proxy duly executed but leave this space blank will be taken to have appointed the proxy in respect of all of their Source BioScience Shares.

If you wish to appoint multiple proxies in connection with the Court Meeting or the General Meeting you may:

- (a) photocopy the relevant Form(s) of Proxy, fill in each copy in respect of different shares and send the multiple forms together to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; or
- (b) call the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK who will then issue you with multiple Forms of Proxy. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

In each case, please ensure that all of the multiple Forms of Proxy in respect of one registered holding are sent in the same envelope if possible.

Alternatively, if you hold your shares in uncertificated form (i.e. in CREST) you may appoint a proxy or proxies through the CREST electronic proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the notices of meeting set out at the end of this document). Proxies submitted via CREST for the Court Meeting must be transmitted so as to be received by Equiniti Limited (under CREST participant ID RA19) not later than 10.00 a.m. on 7 September 2016. Proxies submitted via CREST for the General Meeting must be transmitted so as to be received by Equiniti Limited (under CREST participant ID RA19) by 10.10 a.m. on 7 September 2016.

As an alternative to completing and returning the Forms of Proxy, Scheme Shareholders (or Voting Scheme Shareholders in the case of the Court Meeting) may complete the Forms of Proxy online through www.sharevote.co.uk. To use this service you will need your Voting ID, Task ID and Shareholder Reference Number, printed on the proxy form. Full details of the procedure are given on the Sharevote website.

The completion and return of the relevant Form of Proxy will not prevent you from attending and voting at the Court Meeting or the General Meeting or at any adjournment thereof, if you so wish and are entitled to do so.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF VOTING SCHEME SHAREHOLDERS' OPINIONS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.

TO MAKE AN ELECTION UNDER THE UNLISTED SECURITIES ALTERNATIVE:

Non-CREST Shareholders

Scheme Shareholders (other than Restricted Overseas Shareholders) who hold certificated Source BioScience Shares, and who wish to elect for the Unlisted Securities Alternative, are requested to complete and return the enclosed Form of Election using the pre-paid reply envelope provided (if posting is being made within the UK) to Source BioScience's Registrars, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible, but in any event so as to be received by no later than 6.00 p.m. on 14 September 2016.

CREST Shareholders

If you are a CREST Shareholder (other than a Restricted Overseas Shareholder) and wish to make an election for the Unlisted Securities Alternative you must do so electronically via the procedure set out in paragraph 18.4 of Part II of this document.

General

If you fail or choose not to make such an election by 6.00 p.m. on 14 September 2016 or, if you are not a CREST Shareholder, and your Form of Election in respect of the Unlisted Securities Alternative is, or is deemed to be, invalid, or if you are a Restricted Overseas Shareholder, you will not be entitled to participate in the Unlisted Securities Alternative and will instead be entitled to receive Cash Consideration as set out in this document.

Scheme Shareholders who do not wish to participate in the Unlisted Securities Alternative should NOT complete or return the Form of Election in respect of the Unlisted Securities Alternative or make such election electronically.

The Unlisted Securities Alternative will only be implemented as part of the Offer if the Scheme becomes Effective. The Unlisted Securities Alternative will also be subject to certain other limitations which are described in detail in paragraph 3 of Part II (Explanatory Statement) of this document.

The Source BioScience Directors have recommended that Source BioScience Shareholders do not elect for the Unlisted Securities Alternative, unless they are fully cognisant of, and are prepared to accept, the risks and other investment considerations as set out in section 3 of Part II and section 4 and section 14 of Part I of this document and have taken independent advice, appropriate to their own financial circumstances and investment objectives. The Source BioScience Directors who are currently interested, in aggregate, in 4,278,557 Source BioScience Shares have irrevocably undertaken to elect for 1,803,557 Sherwood Share Units in respect of their existing holdings of Source BioScience Shares.

SOURCE BIOSCIENCE SHAREHOLDERS WHO MAY BE CONSIDERING MAKING AN ELECTION FOR THE UNLISTED SECURITIES ALTERNATIVE SHOULD READ PARAGRAPH THREE OF PART II (EXPLANATORY STATEMENT) OF THIS DOCUMENT AND PARTS A TO D OF SECTION ONE OF PART IX (FURTHER INFORMATION RELATING TO SHERWOOD, HARWOOD CAPITAL, THE HARWOOD FUNDS, CONTINENTAL AND THE CONTINENTAL CLIENTS) TO THIS DOCUMENT AND, IN PARTICULAR, THE RISK FACTORS RELATING TO SHERWOOD SHARES SET OUT IN PART D OF SECTION ONE OF THAT PART IX.

US Persons

Sherwood Shares have not been and will not be registered under the US Securities Act or under the securities laws of any state in the United States. The Unlisted Securities Alternative is not being made available to Scheme Shareholders who are Restricted Overseas Shareholders (including US Persons). Accordingly, Scheme Shareholders who are US Persons shall receive cash notwithstanding any election made by them for the Unlisted Securities Alternative, and there shall be no issuance of Sherwood Shares to such Scheme Shareholders.

Overseas Shareholders

The issue of Sherwood Share Units to holders of Scheme Shares in Restricted Jurisdictions would necessitate compliance with special requirements under the laws of the Restricted Jurisdictions. Accordingly, the Unlisted Securities Alternative is not being made available to Restricted Overseas Shareholders who shall receive cash, notwithstanding any election made by them for the Unlisted Securities Alternative.

Source BioScience Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their independent professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Scheme and/or the Unlisted Securities Alternative. If a Source BioScience Shareholder is in any doubt as to his or her eligibility to participate in the Scheme and/or the Unlisted Securities Alternative, he/she should contact his/her independent professional adviser immediately.

The availability of the Scheme and/or the Unlisted Securities Alternative to persons resident in, or citizens of, jurisdictions outside the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. It is the responsibility of each of the Source BioScience Shareholders who are not resident in the United Kingdom to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental exchange control or other consents which may be required or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction. Any failure to comply with such applicable requirements may constitute a violation of the securities laws of any such jurisdictions.

Sherwood Share Units have not been and will not be registered under the US Securities Act or under the securities laws of any state in the United States. The Unlisted Securities Alternative is not being made available to Scheme Shareholders who are Restricted Overseas Shareholders (which includes US Persons). Accordingly, Scheme Shareholders who are Restricted Overseas Shareholders (which includes US Persons) shall receive cash notwithstanding any election made by them for the Unlisted Securities Alternative, and there shall be no issuance of Sherwood Share Units to such Scheme Shareholders.

Where Sherwood believes that an election for the Unlisted Securities Alternative by any Scheme Shareholder may infringe applicable legal or regulatory requirements, or may result in a requirement for a registration under the US Securities Act, US Exchange Act or any other securities laws in the United States, or the securities laws of any other Restricted Jurisdiction, Sherwood will have the right to deem that such Scheme Shareholder has not validly elected for the Unlisted Securities Alternative and such Scheme Shareholder will instead receive Cash Consideration in respect of the Scheme Shares which are subject to such an election in accordance with the terms of the Scheme.

This document has been prepared for the purposes of complying with English law, the Code and the Listing Rules and the information disclosed may be different from that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside England including Section 14(a) of the US Exchange Act.

Source BioScience Share Option Schemes

Participants in the Source BioScience Share Option Schemes will be contacted regarding the effect of the Scheme on their rights under the Source BioScience Share Option Schemes and appropriate proposals will be made to such participants in due course.

Helpline

If you have not received all of the relevant documents or have any questions relating to this document or the completion and return of the Forms of Proxy or the Form of Election or submitting your proxies or election electronically, please call the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All references in this document to times are to London times unless otherwise stated.

<i>Event</i>	<i>Time and/or date</i>
Latest time for lodging PINK Forms of Proxy/CREST Proxy instructions for the Court Meeting	10.00 a.m. on 7 September 2016¹
Latest time for lodging WHITE Forms of Proxy/CREST Proxy instructions for the General Meeting	10.10 a.m. on 7 September 2016
Voting Record Time for Court Meeting and General Meeting	6.30 p.m. on 7 September 2016 ²
Court Meeting	10.00 a.m. on 9 September 2016
General Meeting	10.10 a.m. on 9 September 2016³

The following dates are indicative only and are subject to change (please refer to note (5) below):

Scheme Court Hearing	13 September 2016
Latest time for withdrawals of elections in respect of the Unlisted Securities Alternative	2.00 p.m. on 14 September 2016
Latest time for lodging YELLOW Forms of Election/settlement of TTE Instructions through CREST	6.00 p.m. on 14 September 2016
Last day for dealings in, registrations of transfers of and disablement in CREST of, Source BioScience Shares	14 September 2016 ⁶
Scheme Record Time	6.00 p.m. on 14 September 2016
Effective Date	15 September 2016
De-listing of Source BioScience Shares	7.00 a.m. on the Business Day following the Effective Date
Despatch of cheques and certificates in respect of Sherwood Share Units and crediting of CREST accounts for Cash Consideration due under the Scheme	Within 14 days of the Effective Date ⁴

Notes:

1. The pink Form of Proxy for the Court Meeting may, alternatively, be handed to Equiniti Limited or the Chairman of the Court Meeting before the start of the Court Meeting. However, it is requested that, if possible, pink Forms of Proxy be lodged at least 48 hours (excluding any part of such 48 hour period falling on a weekend or a public holiday in the UK) before the time appointed for the Court Meeting.
2. If either of the Meetings is adjourned, then the Voting Record Time for the relevant reconvened Meeting will be 6.30 p.m. on the date two days before the date set for the relevant reconvened Meeting.
3. If the Court Meeting has not been concluded or adjourned prior to the scheduled commencement of the General Meeting, the commencement of the General Meeting will be delayed until the Court Meeting has been concluded or adjourned.
4. The latest date for dispatch of the Cash Consideration and the certificates in respect of the Sherwood Share Units is 14 days after the Effective Date.
5. These times and dates are indicative only and will depend, amongst other things, on the date upon which the Court sanctions the Scheme and the date on which the Conditions set out in Part III to this document are satisfied or (if capable of waiver) waived. If any of the expected dates change, Source BioScience will, unless the Panel otherwise consents, give notice of the change by issuing an announcement through a Regulatory Information Service and/or sending a further circular to Source BioScience Shareholders.
6. Source BioScience Shares released, transferred or issued under the Source BioScience Share Option Schemes may be registered after this date.

PART I

LETTER FROM THE CHAIRMAN OF SOURCE BIOSCIENCE PLC

(Incorporated in England and Wales with registered number 00079136)

Directors:

Dr Nick Ash (*Chief Executive Officer*)
Dr Nick Leaves (*Chief Operating Officer*)
Tim Metcalfe (*Group Finance Director*)
Laurie Turnbull (*Non-Executive Chairman*)
Pam Liversidge OBE (*Senior Independent Non-Executive Director*)
Tim Jackson-Smith (*Non-Executive Director*)

Registered Office:

1 Orchard Place
Nottingham Business Park
Nottingham
Nottinghamshire NG8 6PX

17 August 2016

To Source BioScience Shareholders and, for information only, to holders of options under the Source BioScience Share Option Schemes

Dear Shareholder,

RECOMMENDED CASH OFFER FOR SOURCE BIOSCIENCE PLC BY SHERWOOD HOLDINGS LIMITED TO BE IMPLEMENTED BY MEANS OF A SCHEME OF ARRANGEMENT UNDER PART 26 OF THE COMPANIES ACT 2006

1. Introduction

On 29 July 2016, the Source BioScience Board and the Sherwood Board announced that they had reached agreement on the terms of a recommended cash offer by Sherwood for the entire issued and to be issued ordinary share capital of Source BioScience to be effected by means of a scheme of arrangement between Source BioScience and its shareholders pursuant to the provisions of Part 26 of the Act. The Offer of 18 pence per Source BioScience Share values the existing issued ordinary share capital of Source BioScience at approximately £62.87 million.

I am writing to you to set out the background to, and terms of, the Offer and the reasons why the Source BioScience Directors unanimously recommend that Voting Scheme Shareholders vote in favour of the Scheme at the Court Meeting and that Source BioScience Shareholders vote in favour of the special resolutions to be proposed at the General Meeting, as each of the directors of Source BioScience who currently hold Source BioScience Shares intend so to do in respect of their own beneficial shareholdings (or the shareholdings they control), amounting, in aggregate, to 4,278,557 Source BioScience Shares (representing approximately 1.22 per cent. of the existing issued ordinary share capital of Source BioScience). I draw your attention to paragraph 4 of this Part I setting out the background to and reasons for the recommendation of the Offer, the Explanatory Statement set out in Part II of this document which gives details about the Offer and to the additional information set out in Part VIII of this document.

The Scheme also includes an Unlisted Securities Alternative, under which Scheme Shareholders will be entitled to elect, in respect of all or some of their Scheme Shares, for Sherwood Share Units in lieu of the Cash Consideration to which they are entitled in respect of such Scheme Shares under the terms of the Offer, should they choose so to do. Each Sherwood Share Unit comprises one Sherwood Share and one Sherwood PIK Loan Note. The Sherwood Shares and Sherwood PIK Loan Notes will be unlisted securities and there are no plans to seek a public quotation on any recognised investment exchange or other market for the Sherwood Shares and Sherwood PIK Loan Notes which may be issued to Scheme Shareholders under the Unlisted Securities Alternative.

The Source BioScience Directors have recommended that Source BioScience Shareholders do not elect for the Unlisted Securities Alternative, unless they are fully cognisant of, and are prepared to accept, the risks and other investment considerations as set out in section 3 of Part II and section 4 and section 14 of this Part I and have taken independent advice, appropriate to their own financial circumstances and investment objectives.

In order to approve the Offer, Scheme Shareholders (or Voting Scheme Shareholders in the case of the Court Meeting) need to vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting, to both be held on 9 September 2016 at 1 Orchard Place, Nottingham Business Park, Nottingham, Nottinghamshire NG8 6PX. Details of the actions you should take are set out in paragraph 18 of Part II of this document. The recommendation of the Source BioScience Directors is set out in paragraph 14 of this Part I.

2. Summary of the terms and structure of the Offer

The Offer is to be implemented by means of a Court-sanctioned scheme of arrangement pursuant to Part 26 of the Companies Act 2006. The Scheme requires the approval of Voting Scheme Shareholders at a meeting convened by the Court and the subsequent sanction of the Court. The Court Meeting and the General Meeting will be held on 9 September 2016; and the Scheme will become effective on or around 15 September 2016.

The Scheme will be subject to the terms and conditions set out in Part III of this document.

If the Scheme becomes Effective, the Scheme Shares will be transferred to Sherwood and, under the terms of the Offer, Source BioScience Shareholders on the register of members at the Scheme Record Time will receive:

for each Scheme Share

18 pence in cash

The Offer values the existing issued ordinary share capital of Source BioScience at approximately £62.87 million and the Offer Price represents a premium of approximately:

- (i) 2.13 per cent. to the Closing Price of 17.625 pence per Source BioScience Share on 28 July 2016 (being the last Business Day prior to the date of the Announcement);
- (ii) 21.0 per cent. to the Closing Price of 14.875 pence per Source BioScience Share on 2 June 2016 (being the last Business Day prior to the date of the Possible Offer Announcement); and
- (iii) 22.0 per cent. to the volume weighted average price of 14.76 pence per Source BioScience Share for the three months up to and including 2 June 2016 (being the last Business Day prior to the date of the Possible Offer Announcement).

No dividends will be declared or paid by Source BioScience prior to the Effective Date or (if applicable) the date on which any condition to the Scheme can no longer be satisfied or (if capable of waiver) waived.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted and, if they voted, whether they voted for or against the Scheme, at the Court Meeting or the General Meeting.

Upon the Scheme becoming Effective, Source BioScience will become a wholly owned subsidiary of Sherwood.

If you are a Scheme Shareholder who holds Source BioScience Shares in certificated form and the Scheme becomes Effective, the amount due to you will be satisfied by a cheque drawn from a branch of a clearing bank in the United Kingdom made payable to you (and any joint holders of Source BioScience Shares) and posted to you within 14 days of the date on which the Scheme becomes Effective.

If you are a Scheme Shareholder who holds Source BioScience Shares in uncertificated form (that is, in CREST) and the Scheme becomes Effective, the amount due to you shall be satisfied by Sherwood procuring an assured CREST payment obligation in favour of your payment bank within 14 days of the date on which the Scheme becomes Effective.

All payments will be made in Sterling.

The Scheme also includes an Unlisted Securities Alternative, under which Scheme Shareholders (other than Restricted Overseas Shareholders) may elect, in respect of all or some of their Scheme Shares, to receive Sherwood Share Units in lieu of the Cash Consideration to which they are entitled in respect of such Scheme

Shares under the terms of the Offer, should they choose so to do. Each Sherwood Share Unit will comprise a Sherwood Share and a Sherwood PIK Loan Note. The Sherwood Shares and the Sherwood PIK Loan Notes will be unlisted securities and there are no plans to seek a public quotation on any recognised investment exchange or other market for the Sherwood Shares and Sherwood PIK Loan Notes which may be issued to Scheme Shareholders under the Unlisted Securities Alternative.

Further details of the Unlisted Securities Alternative are set out in paragraph 3 of this Part I and paragraph 3 of Part II of this document.

The Sherwood Shares pursuant to the Unlisted Securities Alternative will be allotted and issued credited as fully paid and will rank *pari passu* in all respects with the Sherwood Shares in issue at the time the Sherwood Shares are allotted and issued pursuant to the Scheme, including, in respect of the Sherwood Shares, the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.

3. The Unlisted Securities Alternative

Terms

Under the Unlisted Securities Alternative, Scheme Shareholders (other than Restricted Overseas Shareholders) may elect, in respect of all or some of their Scheme Shares, to receive Sherwood Share Units in lieu of the Cash Consideration to which they are entitled in respect of such Scheme Shares under the terms of the Offer on the following basis:

for each Scheme Share

1 Sherwood Share Unit

Further details of the Sherwood Shares and the Unlisted Securities Alternative are set out in paragraph 3 of Part II (Explanatory Statement) of this document and Part IX (Further Information relating to Sherwood, Harwood Capital, the Harwood Funds, Continental and the Continental Clients) of this document.

Availability

The Unlisted Securities Alternative will only be implemented as part of the Offer if the Scheme becomes Effective. The Unlisted Securities Alternative will also be subject to certain other restrictions as regards Overseas Shareholders as noted in paragraph 11 below and paragraphs 3 and 14 of Part II (Explanatory Statement).

SCHEME SHAREHOLDERS WHO MAY BE CONSIDERING MAKING AN ELECTION FOR SHERWOOD SHARES UNITS UNDER THE UNLISTED SECURITIES ALTERNATIVE SHOULD READ PARAGRAPH THREE OF PART II (EXPLANATORY STATEMENT) OF THIS DOCUMENT AND PARTS A TO D OF SECTION ONE OF PART IX (FURTHER INFORMATION RELATING TO SHERWOOD, HARWOOD CAPITAL, THE HARWOOD FUNDS, CONTINENTAL AND THE CONTINENTAL CLIENTS) TO THIS DOCUMENT AND, IN PARTICULAR, THE RISK FACTORS RELATING TO SHERWOOD SHARES SET OUT IN PART D OF SECTION ONE OF PART IX.

Sherwood Shares will be unlisted securities and there are no plans to seek a public quotation on any recognised investment exchange or other market for the Sherwood Shares which may be issued to Scheme Shareholders under the Unlisted Securities Alternative. In addition, the Sherwood Shares will be subject to restrictions on the circumstances on which they are able to be transferred.

Securities law restrictions

Sherwood Shares have not been and will not be registered under the US Securities Act or under the securities laws of any state in the United States. The Unlisted Securities Alternative is not being made available to Scheme Shareholders who are Restricted Overseas Shareholders (which include US Persons). Accordingly, Restricted Overseas Shareholders, including US Persons, shall receive cash notwithstanding any election made by them for the Unlisted Securities Alternative, and there shall be no issuance of Sherwood Shares to such Scheme Shareholders.

Where Sherwood believes that an election for the Unlisted Securities Alternative by any Scheme Shareholder may infringe applicable legal or regulatory requirements, or may result in a requirement for a registration

under the US Securities Act, the US Exchange Act or any other securities laws in the United States, or the securities laws of any other Restricted Jurisdiction, Sherwood will have the right to deem that such Scheme Shareholder has not validly elected for the Unlisted Securities Alternative and such Scheme Shareholder will instead receive Cash Consideration in respect of the Scheme Shares which were subject to such an election in accordance with the terms of the Offer.

Sherwood Share Units

Each Sherwood Share Unit will comprise 1 Sherwood Share and 1 Sherwood PIK Loan Note.

Sherwood Shares issued pursuant to the Unlisted Securities Alternative will rank *pari passu* in all respects with Sherwood Shares of the same class which are to be subscribed for by certain of the Continental Clients and certain of the Harwood Funds on or prior to implementation of the Offer. Sherwood Shares are subject to certain transfer restrictions and obligations, including drag-along and tag-along rights. A more detailed summary of the rights and restrictions attaching to Sherwood Shares is set out in Parts B and C of Section 1 of Part IX.

4. Background to and reasons for the recommendation of the Offer

The Source BioScience Board is recommending that Scheme Shareholders accept the Offer by voting in favour of the Scheme.

The Offer Price at 18 pence represents a premium of 21.0 per cent. to the closing mid-market price of 14.875 pence per Source BioScience Share on 2 June 2016, being the last Business Day prior to the date of the Possible Offer Announcement, and a premium of 12.4 per cent. to the 6 month volume weighted average price of 16.01 pence per Source BioScience Share on the same day.

The Source BioScience Board is recommending the Offer because:

- the Offer provides the certainty of a cash exit for Scheme Shareholders, which may be attractive given that there remain risks and uncertainties both with respect to the general macroeconomic and political environment as well as risks inherent in progressing the Company's business and delivering its strategy;
- an element of the Company's growth strategy has been, and continues to be, investment in acquisitions that are complementary to the Company's activities and there are risks and uncertainties in securing further funding to support future acquisitions as part of this strategy;
- as a result of the size of the current shareholdings of the Existing Continental Investors and Existing Harwood Investors in Source BioScience, in addition to other large blocks held by other Source BioScience Shareholders, trading in Source BioScience Shares may become increasingly illiquid;
- increasing illiquidity may make the Company less attractive as an investment proposition for institutional investors, making it more difficult to secure equity funding to support the Company's growth strategy;
- at the date of this document, the Existing Continental Investors and Existing Harwood Investors are already interested in 107,957,490 Source BioScience Shares, representing approximately 31 per cent. of the issued share capital of Source BioScience; as a result, they have the ability to exercise effective control over Source BioScience and exert significant influence over its future strategic direction including, but not limited to, using their voting rights to affect proposals to issue shares, make acquisitions or establish a dividend policy, thereby impacting delivery of the Company's strategy; and
- those Source BioScience Shareholders who choose to elect for the Unlisted Securities Alternative, as an alternative to the Offer, will be able to maintain an indirect investment in the Company, albeit in an unquoted entity likely to be more highly geared than would be typical for a quoted company and which will be controlled by the Existing Continental Investors and Existing Harwood Investors and which will not benefit from the corporate governance safeguards associated with the requirements of a company with a premium listing on the Main Market.

The Board has been advised by N+1 Singer that the premium of the Offer Price calculated by reference to the closing mid-market price of 14.875 pence per Source BioScience Share on 2 June 2016, the last Business Day prior to the Possible Offer Announcement, is below those commonly seen for a cash offer and represents a lower multiple of earnings than that of other companies identified by N+1 Singer as being broadly comparable to Source BioScience. Accordingly,

N+1 Singer has advised the Source BioScience Board that, in their opinion, the Offer Price does not fully recognise the potential value that may or may not be generated if the Company's strategy is successfully delivered and thus the financial terms of the Offer are not fair and reasonable. The Source BioScience Board has also been advised by N+1 Singer that the value of the Unlisted Securities Alternative as attributed to it by the adviser to Sherwood, solely for the purpose of Rule 24.11 of the Code, does not fully reflect the risk factors set out in paragraph 3.3 of Part II of this document and thus the financial terms of the Unlisted Securities Alternative are not fair and reasonable. In providing advice to the Source BioScience Board, N+1 Singer has taken into account the commercial assessments of the Source BioScience Board.

The Source BioScience Board has confidence in its current strategy and has considered N+1 Singer's advice. Notwithstanding N+1 Singer's advice, the Source BioScience Board is recommending the Offer, because:

- the Existing Continental Investors and Existing Harwood Investors are significant shareholders in the Company, holding approximately 31 per cent. of its issued share capital;
- Continental and Harwood Capital have obtained a letter of intent to vote in favour of the Scheme from other shareholders, representing 20.49 per cent. of the issued share capital;
- the Existing Continental Investors made substantial market purchases of Source BioScience Shares to build their shareholding during the 6 month period preceding 2 June 2016; these significant purchases may have impacted the 6 month volume weighted average price of 16.01 pence per Source BioScience Share on 2 June 2016 with a consequent effect on the premia calculated;
- the Offer Price represents a premium of 22.0 per cent. to the volume weighted average price of 14.76 pence per Source BioScience Share over the three month period to 2 June 2016, the last Business Day prior to the Possible Offer Announcement, during which time the Existing Continental Investors and Existing Harwood Investors did not buy shares as they were restricted from so doing under the Code; and
- the Company has not received a meaningful approach from any third party since commencement of the Offer Period to 16 August 2016, being the last Business Day prior to the date of this document.

5. Irrevocable Undertakings and Letter of Intent and voting intentions of the Source BioScience Directors

Continental and Harwood Capital, for the benefit of Sherwood, have received a letter of intent to vote (or procure the vote) in favour of the resolutions to be proposed at the Meetings (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept, or procure the acceptance of such offer) from Alphagen Capital Limited (a subsidiary of Henderson Group plc) in its capacity as discretionary investment manager of funds which, as at the date of the Announcement, held, in aggregate, 71,574,319 Source BioScience Shares, representing approximately 20.49 per cent. of Source BioScience's existing issued share capital.

The Source BioScience Directors who beneficially hold Source BioScience Shares as at the date of this document, namely, Dr Nick Ash, Dr Nick Leaves and Mr Laurie Turnbull, have irrevocably undertaken to vote (or procure the vote) in favour of the resolutions to be proposed at the Meetings (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept, or procure the acceptance of such an offer) in respect of their entire beneficial holdings of Source BioScience Shares, amounting, in aggregate, to 4,278,557 Source BioScience Shares, representing approximately 1.22 per cent. of the existing issued ordinary share capital of Source BioScience. In addition, such Source BioScience Directors have irrevocably undertaken to elect for, in aggregate, 1,803,557 Sherwood Share Units in respect of their holdings of Source BioScience Shares.

In addition, pursuant to the terms of the Subscription and Transfer Agreement and associated irrevocable undertakings, and subject to the Scheme becoming Effective, the Existing Continental Investors and the Existing Harwood Investors have irrevocably agreed to elect to receive up to, in aggregate, 25,457,490 and 40,833,333 Sherwood Share Units respectively, pursuant to the Unlisted Securities Alternative under the Scheme, in respect of their existing holdings of Source BioScience Shares. Furthermore, the Existing Continental Investors and the Existing Harwood Investors have irrevocably undertaken to vote (or procure the vote) in favour of the resolutions to be proposed at the General Meeting in respect of their entire existing holdings of Source BioScience Shares, amounting, in aggregate, to 107,957,490 Source BioScience Shares,

representing approximately 30.91 per cent. of the existing issued ordinary share capital of Source BioScience.

No Voting Scheme Shareholder who has entered into an irrevocable undertaking or letter of intent for the benefit of Sherwood is acting in concert with Sherwood.

Further details of the abovementioned letter of intent and irrevocable undertakings, and the circumstances in which the irrevocable undertakings cease to be binding, are set out in paragraph 11 of Part VIII of this document.

6. Current trading and prospects

In its latest full financial year to 31 December 2015, the Source BioScience Group achieved total revenue of £26.30 million (2014: £25.18 million) and profit before tax of £1.98 million (2014: £1.42 million). As at 31 December 2015, total assets were £48.41 million (2014: £38.17 million) with net assets of £31.80 million (2014: £25.45 million) and net debt of £3.71 million (2014: £4.28 million).

As noted in the AGM statement made on 9 June 2016, the financial year ended 31 December 2015 was the tenth successive year of improvement and represented a record performance, demonstrated by the key financial indicators of operating profit and EBITDA. As also noted in the AGM statement, the momentum created during 2015 has continued into 2016 and trading for the early part of 2016 continues to build on the robust operational performance of the Source BioScience Group.

The total number of Source BioScience Shares in issue as at the date of this document is 349,292,449 and there are approximately 4,080 registered shareholders. The market capitalisation of Source BioScience, based on the mid-market price of a Source BioScience Share of 17.75 pence as at the close of business on 16 August 2016 (being the last Business Day prior to the date of this document) was approximately £62.0 million.

7. Source BioScience's Directors, management, employees, locations and Sherwood's intentions regarding the Source BioScience Group

The Sherwood Directors believe that the Offer, if successfully completed, will provide a stable and well capitalised future for Source BioScience. The Sherwood Directors have not sought to create a new strategic plan for the Source BioScience Group and instead intend to support Source BioScience's management in continuing to develop and execute management's existing medium term strategy for the Source BioScience Group.

Save for simplifying the UK corporate structure, the Sherwood Directors currently have no intention to change Source BioScience's principal business locations or to redeploy Source BioScience's fixed asset base. The Sherwood Directors have given assurances to the Source BioScience Board that, following the Effective Date, the existing rights and terms and conditions of employment, including pension obligations, of the management and employees of Source BioScience and its subsidiaries will be fully safeguarded.

There are no agreements or arrangements between Sherwood and management or employees of Source BioScience in relation to their on-going involvement in the business and the Offer will not be conditional on reaching agreement with such persons. It has been agreed that the appointments of the three non-executive directors of Source BioScience, being Mr Laurie Turnbull, Mrs Pam Liversidge OBE and Mr Tim Jackson-Smith, will terminate with effect from the Effective Date. They will each receive remuneration in line with the termination provisions of their respective letters of appointment by way of compensation.

Save as referred to above, the Sherwood Directors do not currently have any plans to make any other material changes either to the continued employment or the terms and conditions of employment of the management and employees of the Source BioScience Group. Accordingly, the Source BioScience Directors believe that the prospects of the employees of Source BioScience will not be adversely affected by the implementation of the Scheme.

Sherwood has not entered into, and is not in discussions on proposals to enter into, any form of incentivisation arrangements with members of Source BioScience's management who are interested in Source BioScience Shares and has no current plans to do so. Following the Scheme becoming Effective,

Sherwood may put in place incentive arrangements for certain members of the Source BioScience management team. No proposals have been made on the terms of any incentive arrangements for relevant managers.

Following the Scheme becoming Effective, Sherwood may, in the future, invite the Chief Executive Officer and other executive directors of Source BioScience to join the Sherwood Board, however no proposals have been made on the terms of any such potential appointment(s).

Sherwood is confident in the overall prospects for Source BioScience's operating businesses and the laboratory services and products sector within which it operates, but believes that in order to maximise its future potential the Company will be better suited to a private company environment, where, with Sherwood's support and assistance, management will be able to concentrate on the more efficient delivery of their medium term business plan, within a simplified corporate structure, free from the requirement to meet the public equity market's shorter term expectations.

Sherwood intends to seek to continue to grow the Source BioScience Group's contracted revenue base and pursue the identification and development of innovative new or enhanced services and product offerings, whilst maintaining a tight control of costs within a simplified corporate structure and eliminating the regulatory burden, constraints and numerous expenses associated with maintaining a UK public listing, thereby enhancing value for its investors in the longer term.

The Source BioScience Board has given due consideration to Sherwood's stated intentions and assurances noted above in deciding to recommend the Offer.

8. Source BioScience Share Option Schemes

Participants in the Source BioScience Share Option Schemes will receive further details on the effect of the Offer on their outstanding options and appropriate proposals by way of separate letters, which will be despatched to them in due course. Further details of the Source BioScience Directors' outstanding options are set out in paragraph 3.2 of Part VIII of this document.

9. Cancellation of admission to trading on the Main Market and re-registration of Source BioScience as a private company

Prior to the Scheme becoming Effective, Source BioScience will make an application to the UKLA for the cancellation of the listing of Source BioScience Shares on the premium segment of the Official List and to the London Stock Exchange for the cancellation of trading and de-listing of Source BioScience Shares on the Main Market, in each case to take effect from or shortly after the Effective Date.

On the Effective Date, share certificates in respect of Source BioScience Shares will cease to be valid and should be destroyed. In addition, entitlements to Source BioScience Shares held within the CREST system will be cancelled upon, or shortly after, the Scheme becoming Effective.

It is also intended that, immediately following the Scheme becoming Effective, and after the shares in the capital of Source BioScience have been de-listed, Source BioScience will be re-registered as a private limited company.

10. Taxation

Your attention is drawn to paragraph 15 of Part II of this document. **If you are in any doubt about your tax position, or are subject to taxation in any jurisdiction other than the UK, you are strongly advised to consult an appropriate professional independent tax adviser immediately.**

11. Overseas Shareholders

The issue of Sherwood Share Units to holders of Scheme Shares in Restricted Jurisdictions would necessitate compliance with special requirements under the laws of the Restricted Jurisdictions. Accordingly, the Unlisted Securities Alternative is not being made available to Restricted Overseas Shareholders who shall receive cash, notwithstanding any election made by them for the Unlisted Securities Alternative.

Source BioScience Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their independent professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Scheme and/or the Unlisted Securities Alternative. If a Source BioScience Shareholder is in any doubt as to his or her eligibility to participate in the Scheme and/or the Unlisted Securities Alternative, he/she should contact his/her independent professional adviser immediately.

12. The Scheme and the Meetings

The Offer is being implemented by means of a scheme of arrangement between Source BioScience and the Scheme Shareholders pursuant to the provisions of Part 26 of the Companies Act 2006. Upon the Scheme becoming Effective, Sherwood will become the owner of the whole of the issued share capital of Source BioScience.

To become Effective, the Scheme requires, amongst other things, the approval at the Court Meeting of a majority in number representing 75 per cent. or more in value of the Voting Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting, or at any adjournment thereof, and the passing by the Source BioScience Shareholders of the special resolutions necessary to approve matters to give effect to the Scheme at the General Meeting, or at any adjournment thereof. Following the Court Meeting and the General Meeting and the satisfaction (or, where applicable, waiver) of the other Conditions, the Scheme must also be sanctioned by the Court at the Scheme Court Hearing. The Scheme will take effect when the Scheme Court Order has been delivered to the Registrar of Companies. If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether they attended or voted, and if they voted, whether they voted for or against the Scheme, at the Court Meeting or the General Meeting.

As a result of their interest in the Offer, the Harwood Funds and the Continental Clients will not be entitled to vote at the Court Meeting in respect of the Scheme and their relevant holdings of Source BioScience Shares will not count towards the majority required to approve the Scheme. The relevant Harwood Funds and Continental Clients are however entitled to vote at the General Meeting.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Voting Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy as soon as possible.

Further details of the Scheme and the Meetings are set out in paragraph 13 of Part II of this document.

13. Action to be taken by Scheme Shareholders

Scheme Shareholders will find, set out at the end of this document, notices of the Meetings which have been convened to enable Scheme Shareholders (or Voting Scheme Shareholders in the case of the Court Meeting) to consider and, if thought fit, approve the Scheme and, in the case of the General Meeting, to enable Scheme Shareholders to consider, and if thought fit, approve special resolutions to deal with certain ancillary matters in connection with the Offer. You will find enclosed with this document Forms of Proxy for use in connection with the Meetings.

It is particularly important that as many votes as possible are cast (whether in person or by proxy) at the Court Meeting so that the Court may be satisfied that the result is a fair representation of Voting Scheme Shareholders' opinions. Scheme Shareholders (or Voting Scheme Shareholders in the case of the Court Meeting) are therefore strongly urged to complete and return the Forms of Proxy as soon as possible. Please make every effort to vote at the Meetings either in person or by completing the Forms of Proxy. Completion and return of any Form of Proxy will not prevent Scheme Shareholders from attending the Meetings and voting in person if they so wish.

Completed Forms of Proxy should be returned to Equiniti Limited not later than 48 hours (excluding any part of such 48-hour period falling on a weekend or a public holiday in the UK) before the time for which the relevant meeting has been convened. If the pink Form of Proxy for use at the Court Meeting is not lodged with Equiniti Limited by that time, it may be handed to Equiniti Limited or the Chairman at the start of the Meeting.

Completing and returning the enclosed pink and white Forms of Proxy will ensure that your votes can be counted at the Meetings.

Further details of how to participate in and vote at the Meetings are set out in paragraph 18 of Part II of this document.

Please note that only those Scheme Shareholders registered in the register of members of Source BioScience as at 6.30 p.m. on 7 September 2016 or, in the event that the Meetings are adjourned, in the register of members at 6.30 p.m. on the date two Business Days before the date for any adjourned Meeting will be entitled to attend or vote in respect of the number of Source BioScience Shares registered in their name at the relevant time.

Scheme Shareholders (other than those resident in a Restricted Jurisdiction) will also find accompanying this document a yellow Form of Election for use by Scheme Shareholders holding their Source BioScience Shares in certificated form only in connection with the Unlisted Securities Alternative. Further instructions on how to complete the Form of Election are set out in paragraph 18 of Part II of this document. Scheme Shareholders who hold their Source BioScience Shares in uncertificated form and who wish to make an election under the Unlisted Securities Alternative should follow the instructions set out in paragraph 18.4 of Part II of this document.

14. Conclusion and recommendation of the Source BioScience Directors

The Source BioScience Board recognises that the Offer may not fully recognise the potential shareholder value which may, or may not, be generated in the longer term. The Board also recognises that such value may not be realised given the uncertainties and risks inherent in the Company's strategy, potential risks to further funding if the Offer is not accepted by voting in favour of the Scheme and the lack of any meaningful approach from any third party since the commencement of the Offer Period to 16 August 2016, being the last Business Day prior to the date of this document.

As such, the Offer gives Source BioScience Shareholders the opportunity to either realise their investment in Source BioScience in cash, should they wish to exit, or to maintain an indirect investment in the Company by electing to receive the Unlisted Securities Alternative.

Therefore, the Source BioScience Directors recommend that Source BioScience Shareholders accept the Offer by voting to approve the Scheme, as each member of the Source BioScience Board intends to do in respect of their own beneficial shareholdings amounting, in aggregate, to 4,278,557 Scheme Shares, representing 1.22 per cent. of the existing issued ordinary share capital of Source BioScience.

The Unlisted Securities Alternative

Investment in Sherwood by way of election for the Unlisted Securities Alternative would involve a number of significant risks as set out in paragraph 3.3 of Part II of this document, which include, but are not limited to:

- unlike Source BioScience Shares, Sherwood Share Units will not be listed or traded on the Main Market or any other regulated exchange or market;
- the issuer of Sherwood Share Units will not be subject to the Listing Rules, the Code or the UK Corporate Governance Code or any similar rules or regulations applying to companies with securities admitted to or traded on a regulated market or exchange;
- the Enlarged Group will be controlled by the Harwood Funds and the Continental Clients;
- further issues of shares in Sherwood may be necessary and may have a dilutive effect on the holders of Sherwood Shares;
- Sherwood Shares are subject to drag-along rights and holders of Sherwood Shares may therefore be required to sell their Sherwood Shares at any time. Any proceeds payable to holders of Sherwood Shares in connection with any such disposal may also be subject to retention;
- Sherwood Shares are subject to restrictions on transfer which may reduce the likelihood of a third party offering to purchase Sherwood Shares and therefore holders of Sherwood Shares may not be able to readily crystallise any increase in the value of their investment;
- no dividends or other distributions are currently contemplated in respect of the Sherwood Shares;

- the Sherwood PIK Loan Notes are unsecured; and
- the transfer of any Sherwood PIK Loan Notes shall be subject to the transfer provisions in the Sherwood PIK Loan Note Instrument.

Given these risks, and having been so advised by N+1 Singer, the Board recommends that Scheme Shareholders do not elect for the Unlisted Securities Alternative unless they are fully cognisant of, and are prepared to accept, these risks and other investment considerations. In any event, Scheme Shareholders are advised to consider, in light of their own investment objectives and having taken independent advice appropriate to their own financial circumstances, whether they wish to elect for the Unlisted Securities Alternative in respect of all or any of their Scheme Shares. In providing advice to the Board, N+1 Singer has taken into account the commercial assessments of the Board.

Further information regarding the Unlisted Securities Alternative is set out in paragraph 3 of Part II of this document.

Source BioScience Directors who currently hold Scheme Shares, having taken into account the investment risks referred to above and their own personal circumstances, intend to elect for Sherwood Share Units in respect of, in aggregate, 1,803,557 of their holdings of Source BioScience Shares.

15. Further information

Further details of the Scheme are set out in full in Part IV (The Scheme of Arrangement) of this document. In addition, Part II of this document contains an Explanatory Statement (required by section 897 of the Companies Act) which gives further details of the Offer and the terms of the Scheme.

Your attention is also drawn to information contained in Part III (Conditions to the Implementation of the Scheme and to the Acquisition) and Part VIII (Additional Information on Source BioScience and Sherwood) of this document which provide further details concerning the Offer.

You are advised to read the whole of this Scheme Document and not just rely on the summary information contained in this letter.

Yours sincerely,

Laurie Turnbull

Chairman

for and on behalf of

SOURCE BIOSCIENCE PLC

PART II
EXPLANATORY STATEMENT

(In compliance with section 897 of the Companies Act 2006)

RECOMMENDED CASH OFFER FOR SOURCE BIOSCIENCE PLC BY SHERWOOD HOLDINGS LIMITED TO BE IMPLEMENTED BY MEANS OF A SCHEME OF ARRANGEMENT UNDER PART 26 OF THE COMPANIES ACT 2006

1. Introduction

On 29 July 2016, the Source BioScience Board and the Sherwood Board announced that they had reached agreement on the terms of a recommended cash offer by Sherwood for the entire issued and to be issued ordinary share capital of Source BioScience to be effected by means of a Court sanctioned scheme of arrangement between Source BioScience and its shareholders pursuant to the provisions of Part 26 of the Companies Act 2006.

Statements made or referred to in this statement which refer to Sherwood's reasons for making the Offer, to information concerning the business of the Sherwood Group and to Sherwood's intentions and expectations regarding the Source BioScience Group and the Enlarged Group reflect the views of the Sherwood Directors. Statements made or referred to, or deemed to be included in, this statement which refer to the background to, and reasons for the Source BioScience Directors recommending the Offer, to information concerning the business of the Source BioScience Group and to intentions and expectations regarding the Source BioScience Group (other than the future plans for the business described in paragraph 7 of Part I to this document), reflect the views of the Source BioScience Directors.

The terms of the Scheme are set out in full in Part IV of this document. Your attention is also drawn to the further information contained in this document which forms part of this Explanatory Statement.

The Scheme is conditional upon the Conditions set out in Part III of this document being satisfied or (if capable of waiver) waived.

The Scheme requires the Voting Scheme Shareholders to vote in favour of the Scheme at the Court Meeting to be held at 10.00 a.m. and the Source BioScience Shareholders to vote in favour of the special resolutions to be proposed at the General Meeting to be held at 10.10 a.m., both such meetings to be held on 9 September 2016 at 1 Orchard Place, Nottingham Business Park, Nottingham, Nottinghamshire NG8 6PX. Further details of the Meetings are set out in paragraph 13.2 of Part II of this document.

Following the Meetings, it is expected that the Scheme Court Hearing will take place on 13 September 2016 and the Effective Date is expected to be 15 September 2016.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted and, if they voted, whether they voted for or against the Scheme, at the Court Meeting or the General Meeting.

Upon the Scheme becoming Effective, Source BioScience will become a wholly owned subsidiary of Sherwood.

Cheques in respect of the Cash Consideration will be sent to Scheme Shareholders at their own risk (or the Cash Consideration will be settled through CREST, as the case may be) as soon as practicable, and in any case, within 14 days of the Scheme becoming Effective.

Source BioScience Shareholders should read the whole of this document before deciding whether or not to vote in favour of the Scheme at the Court Meeting and the special resolutions to be proposed at the General Meeting.

2. The Offer

The Offer will be implemented by way of the Scheme, the full details of which are set out in Part IV of this document.

Under the terms of the Scheme, which is subject to the Conditions set out in Part III of this document, Scheme Shareholders on the register of members of Source BioScience at the Scheme Record Time who do not validly elect for the Unlisted Securities Alternative will be entitled to receive:

for each Scheme Share **18 pence in cash**

The Offer Price represents a premium of approximately:

- (i) 2.13 per cent. to the Closing Price of 17.625 pence per Source BioScience Share on 28 July 2016 (being the last Business Day prior to the date of the Announcement);
- (ii) 21.0 per cent. to the Closing Price of 14.875 pence per Source BioScience Share on 2 June 2016 (being the last Business Day prior to the date of the Possible Offer Announcement); and
- (iii) 22.0 per cent. to the volume weighted average price of 14.76 pence per Source BioScience Share for the three months up to and including 2 June 2016 (being the last Business Day prior to the date of the Possible Offer Announcement).

The Offer values Source BioScience's existing issued ordinary share capital at approximately £62.87 million.

Source BioScience Shareholders (other than Restricted Overseas Shareholders) may elect, in respect of all or some of their Scheme Shares, to receive Sherwood Share Units in lieu of the Cash Consideration to which they are entitled in respect of such Scheme Shares pursuant to the Unlisted Securities Alternative described in paragraph 3 below.

3. The Unlisted Securities Alternative

3.1 Terms

Under the Unlisted Securities Alternative, Scheme Shareholders (other than Restricted Overseas Shareholders) may elect, in respect of all or some of their Scheme Shares, to receive Sherwood Share Units in lieu of the Cash Consideration to which they are entitled in respect of such Scheme Shares under the terms of the Offer on the following basis:

for each Scheme Share **1 Sherwood Share Unit**

Each Sherwood Share Unit will comprise 1 Sherwood Share and 1 Sherwood PIK Loan Note. There is no restriction on the number of Scheme Shares held by a Scheme Shareholder in respect of which an election to receive Sherwood Share Units can be made. Sherwood Shares issued pursuant to the Unlisted Securities Alternative will be credited as fully paid and will rank *pari passu* in all respects with Sherwood Shares of the same class which are to be subscribed for by certain of the Continental Clients and certain of the Harwood Funds on or prior to implementation of the Scheme. Sherwood Shares are subject to certain transfer restrictions and obligations, including drag-along and tag-along rights. A more detailed summary of the rights and restrictions attaching to the Sherwood Shares and the Sherwood PIK Loan Notes is set out in Parts B and C of Part IX of this document.

Investment in Sherwood by way of election for the Unlisted Securities Alternative would involve a number of significant risks as set out in Part D of section one of Part IX of this document, which include, but are not limited to:

- unlike Source BioScience Shares, Sherwood Share Units will not be listed or traded on the Main Market or any other regulated exchange or market;
- the issuer of Sherwood Share Units will not be subject to the Listing Rules, the Code or the UK Corporate Governance Code or any similar rules or regulations applying to companies with securities admitted to or traded on a regulated market or exchange;
- the Enlarged Group will be controlled by the Harwood Funds and the Continental Clients;

- further issues of shares in Sherwood may be necessary and may have a dilutive effect on Sherwood Shareholders;
- Sherwood Shares are subject to drag-along rights and holders of Sherwood Shares may therefore be required to sell their Sherwood Shares at any time. Any proceeds payable to holders of Sherwood Shares in connection with any such disposal may also be subject to retention;
- Sherwood Shares are subject to restrictions on transfer which may reduce the likelihood of a third party offering to purchase Sherwood Shares and therefore holders of Sherwood Shares may not be able to readily crystallise any increase in the value of their investment;
- no dividends or other distributions are currently contemplated in respect of the Sherwood Shares;
- the Sherwood PIK Loan Notes are unsecured; and
- the transfer of any Sherwood PIK Loan Notes shall be subject to the transfer provisions in the Sherwood PIK Loan Note Instrument.

Given these risks, and having been so advised by N+1 Singer, the Board recommends that Scheme Shareholders do not elect for the Unlisted Securities Alternative unless they are fully cognisant of, and are prepared to accept, these risks and other investment considerations. In any event, Scheme Shareholders are advised to consider, in light of their own investment objectives and having taken independent advice appropriate to their own financial circumstances, whether they wish to elect for the Unlisted Securities Alternative in respect of all or any of their Scheme Shares. In providing advice to the Board, N+1 Singer has taken into account the commercial assessments of the Board.

Source BioScience Directors who currently hold Scheme Shares, having taken into account the investment risks referred to above and their own personal circumstances, intend to elect for Sherwood Share Units in respect of, in aggregate, 1,803,557 of their holdings of Source BioScience Shares.

3.2 **Availability**

The Unlisted Securities Alternative will only be implemented as part of the Offer if the Scheme becomes Effective. The Unlisted Securities Alternative will also be subject to certain restrictions as regards Overseas Shareholders as noted in paragraph 14 below.

3.3 **Risk factors**

THE ATTENTION OF SOURCE BIOSCIENCE SHAREHOLDERS WHO MAY BE CONSIDERING ELECTING FOR THE UNLISTED SECURITIES ALTERNATIVE IS DRAWN TO THE RISK FACTORS SET OUT IN PART D OF SECTION ONE OF PART IX OF THIS DOCUMENT.

Securities law restrictions

Sherwood Shares have not been and will not be registered under the US Securities Act or under the securities laws of any state in the United States. The Unlisted Securities Alternative is not being made available to Scheme Shareholders who are Restricted Overseas Shareholders including US Persons. Accordingly, Scheme Shareholders who are US Persons shall receive cash notwithstanding any election made by them for the Unlisted Securities Alternative, and there shall be no issuance of Sherwood Shares to such Scheme Shareholders.

Where Sherwood believes that an election for the Unlisted Securities Alternative by any Scheme Shareholder may infringe applicable legal or regulatory requirements, or may result in a requirement for a registration under the US Securities Act, the US Exchange Act or any other securities laws in the United States, or the securities laws of any other Restricted Jurisdiction, Sherwood will have the right to deem that such Scheme Shareholder has not validly elected for the Unlisted Securities Alternative and such Scheme Shareholder will instead receive Cash Consideration in respect of the Scheme Shares which were subject to such an election in accordance with the terms of the Offer.

Sherwood Share Units

Each Sherwood Share Unit will comprise 1 Sherwood Share and 1 Sherwood PIK Loan Note. Sherwood Shares issued pursuant to the Unlisted Securities Alternative will rank *pari passu* in all respects with Sherwood Shares of the same class which are to be subscribed for by certain of the Continental Clients and certain of the Harwood Funds on or prior to implementation of the Scheme. Sherwood Shares are subject to certain transfer restrictions and obligations, including drag-along and

tag-along rights. A more detailed summary of the rights and restrictions attaching to Sherwood Shares and the Sherwood PIK Loan Notes is set out in Part IX of this document.

Rule 24.11 estimate of value of Sherwood Share Units

As required for the purposes of Rule 24.11 of the City Code, Strand Hanson has provided to the directors of Sherwood an estimate of value of the Sherwood Share Units (the “**Estimate of Value**”). As at the date of the Estimate of Value and based on the various matters set out in the Estimate of Value so provided, the information they have reviewed and the financial analysis they have undertaken, the Estimate of Value of one Sherwood Share Unit is approximately 16.5 pence.

The Estimate of Value is based on theoretical valuation techniques and is sensitive to changes in assumptions about the future financial performance of Sherwood and Source BioScience. Further details of the information reviewed and assumptions relied upon and the methodologies employed in order to arrive at the Estimate of Value are set out in the letter (addressed by Strand Hanson to the Sherwood Directors) in Part X (Rule 24.11 Estimate of Value of the Sherwood Share Units) of this document. Strand Hanson has based its analysis on financial information regarding Source BioScience, as well as assessments made by Sherwood.

The valuation set out in Part X (Rule 24.11 Estimate of Value of Sherwood Share Units) of this document has been provided solely for the use and benefit of the Sherwood Directors for the purposes of Rule 24.11 of the City Code. It is not addressed to, and may not be used or relied upon by, any other parties for any purpose whatsoever and Strand Hanson expressly disclaims any duty or liability with respect to its contents. In particular, it does not constitute the provision of advice or a recommendation by Strand Hanson to any Source BioScience Shareholder, or any other person as to the fairness of the Offer or whether or not to vote in favour of the Scheme or make an election under the Unlisted Securities Alternative and does not constitute an opinion as to the price at which Sherwood Share Units may trade or be sold at any point in the future. The valuation does not take into account any tax that may be incurred by a Scheme Shareholder electing to receive Sherwood Share Units under the Unlisted Securities Alternative or transaction costs that may be associated with trading or selling one or more Sherwood Share or one or more Sherwood PIK Loan Note.

4. Irrevocable undertakings and letter of intent and voting intentions of the Source BioScience Directors

Continental and Harwood Capital, for the benefit of Sherwood, have received a letter of intent to vote (or procure the vote) in favour of the resolutions to be proposed at the Meetings (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept, or procure the acceptance of such offer) from Alphagen Capital Limited (a subsidiary of Henderson Group plc) in its capacity as discretionary investment manager of funds which, as at the date of the Announcement, held, in aggregate, 71,574,319 Source BioScience Shares, representing approximately 20.49 per cent. of Source BioScience’s existing issued share capital.

The Source BioScience Directors who beneficially hold Source BioScience Shares as at the date of this document, namely, Dr Nick Ash, Dr Nick Leaves and Mr Laurie Turnbull, have irrevocably undertaken to vote (or procure the vote) in favour of the resolutions to be proposed at the Meetings (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept, or procure the acceptance of such an offer) in respect of their entire beneficial holdings of Source BioScience Shares, amounting, in aggregate, to 4,278,557 Source BioScience Shares, representing approximately 1.22 per cent. of the existing issued ordinary share capital of Source BioScience. In addition, such Source BioScience Directors have irrevocably undertaken to elect for, in aggregate, 1,803,557 Sherwood Share Units in respect of their holdings of Source BioScience Shares.

In addition, pursuant to the terms of the Subscription and Transfer Agreement and associated irrevocable undertakings, and subject to the Scheme becoming Effective, the Existing Continental Investors and the Existing Harwood Investors have irrevocably agreed to elect to receive up to, in aggregate, 25,457,490 and 40,833,333 Sherwood Share Units respectively, pursuant to the Unlisted Securities Alternative under the Scheme, in respect of their existing holdings of Source BioScience Shares. Furthermore, the Existing Continental Investors and the Existing Harwood Investors have irrevocably undertaken to vote (or procure the vote) in favour of the resolutions to be proposed at the General Meeting in respect of their entire existing

holdings of Source BioScience Shares, amounting, in aggregate, to 107,957,490 Source BioScience Shares, representing approximately 30.91 per cent. of the existing issued ordinary share capital of Source BioScience.

No Voting Scheme Shareholder who has entered into an irrevocable undertaking or letter of intent for the benefit of Sherwood is acting in concert with Sherwood.

Further details of the abovementioned letter of intent and irrevocable undertakings, and the circumstances in which the irrevocable undertakings cease to be binding, are set out in paragraph 11 of Part VIII of this document.

5. Information relating to the Source BioScience Group

Incorporated on 14 November 1903, Source BioScience provides state of the art laboratory services and products to the healthcare and clinical, life and applied sciences and biopharma industries, operating ten state of the art facilities in five countries and with customers in over 50 countries worldwide. The Source BioScience Group offers a complementary portfolio of laboratory services and products that share common technologies, laboratory processes, infrastructure and expertise. These include diagnostics, DNA sequencing and genomics, analytical and regulated services, clinical products, life science research reagents and a controlled environment for a comprehensive range of applications.

In its latest full financial year to 31 December 2015, the Source BioScience Group achieved total revenue of £26.30 million (2014: £25.18 million) and profit before tax of £1.98 million (2014: £1.42 million). As at 31 December 2015, total assets were £48.41 million (2014: £38.17 million) with net assets of £31.80 million (2014: £25.45 million) and net debt of £3.71 million (2014: £4.28 million).

The total number of Source BioScience Shares in issue as at the date of this document is 349,292,449 and there are approximately 4,080 registered shareholders. The market capitalisation of Source BioScience, based on the mid-market price of a Source BioScience Share of 17.75 pence as at the close of business on 16 August 2016 (being the last Business Day prior to the dispatch of this document) was approximately £62.0 million.

Current trading and prospects of Source BioScience

As noted in the Company's AGM statement made on 9 June 2016, the financial year ended 31 December 2015 was the tenth successive year of improvement and represented a record performance, demonstrated by the key financial indicators of operating profit and EBITDA. As also noted in the AGM statement, the momentum created during 2015 has continued into 2016 and trading for the early part of 2016 continues to build on the robust operational performance of the Source BioScience Group.

6. Information relating to Sherwood, Continental, the Continental Clients, Harwood Capital and the Harwood Funds

6.1 Sherwood

Sherwood with a registered address of 50 Broadway, Westminster, London SW1 0BL, is a private company incorporated in England and Wales with limited liability on 8 July 2016 under the registration number 10269474. It was established by Continental and Harwood Capital (on behalf of the Continental Clients and the Harwood Funds) specifically for the purpose of making and implementing the Offer.

The current issued share capital of Sherwood comprises two Sherwood Shares, which are held equally by each of HPE IV and Protea. Sherwood is to be funded for the purposes of the Offer by the Subscription and Transfer Agreement and the NASCIT Loan Agreement details of which are provided in section 11 below.

Sherwood has not traded since its date of incorporation, has paid no dividends and has not entered into any obligations other than in connection with the Offer and the financing of the Offer. The directors of Sherwood are Mr Marco Fumagalli and Mr Carlo Sgarbi, appointees of Continental, and Mr Christopher Mills and Mr James Agnew, appointees of Harwood Capital. Sherwood does not currently have any subsidiaries or subsidiary undertakings.

Following the Effective Date, Sherwood will be owned by the Continental Clients, the Harwood Funds and those Scheme Shareholders who have validly elected for the Unlisted Securities Alternative. Further information concerning Sherwood is set out in Part IX of this document.

6.2 **Continental**

Continental is a private company incorporated in Switzerland with limited liability on 4 July 2013 and has been an affiliated Organismo di Autodisciplina dei Fiduciari del Canton Ticino since 23 May 2014. Continental acts as an investment adviser to its clients and is focused on private and public equity, real estate and bond liquidity strategies. Continental is registered in Canton Ticino with registered number CHE 147 303 365 and its registered office is at Via Frasca 5, 6900, Lugano (CH). Continental advises, amongst others, Protea Capital S.A., Spartan Fund Ltd. (SAC) and Ottotto Srl.

6.3 **The Continental Clients**

The Existing Continental Investors currently hold, in aggregate, 25,457,490 Source BioScience Shares, representing approximately 7.29 per cent. of the existing issued share capital of Source BioScience, as set out below:

<i>Shareholder</i>	<i>Source BioScience Shares held</i>	
	<i>Number</i>	<i>per cent.</i>
Spartan Fund	21,927,490	6.28
Ottotto	3,530,000	1.01
Total	<u>25,457,490</u>	<u>7.29</u>

Brief descriptions of the specific Continental Clients that are investing in Sherwood are set out below:

Spartan Fund

Spartan Fund is an open-ended International Business Company incorporated under the laws of the Commonwealth of The Bahamas on 29 June 2015 with registered number B174523, having its registered office at Equity Trust House, Caves Village, West Bay Street, Nassau, The Bahamas. The Spartan Fund is registered as a segregated accounts company under the Segregated Accounts Companies Act 2004 and is licensed as a Professional Fund under the Bahamas Investment Funds Act 2003 and The Bahamas Investment Funds Regulations. Its investment objective is to provide professional investors with an opportunity to seek capital appreciation by investing in a variety of securities.

Ottotto

Ottotto is a private holding company, incorporated in Italy on 23 September 2009, with VAT Code 06746660965 and registration number MI-1912234, whose registered office is at Via Domenico Trentacoste 9, Milano, 20134. Ottotto is active in making investments in both public and private companies and in real estate. It is the private, wholly owned, investment vehicle of an Italian high net worth individual.

Protea

Protea is a private company incorporated in Luxembourg on 10 February 2015 and has not traded since its date of incorporation. Its registered office is at 63 Rue du Fossé, L-4123 Esch-Sur-Alzette, Luxembourg and its registration number is B194938. The three directors of Protea are Messrs Fumagalli and Sgarbi, the Managing Partners of Continental, and Mrs Valeria Giralдин (Continental's Administration and Office Manager) and its current issued share capital is held equally by Messrs Fumagalli and Sgarbi.

Further information concerning Continental and its specific advisory clients which are investing in Sherwood is set out in Part IX of this document.

6.4 **Harwood Capital LLP**

Harwood Capital is a UK limited liability partnership authorised to conduct investment business by the FCA since 23 September 2003. Its principal activity is the provision of discretionary investment management and advisory services. The funds it manages and/or advises typically take an active

interest in the running of the companies that they invest in with the aim of adding significant value by changing or improving various aspects of the investee company's business. As at 31 March 2016, the Harwood Capital Management Group had approximately £1,473 million in funds under management (including advisory clients), and £3,173 million of funds under management, advice and influence.

6.5 **The Harwood Funds**

The Existing Harwood Investors currently hold, in aggregate, 82,500,000 Source BioScience Shares, representing approximately 23.62 per cent. of the existing issued share capital of Source BioScience, as set out below:

<i>Shareholder</i>	<i>Source BioScience Shares held</i>	
	<i>Number</i>	<i>per cent.</i>
NASCIT	32,500,000	9.30
Oryx	50,000,000	14.31
Total	<u>82,500,000</u>	<u>23.62</u>

Brief descriptions of the specific Harwood Funds that are investing in Sherwood are set out below:

North Atlantic Smaller Companies Investment Trust Plc

NASCIT is a UK investment trust listed on the Main Market of the London Stock Exchange. Its objective is to provide capital appreciation through investment in a portfolio of smaller companies principally based in countries bordering the North Atlantic Ocean. It invests in both listed and unlisted companies. Mr Mills has been a director of NASCIT since 1984 and is currently its Chief Executive and investment manager. He is its largest shareholder being interested in approximately 25.06 per cent. of its issued ordinary share capital. Until August 2014, the joint managers of NASCIT were Mr Mills (through Growth Financial Services Limited of which he is a director) and Harwood Capital. Following the implementation of the Alternative Investment Fund Managers Directive in July 2014, NASCIT became a small registered Alternative Investment Fund Manager with effect from 26 August 2014, such that it now deals with investment decisions internally. Mr Mills, as Chief Executive, has control of investment decisions in relation to NASCIT's investment portfolio subject to oversight by the board of NASCIT.

Oryx International Growth Fund Limited

Oryx is a closed-ended investment company incorporated in Guernsey and listed on the Main Market of the London Stock Exchange. It invests in small and mid-size quoted companies in the United Kingdom and the United States. Mr Mills is a director and investment manager of Oryx, and Harwood Capital is Oryx's manager and investment adviser. As at the date of this document, Mr Mills (2.18 per cent.) and NASCIT (47.05 per cent.) were interested, in aggregate, in 49.23 per cent. of the issued ordinary share capital of Oryx.

Harwood Private Equity IV L.P.

HPE IV is an English limited partnership incorporated on 9 October 2014 under registration number LP016260. The fund's commencement date was 12 June 2015 and it has total committed capital of £152.5 million. Harwood Capital is the investment manager and the fund's objective is to generate high absolute returns from investing in a portfolio of unquoted small and medium sized companies across a range of sectors principally in the United Kingdom. It focuses on leveraged buyouts and similar transactions including public-to-private investments. NASCIT has committed £40.0 million to the fund representing approximately 26.2 per cent. of the total commitments.

Further information concerning Harwood Capital and the specific discretionary managed funds and/or advisory clients which are investing in Sherwood is set out in Part IX of this document.

7. Source BioScience's Directors, management, employees, locations and Sherwood's intentions regarding the Source BioScience Group

Information on Source Bioscience's Directors, management, employees, locations and Sherwood's intentions regarding the Source BioScience Group is contained within paragraph 7 of Part I of this document.

8. Source BioScience Directors and the effect of the Scheme on their interests

Details of the interests of the Source BioScience Directors in the share capital of Source BioScience are set out in paragraph 3 of Part VIII of this document. Source BioScience Shares held by all of the Source BioScience Directors at the Scheme Record Time will be subject to the Scheme.

The Source BioScience Directors who are interested in Source BioScience Shares intend to vote (or procure the vote) in favour of the Scheme at the Court Meeting and the special resolutions to be proposed at the General Meeting, as described in paragraph 1 of this Part II above.

The Source BioScience Directors who currently hold Source BioScience Shares intend to elect for Sherwood Share Units in respect of, in aggregate, 1,803,557 of their existing holdings of Scheme Shares.

Save as set out in this document, the effect of the Scheme on the interests of the Source BioScience Directors does not differ from its effect on the like interest of any other person.

In common with other employees who hold options granted pursuant to the Source BioScience Share Option Schemes, appropriate proposals will also be made to the Source BioScience Directors in respect of their options and awards granted under the Source BioScience Share Option Schemes.

Details of the service contracts (including the termination provisions and payments) or letters of appointment of the Source BioScience Directors are set out in paragraph 6 of Part VIII of this document.

9. Source BioScience Share Option Schemes

Participants in the Source BioScience Share Option Schemes will be contacted regarding the effect of the Scheme on their rights under the Source BioScience Share Option Schemes and appropriate proposals will be made to such participants in due course.

10. Financing of the Offer

Strand Hanson, financial adviser to Sherwood, is satisfied that sufficient financial resources are available to Sherwood to enable it to implement the Offer in full. Assuming that the Cash Consideration is payable to all Scheme Shareholders (save for those Scheme Shareholders who have irrevocably undertaken to elect for the Unlisted Securities Alternative pursuant to the terms of the Scheme), full implementation of the Offer would require a maximum cash payment of approximately £50.62 million by Sherwood which will be funded entirely out of Sherwood's cash resources made available by way of an unsecured loan of up to £15 million from NASCIT, for a fixed term of 120 days and callable on a months' notice thereafter (unless repaid earlier with the consent of Strand Hanson) and with an interest rate at 5 per cent. per annum, and subscriptions for Sherwood Share Units by certain of the Continental Clients and certain of the Harwood Funds pursuant to the Subscription and Transfer Agreement details of which are provided in paragraph 11 of this Part II below.

There is no requirement for any funding from third party providers of finance to the Sherwood Group.

11. Subscription and Transfer Agreement

Pursuant to the Subscription and Transfer Agreement, HPE IV and Protea have agreed, *inter alia*, that they will subscribe for, up to 91,244,446 and up to 106,620,289 Sherwood Share Units respectively at a price of 18 pence per unit. In addition, Harwood Capital and Continental have agreed that certain of the other Harwood Funds and Continental Clients will irrevocably elect to receive, up to in aggregate, 40,833,333 and 25,457,490 Sherwood Share Units pursuant to the Unlisted Securities Alternative under the Scheme. Such subscriptions and elections, alongside the £15 million loan facility from NASCIT (further details of which are set out below) will ensure that Sherwood has the amount required to satisfy the maximum aggregate Cash Consideration payable in accordance with the Scheme. The obligations to subscribe and elect for Sherwood Share Units is conditional upon the Scheme becoming Effective. The subscription monies shall be made available no later than seven calendar days after the date on which the Scheme becomes Effective. The Source BioScience Directors who are currently interested, in aggregate, in 4,278,557 Source BioScience Shares have separately irrevocably undertaken to elect for 1,803,557 Sherwood Share Units in respect of their holdings of Source BioScience Shares.

The Sherwood PIK Loan Notes have been constituted by the Sherwood PIK Loan Note Instrument. The notes are unsecured and carry a coupon of 10 per cent. per annum which will be satisfied by the issue of additional notes having a nominal value equivalent to the amount of interest payable. The transfer of any Sherwood PIK Loan Notes shall be subject to the transfer provisions in the Sherwood PIK Loan Note Instrument.

12. Permitted Offer-related arrangements

On 14 June 2016, Source BioScience, Continental and Harwood Capital entered into a confidentiality agreement relating to the proposed Offer, pursuant to which Continental and Harwood Capital agreed to keep confidential certain information supplied by Source BioScience for the purposes of considering the proposed Offer.

13. The Scheme

13.1 Introduction

The Offer is being implemented by means of a scheme of arrangement between Source BioScience and the Scheme Shareholders pursuant to the provisions of Part 26 of the Companies Act, details of which are set out in full in Part IV of this document.

The purpose of the Scheme, together with the proposed changes to Source BioScience's Articles, is to provide for Sherwood (and/or its nominee(s)) to become the owner(s) of the entire ordinary share capital of Source BioScience in issue immediately prior to the Scheme becoming Effective. This is to be achieved by the transfer of the Scheme Shares to Sherwood. In consideration for this transfer, Source BioScience Shareholders will be entitled to receive the Cash Consideration and/or Sherwood Share Units (depending on elections under the Unlisted Securities Alternative on the basis set out in paragraph 3 of this Part II).

To become Effective, the Scheme requires, amongst other things, the approval of a majority in number of those Voting Scheme Shareholders present and voting either in person or by proxy at the Court Meeting, representing not less than 75 per cent. in value of all Scheme Shares voted by such Voting Scheme Shareholders and the passing of the special resolutions to implement the Scheme at the General Meeting by Source BioScience Shareholders. The Scheme also requires the sanction of the Court as well as the satisfaction (or waiver (if capable of waiver)) of the other Conditions set out in Part III of this document. Upon the Scheme becoming Effective, it will be binding on all holders of Scheme Shares, irrespective of whether or not, being entitled to do so, they attended or voted at the Court Meeting and/or the General Meeting and share certificates in respect of Source BioScience Shares will cease to be valid and should be destroyed. In addition, entitlements to Source BioScience Shares held within the CREST system will be cancelled upon, or shortly after, the Scheme becomes Effective.

The last day of dealings in, and for registration of transfers of, Source BioScience Shares will be the Business Day following the Scheme Court Hearing which is expected to be 14 September 2016.

As part of the implementation of the Offer, it is anticipated that application will be made to the UKLA for the cancellation of the listing of Source BioScience Shares on the premium segment of the Official List and to the London Stock Exchange for the cancellation of trading of Source BioScience Shares on the Main Market, in each case to take effect from or shortly after the Effective Date.

On the Effective Date, each certificate representing a holding of Source BioScience Shares subject to the Scheme will be cancelled. Share certificates in respect of such shares will cease to be valid and every Source BioScience Shareholder will be bound at the request of Source BioScience to deliver up to Source BioScience, or to any person appointed by Source BioScience, the share certificate(s) for cancellation, or to destroy them. As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST will be disabled and on the Effective Date, Euroclear will be instructed to rematerialise entitlements to all such Scheme Shares.

13.2 The Meetings

The Scheme is subject to the satisfaction (or waiver (if capable of waiver)) of the Conditions set out in Part III of this document. To become Effective, the Scheme will also require the approval by Voting

Scheme Shareholders of a resolution at the Court Meeting and the passing of the special resolutions by Source BioScience Shareholders at the General Meeting.

Notices of the Court Meeting and the General Meeting are set out in Parts XII and XIII of this document respectively. Save as set out below, all holders of Source BioScience Shares whose names appear on the register of members of Source BioScience at the Voting Record Time or, if either the Court Meeting or the General Meeting are adjourned, on the register of members of Source BioScience at 6.30 p.m. on the date two days before the date set for the adjourned Meeting, shall be entitled to attend and vote at the relevant Meeting in respect of the number of Source BioScience Shares registered in their name at the relevant time.

The Court Meeting

The Court Meeting, which has been convened for 10.00 a.m. on 9 September 2016, is being held at the direction of the Court to seek the approval of Voting Scheme Shareholders for the Scheme (with or without modification or addition).

At the Court Meeting, voting will be by way of poll and not on a show of hands and each Voting Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. The resolution must be approved by a majority in number of those Voting Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting representing 75 per cent. or more in value of all Scheme Shares voted. The Existing Continental Investors and the Existing Harwood Investors are not Voting Scheme Shareholders but have provided letters of confirmation that they approve and agree to be bound by the Scheme in order to avoid the need for separate meetings to be held to obtain their approval. Implementation of the Offer will also require the passing of special resolutions to deal with certain ancillary matters which will require the approval of Source BioScience Shareholders representing at least 75 per cent. of the votes cast at the General Meeting.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF VOTING SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.

As a result of their interest in the Offer, the Harwood Funds and the Continental Clients will not be entitled to vote at the Court Meeting in respect of the Scheme and their relevant holdings of Source BioScience Shares will not count towards the majority required to approve the Scheme. The relevant Harwood Funds and Continental Clients are however entitled to vote at the General Meeting.

You will find the notice of the Court Meeting set out in Part XII of this document. Detailed instructions on the action to be taken are set out in paragraph 18 of this Part II.

Voting Scheme Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares at the Court Meeting. Voting Scheme Shareholders are also entitled to appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a Voting Scheme Shareholder must have more than one Scheme Share to be able to appoint more than one proxy). A space has been included in the pink Form of Proxy to allow Voting Scheme Shareholders entitled to attend and vote at the Court Meeting to specify the number of Scheme Shares in relation to which that proxy is appointed.

Voting Scheme Shareholders who wish to appoint more than one proxy in respect of their shareholding should complete a separate pink Form of Proxy for each proxy appointed. Such Voting Scheme Shareholders should read the information regarding the appointment of multiple proxies set out on page 7 of this document and the related notes contained in the pink Form of Proxy. Further copies of the pink Form of Proxy may be obtained from the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

The General Meeting

The General Meeting has been convened for 10.10 a.m. on 9 September 2016 (or as soon thereafter as the Court Meeting has been concluded or adjourned), to consider and, if thought fit, pass special resolutions (which require votes in favour representing 75 per cent. or more of the votes cast at the General Meeting, whether in person or by proxy) to approve various provisions necessary to implement the Scheme, including certain amendments to Source BioScience's Articles as described below and to approve the grant of certain options over shares granted since 29 August 2009 pursuant to The Medical Solutions plc 1999 Executive Share Option Scheme in respect of which prior shareholder approval was not obtained at the time the scheme was extended.

It is proposed that the Articles be amended so as to ensure that any Source BioScience Shares issued at or after the adoption of the amended Articles but on or before the Scheme Record Time will be subject to the terms of the Scheme and that any Source BioScience Shares issued after the Scheme Record Time, including Source BioScience Shares issued pursuant to the exercise of options outstanding under the Source BioScience Share Option Schemes will automatically be transferred to, or purchased by, Sherwood on the same terms as the Offer. This amendment will avoid any person (other than Sherwood) holding shares in the capital of Source BioScience after the Effective Date.

Voting on the special resolutions will be on a show of hands unless a poll is demanded. The Chairman of the General Meeting reserves the right to demand that the vote of Source BioScience Shareholders be held by way of a poll and, in such event, each Source BioScience Shareholder present in person or by proxy will be entitled to one vote for every Source BioScience Share held.

You will find the notice of the General Meeting set out in Part XIII of this document. The quorum for the General Meeting will be two or more Source BioScience Shareholders present in person or by proxy. Detailed instructions on the action to be taken are set out in paragraph 18 of this Part II.

Source BioScience Shareholders are entitled to appoint a proxy in respect of some or all of their Source BioScience Shares at the General Meeting. Source BioScience Shareholders are also entitled to appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a Source BioScience Shareholder must have more than one Source BioScience Share to be able to appoint more than one proxy). A space has been included in the white Form of Proxy to allow Source BioScience Shareholders entitled to attend and vote at the General Meeting to specify the number of Source BioScience Shares in relation to which that proxy is appointed.

If you wish to appoint multiple proxies in connection with the Court Meeting or the General Meeting you may:

- (a) photocopy the relevant Form(s) of Proxy, fill in each copy in respect of different shares and send the multiple forms together to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; or
- (b) call the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK who will then issue you with multiple Forms of Proxy. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

13.3 The Court Hearings

Under the Companies Act, the Scheme requires the sanction of the Court (being the Scheme Court Hearing).

The Scheme Court Hearing is expected to be held on 9 September 2016 at Rolls House, 7 Rolls Buildings, London EC4A 1NL. All Source BioScience Shareholders are entitled to attend the Scheme Court Hearing in person or through counsel or other suitably qualified persons to support or oppose the sanction of the Scheme. Following the Scheme Court Hearing and on or prior to the Scheme

Record Time, Source BioScience may allot and issue Source BioScience Shares pursuant to the exercise of options outstanding under the Source BioScience Share Option Schemes.

The Scheme will become Effective in accordance with its terms on the delivery of an office copy of the Scheme Court Order to the Registrar of Companies. The Effective Date is expected to be on or around 15 September 2016.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting or in favour of the special resolutions to be voted on at the General Meeting.

If the Scheme does not become Effective by 6.00 p.m. on the Termination Date or such later date (if any) as Source BioScience and Sherwood may agree or the Court may think fit to approve or impose, the Scheme will not become Effective and the Offer will not proceed.

13.4 *Modifications to the Scheme*

The Scheme contains a provision for Source BioScience and Sherwood jointly to consent, on behalf of all persons affected, to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or addition to, the Scheme or to approve or impose a condition to the Scheme which might be material to the interests of the Voting Scheme Shareholders unless Voting Scheme Shareholders were informed of any such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Voting Scheme Shareholders should be held in these circumstances. Similarly, if a modification, addition or condition is put forward which, in the opinion of the Source BioScience Directors, is of such a nature or importance that it requires the consent of Voting Scheme Shareholders at a further meeting, the Source BioScience Directors will not take the necessary steps to enable the Scheme to become Effective unless and until such consent is obtained.

13.5 *Alternative means of implementing the Offer*

Sherwood has reserved the right (subject to the consent of the Panel) to implement the Offer by way of a Takeover Offer at any time before the Scheme becomes Effective, or following its withdrawal, in which case additional documents will be despatched to Source BioScience Shareholders. In such event, the Offer will (subject to the Panel and unless otherwise agreed) be implemented on the same terms (subject to appropriate amendments, including (without limitation) the inclusion of an acceptance condition set at 90 per cent. (or such lesser percentage (being more than 50 per cent.) as Sherwood may determine) of the shares to which such Offer relates), so far as applicable as those which would apply to the implementation of the Offer by means of the Scheme. Any such Takeover Offer would, however, be made on a cash only basis (with the consent of the Panel).

13.6 *Conditions to the Offer*

The Offer and, accordingly, the Scheme are subject to a number of conditions set out in full in Part III of this document. In summary, the implementation of the Scheme is conditional upon, amongst other things:

- (a) the Scheme being approved by a majority in number representing 75 per cent. or more in value of the Scheme Shares held by Voting Scheme Shareholders, present and voting, either in person or by proxy, at the Court Meeting, or any adjournment thereof;
- (b) the special resolutions required to approve and implement the Scheme set out in the notice of the General Meeting being passed by the requisite majority at the General Meeting, or any adjournment thereof;
- (c) the Scheme being sanctioned (with or without modification or addition) and an office copy of the Scheme Court Order being delivered to the Registrar of Companies for registration; and
- (d) the other Conditions (set out in Part III of this document) which are not otherwise summarised in paragraphs (a) to (c) above being satisfied (or waived (if capable of waiver)).

14. Overseas Shareholders

The issue of Sherwood Share Units to holders of Scheme Shares in Restricted Jurisdictions would necessitate compliance with special requirements under the laws of the Restricted Jurisdictions. Accordingly, the Unlisted Securities Alternative is not being made available to Restricted Overseas Shareholders who shall receive cash, notwithstanding any election made by them for the Unlisted Securities Alternative.

Source BioScience Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their independent professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Scheme and/or the Unlisted Securities Alternative. If a Source BioScience Shareholder is in any doubt as to his or her eligibility to participate in the Scheme and/or the Unlisted Securities Alternative, he/she should contact his/her independent professional adviser immediately.

The availability of the Scheme and/or the Unlisted Securities Alternative to persons resident in, or citizens of, jurisdictions outside the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. It is the responsibility of each of the Source BioScience Shareholders who are not resident in the United Kingdom to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental exchange control or other consents which may be required or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction. Any failure to comply with such applicable requirements may constitute a violation of the securities laws of any such jurisdictions.

Sherwood Share Units have not been and will not be registered under the US Securities Act or under the securities laws of any state in the United States. The Unlisted Securities Alternative is not being made available to Scheme Shareholders who are Restricted Overseas Shareholders (including US Persons). Accordingly, Scheme Shareholders who are Restricted Overseas Shareholders (including US Persons) shall receive cash notwithstanding any election made by them for the Unlisted Securities Alternative, and there shall be no issuance of Sherwood Share Units to such Scheme Shareholders.

Where Sherwood believes that an election for the Unlisted Securities Alternative by any Scheme Shareholder may infringe applicable legal or regulatory requirements, or may result in a requirement for a registration under the US Securities Act, US Exchange Act or any other securities laws in the United States, or the securities laws of any other Restricted Jurisdiction, Sherwood will have the right to deem that such Scheme Shareholder has not validly elected for the Unlisted Securities Alternative and such Scheme Shareholder will instead receive Cash Consideration in respect of the Scheme Shares which are subject to such an election in accordance with the terms of the Scheme.

This document has been prepared for the purposes of complying with English law, the Code and the Listing Rules and the information disclosed may be different from that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside England including Section 14(a) of the US Exchange Act.

Source BioScience Shareholders who are citizens or residents of the United States or other jurisdictions outside the United Kingdom should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

15. UK Taxation

The following paragraphs are intended as a general guide only and summarise certain limited aspects of the United Kingdom tax treatment of the Scheme and are based on current law and HM Revenue and Customs practice (which is subject to change, possibly with retrospective effect) and are not exhaustive as at the date of this document.

The comments are intended as a general guide and apply only to Source BioScience Shareholders who are resident for tax purposes in the United Kingdom, who hold their Scheme Shares as an investment (and not as securities to be realised in the course of a trade) and who are the absolute beneficial owners of those Scheme Shares. Certain Shareholders, such as dealers in securities, insurance companies, employees and officers, those exempt from taxation, and collective investment vehicles, may be taxed differently and are not considered. In addition, the comments

below do not apply to Source BioScience Shareholders who, either alone or together with one or more associated persons control directly or indirectly at least 10 per cent. of the voting rights of any class of share capital. Source BioScience Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional independent tax advisers immediately.

15.1 Individual Scheme Shareholders

Subject to available reliefs or exemptions, gains arising on a disposal of Scheme Shares by a Source BioScience Shareholder will be taxed at the rate of 10 per cent. except to the extent that the gain, when it is added to the Source BioScience Shareholder's other taxable income and gains in the relevant tax year, exceeds the upper limit of the income tax basic rate band (£43,000 for the 2016/17 tax year, including the personal allowance), in which case it will be taxed at the rate of 20 per cent.

The capital gains tax annual exemption (£11,100 for 2016/17) may be available to individual Source BioScience Shareholders to offset against chargeable gains realised on the disposal of their Scheme Shares. No indexation allowance will be available to an individual shareholder in respect of a disposal of Scheme Shares.

15.2 Corporate Scheme Shareholders

For Source BioScience Shareholders within the charge to UK corporation tax, indexation allowance may be available to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of their Scheme Shares under the Scheme.

15.3 Unlisted Securities Alternative

Subject to what is said below in this section, Scheme Shareholders will generally be treated as having made a disposal of their Scheme Shares for the purposes of United Kingdom taxation of chargeable gains when they receive Sherwood Share Units in lieu of the Cash Consideration that they would otherwise receive under the Scheme in consideration for the transfer of their Scheme Shares.

If an election is made for the Unlisted Securities Alternative, the UK "reorganisation of share capital" rules should apply and a disposal of the relevant Scheme Shares should not be considered to have arisen for United Kingdom capital gains tax purposes. In this instance, the Sherwood Share Units that the Scheme Shareholder acquires should be treated as the same asset, and have the same acquisition date and base cost for capital gains tax purposes, as the Scheme Shares that are disposed of in exchange for those Scheme Shares.

15.4 Stamp duty and stamp duty reserve tax

No UK stamp duty or UK stamp duty reserve tax should be payable by Source BioScience Shareholders on the transfer of Scheme Shares to Sherwood.

15.5 UK taxation of non-UK resident shareholders

Subject to the section immediately below, Source BioScience Shareholders who are not resident in the UK for UK tax purposes will not generally be subject to UK tax on chargeable gains upon transfer of their Scheme Shares in return for cash, unless they carry on a trade, profession or vocation in the UK through a branch or agency or (in the case of a company) permanent establishment and the Scheme Shares disposed of are used or held for the purposes of that branch, agency or permanent establishment.

A Source BioScience Shareholder who is an individual and who is temporarily non-resident for tax purposes in the UK may, in certain circumstances, be subject to UK taxation.

15.6 Scheme Shareholders pursuant to the Source BioScience Share Option Schemes

Special tax provisions may apply to Scheme Shareholders who have acquired or agreed to acquire their shares by exercising options or awards under the Source BioScience Share Option Schemes. Where shareholders are in any doubt as to their taxation position they are advised to seek independent advice.

15.7 **Dividends on Sherwood Share Units**

Sherwood is not required to withhold at source any amount in respect of United Kingdom tax when paying a dividend.

To the extent that the dividend (taken together with any other dividend income received) is less than the annual exempt amount of £5,000 no tax will be payable. If the individual's dividend income exceeds £5,000, the excess dividend income (over £5,000) would be taxed at 7.5 per cent., unless the total dividend income (taken together with other taxable income and the £5,000 allowance) exceeds the individual's threshold for the higher rate of income tax the individual will, to that extent, pay tax on the dividend at the dividend upper rate (currently 32.5 per cent. for an individual liable to pay tax at the 40 per cent. rate or 38.1 per cent. for a taxpayer liable to pay tax at the 45 per cent. rate).

A shareholder that is a company resident for tax purposes in the UK will not generally be taxable on any dividend it receives from Sherwood.

16. **Settlement**

Subject to the Scheme becoming Effective and except with the consent of the Panel, settlement of the consideration to which any Source BioScience Shareholder is entitled under the Scheme will be effected in the manner set out below.

16.1 **Scheme Shares held in uncertificated form**

Where at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form:

- (a) the Sherwood Share Units to which the Scheme Shareholder is entitled will be issued in certificated form; and
- (b) settlement of the Cash Consideration will be paid through CREST as soon as practicable after the Effective Date and in any event within 14 days after the Effective Date, in accordance with CREST payment arrangements.

As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

With effect from the Effective Date following the cancellation of the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form, Equiniti Limited shall be authorised to rematerialise entitlements to such Scheme Shares.

Sherwood reserves the right to pay all or any part of the Cash Consideration referred to above to all or any Scheme Shareholder(s) who holds Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to in paragraph 16.2 of this Part II if for any reason outside its control, it is not able to effect settlement in accordance with this paragraph.

16.2 **Scheme Shares held in certificated form**

Where at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form:

- (a) the Sherwood Share Units to which the Scheme Shareholder is entitled will be issued in certificated form; and
- (b) settlement of the Cash Consideration, will be made in pounds sterling by cheque drawn on a branch of a clearing bank in the United Kingdom.

Settlement of any Cash Consideration due under the Scheme in respect of Source BioScience Shares held in certificated form will be sent:

- (a) by first class post, by cheque drawn on a branch of a UK clearing bank; or
- (b) by such other method as may be approved by the Panel.

All such cash payments (whether in respect of Source BioScience Shares in uncertificated or certificated form) shall be made in pounds sterling. Payments made by cheque shall be payable to the

holders of the Source BioScience Shares concerned. Cheques shall be despatched as soon as practicable after the Effective Date and in any event within 14 days of the Effective Date. All deliveries of cheques required to be made pursuant to the Scheme shall be effected the same day by first class post in pre-paid envelopes addressed to the persons entitled to them at their respective addresses as appearing in the register of members of Source BioScience at the Scheme Record Time or, in the case of joint holders, at the address of the joint holder whose name stands first in such register in respect of such joint holding at such time or in accordance with any special instructions regarding communications, and neither Sherwood nor Source BioScience shall be responsible for any loss or delay in the transmission of cheques sent in this way and such cheques shall be sent at the risk of the person entitled to them.

Definitive Sherwood Share certificates and Sherwood PIK Loan Notes for Sherwood Share Units will be despatched to the relevant Scheme Shareholders no later than 14 days after the Effective Date. Definitive Sherwood Share certificates and Sherwood PIK Loan Notes will be despatched to such Scheme Shareholders by first-class post (or by such other method as may be approved by the Panel) to the address appearing in the register of members of Source BioScience at the Scheme Record Time (or in the case of joint holders, to the holder whose name stands first in such register in respect of the holdings concerned).

On the Effective Date, each certificate representing a holding of Source BioScience Shares subject to the Scheme will be cancelled. Share certificates in respect of such shares will cease to be valid and every Source BioScience Shareholder will be bound at the request of Source BioScience to deliver up to Source BioScience, or to any person appointed by Source BioScience, the share certificate(s) for cancellation, or to destroy them.

16.3 **General**

In relation to Sherwood Share Units, temporary documents of title will not be issued pending the despatch by post of definitive certificates for such Sherwood Share Units as referred to in paragraph 16.2 of this Part II.

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled to them.

Except with the consent of the Panel, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which Sherwood may otherwise be, or claim to be, entitled against such shareholder.

Mandates in force at the Scheme Record Time relating to the payment of dividends on Source BioScience Shares and other instructions given to Source BioScience by Scheme Shareholders in respect of their Scheme Shares will be deemed revoked as from the Effective Date.

17. Cancellation of listing and admission to trading on the Main Market and re registration of Source BioScience as a private company

Prior to the Scheme becoming Effective, Source BioScience will make an application to the UKLA for the cancellation of the listing of Source BioScience Shares on the premium segment of the Official List and to the London Stock Exchange for the cancellation of trading of Source BioScience Shares on the Main Market, in each case to take effect from or shortly after the Effective Date.

On the Effective Date, share certificates in respect of Source BioScience Shares will cease to be valid and should be destroyed. Entitlements to Source BioScience Shares held within the CREST system will be cancelled upon, or shortly after, the Scheme becoming Effective.

It is also intended that, immediately following the Scheme becoming Effective, and after the shares in the capital of Source BioScience have been de-listed, Source BioScience will be re registered as a private limited company.

18. Action to be taken

18.1 *The Court Meeting and the General Meeting*

You will find accompanying this document:

- a pink Form of Proxy for use in respect of the Court Meeting;
- a white Form of Proxy for use in respect of the General Meeting;
- save as set out below, a yellow Form of Election for use in respect of the Unlisted Securities Alternative by Scheme Shareholders holding Scheme Shares in certificated form only; and
- a pre-paid reply envelope for use in the United Kingdom.

If you are resident in a Restricted Jurisdiction you should not have received a yellow Form of Election. The attention of persons resident in, or citizens of, jurisdictions outside the United Kingdom is drawn to paragraph 14 of this Part II which contains important information for such shareholders.

Whether or not you intend to attend the Court Meeting and/or the General Meeting, you are requested to complete and sign both the accompanying pink and white Forms of Proxy and return them in accordance with the instructions printed on them. Completed Forms of Proxy should be returned to Equiniti Limited at Aspect House, Spencer Road, Lancing West Sussex BN99 6DA, as soon as possible, and, in any event, so as to be received by no later than 10.00 a.m. on 7 September 2016 in the case of the Court Meeting (pink form) and by no later than 10.10 a.m. on 7 September 2016 in the case of the General Meeting (white form) (or in the case of an adjourned meeting, not less than 48 hours (excluding any part of such 48 hour period falling on a weekend or a public holiday) prior to the time and date set for the adjourned meeting).

Returning the pink and white forms of Proxy will enable your votes to be counted at the Meetings in your absence. If the pink Form of Proxy for use at the Court Meeting is not returned by 10.00 a.m. on 7 September 2016, it may be handed to Equiniti Limited, the Company's registrars, on behalf of the Chairman of the Court Meeting, at the Court Meeting before the taking of the poll and will still be valid. However, in the case of the white Form of Proxy for the General Meeting, it will be invalid unless it is returned to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to be received no later than 10.10 a.m. on 7 September 2016 (or, if the General Meeting is adjourned, not less than 48 hours (excluding any part of such 48 hour period falling on a weekend or public holiday in the UK) prior to the time and date set for the adjourned meeting).

You can submit a Form of Proxy electronically by accessing Equiniti Limited's website at www.sharevote.co.uk. To use this service you will need your Voting ID, Task ID and Shareholder Reference Number, printed on the proxy form. Full details of the procedure are given on the website. Electronic facilities are available to all members and those who use them will not be disadvantaged. If you submit your Forms of Proxy via the internet, your vote should reach Equiniti Limited by no later than 10.00 a.m. on 7 September 2016 in the case of the Court Meeting and by no later than 10.10 a.m. on 7 September 2016 in the case of the General Meeting (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of such 48 hour period falling on a weekend or public holiday in the UK) prior to the time and date set for the adjourned meeting). Should you complete your Forms of Proxy electronically and then post a hard copy, the Form of Proxy that arrives last will be counted to the exclusion of instructions received earlier, whether electronic or posted. Please refer to the terms and conditions of the service on the website. If you hold your Source BioScience Shares in uncertificated form (that is in CREST), you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (please also refer to the notes to the notices of the Court Meeting and the General Meeting set out in Parts XII and XIII respectively of this document and the notes to the Forms of Proxy). Proxies submitted through CREST (under CREST participant ID RA19) must be received by Equiniti Limited by no later than 10.00 a.m. on 7 September 2016 in the case of the Court Meeting and by no later than 10.10 a.m. on 7 September 2016 in the case of the General Meeting (or in the case of an adjourned meeting, not less than 48 hours (excluding any part of such 48 hour period falling on a weekend or public holiday in the UK) prior to the time and date set for the adjourned meeting).

The completion and return of the relevant Form of Proxy will not prevent Source BioScience Shareholders from attending and voting in person at either the Court Meeting or the General Meeting, or any adjournments thereof, should they wish to do so and should they be so entitled.

Voting Scheme Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares at the Court Meeting. Voting Scheme Shareholders are also entitled to appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a Voting Scheme Shareholder must have more than one Scheme Share to be able to appoint more than one proxy). A space has been included in the pink Form of Proxy to allow Voting Scheme Shareholders entitled to attend and vote at the Court Meeting to specify the number of Scheme Shares in respect of which that proxy is appointed.

If you wish to appoint multiple proxies in connection with the Court Meeting or the General Meeting you may:

- (a) photocopy the relevant Form(s) of Proxy, fill in each copy in respect of different shares and send the multiple forms together to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; or
- (b) call the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK who will then issue you with multiple Forms of Proxy. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

Source BioScience Shareholders are entitled to appoint a proxy in respect of some or all of their Source BioScience Shares at the General Meeting. Source BioScience Shareholders are also entitled to appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a Source BioScience Shareholder must have more than one Source BioScience Share to be able to appoint more than one proxy). A space has been included in the white Form of Proxy to allow Source BioScience Shareholders entitled to attend and vote at the General Meeting to specify the number of Source BioScience Shares in respect of which that proxy is appointed.

If you wish to appoint multiple proxies in connection with the Court Meeting or the General Meeting you may:

- (a) photocopy the relevant Form(s) of Proxy, fill in each copy in respect of different shares and send the multiple forms together to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; or
- (b) call the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK who will then issue you with multiple Forms of Proxy. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Voting Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy as soon as possible.

Notices convening the Court Meeting and the General Meeting are set out in Parts XII and XIII of this document respectively.

18.2 ***The Unlisted Securities Alternative***

Holders of Scheme Shares who do not wish, or Restricted Overseas Shareholders who are not entitled, to make an election should NOT return the Form of Election for Source BioScience Shares in certificated form or send a TTE instruction in respect of Source BioScience Shares held in uncertificated form.

This section should be read together with the instructions and notes on the Form of Election. If you are in any doubt about the completion and return of the Form of Election or how to make an election under the Unlisted Securities Alternative, please contact the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

Source BioScience Shareholders should note that different procedures apply for elections in respect of the Unlisted Securities Alternative for Source BioScience Shares held in certificated form and in uncertificated form.

You may only elect under the Unlisted Securities Alternative in respect of Source BioScience Shares held in certificated form by completing and signing the accompanying Form of Election in accordance with the procedure set out in paragraph 18.3 of this Part II and the instructions set out in the accompanying Form of Election. The Form of Election must be returned so as to be received by Equiniti Limited at Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by no later than 6.00 p.m. on 14 September 2016 (or such later time (if any) to which the right to make an election may be extended). A pre-paid reply envelope accompanies this document for your convenience and may be used by Source BioScience Shareholders (who hold Source BioScience Shares in certificated form) for returning their Form of Election from within the UK only. If you hold your Source BioScience Shares in certificated form but under different designations, you must complete a separate Form of Election in respect of each designation.

Replacement Forms of Election are available from the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls outside the UK will be charged at the applicable International rate. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

You may only elect under the Unlisted Securities Alternative in respect of Source BioScience Shares held in uncertificated form electronically through CREST by TTE instruction in accordance with the procedure set out in paragraph 18.4 of this Part II. The TTE instruction must be settled as soon as possible and in any event by no later than 6.00 p.m. on 14 September 2016 (or such later time (if any) to which the right to make an election may be extended). If you hold your Source BioScience Shares under different member account IDs you must send separate TTE instructions for each member account ID. You are reminded that if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action because only your CREST sponsor will be able to send the necessary TTE instructions to Euroclear.

If you hold Source BioScience Shares in both certificated and uncertificated form and you wish to make an election under the Unlisted Securities Alternative in respect of both such holdings, you should complete a Form of Election with respect to your certificated Source BioScience Shares and follow the instructions for completing a TTE instruction with respect to your uncertificated Source BioScience Shares.

If your Source BioScience Shares are in the course of being converted from uncertificated to certificated form, or from certificated form to uncertificated form, please refer to paragraph 18.7 below.

Changes in holdings of Scheme Shares

If you make a valid election under the Unlisted Securities Alternative in respect of all of your Scheme Shares, then:

- (a) the validity of the election shall not be affected by any alteration in the number of Scheme Shares held by you at any time prior to the Scheme Record Time (except in relation to any Scheme Shares acquired pursuant to the Source BioScience Share Option Schemes, in which case separate elections would apply); and
- (b) accordingly, the election will apply in respect of all of the Scheme Shares which you hold immediately prior to the Scheme Record Time (other than any Scheme Shares acquired pursuant to the Source BioScience Share Option Schemes in which case separate elections would apply).

If you make a valid election in respect of a specified number (but not all) of your Scheme Shares and immediately prior to the Scheme Record Time, the number of Scheme Shares you hold is:

- (a) equal to or in excess of the number of Scheme Shares to which such elections relate, then the validity of the elections made by you shall not be affected by any alteration in the number of Scheme Shares held by you in the period prior to the Scheme Record Time and, accordingly, the election will apply in respect of the full amount of the specified number of Scheme Shares to which such election relates with the balance, if any receiving the Cash Consideration; or
- (b) less than the aggregate number of Scheme Shares to which such election relates, then the number of Scheme Shares to which the election relates shall be reduced so as to apply to the number of Scheme Shares held by you at the Scheme Record Time.

Receipt of elections

No acknowledgements of receipt of any Form of Election, TTE instruction or other documents will be given. All communications, notices, other documents and remittances to be delivered by or to or sent to or from holders of Scheme Shares (or their designated agent(s)) or as otherwise directed will be delivered by or to or sent to or from such holders of Scheme Shares (or their designated agent(s)) at their own risk.

Multiple elections

If a Scheme Shareholder delivers more than one Form of Election under the Unlisted Securities Alternative in respect of his Scheme Shares, the last Form of Election which is delivered by 6.00 p.m. on 14 September 2016 shall prevail over any earlier Form of Election. The delivery time for a Form of Election shall be determined on the basis of which Form of Election is last received. Forms of Election which are sent in the same envelope will be treated as having been sent and received at the same time and, in that case, none of them shall be treated as valid (unless Source BioScience and Sherwood otherwise determine in their absolute discretion).

General

The Forms of Election and all elections thereunder, all action taken or made or deemed to be taken or made pursuant to any of these terms and the relationship between a Scheme Shareholder, Source BioScience, Sherwood or Equiniti Limited shall be governed by and interpreted in accordance with English law.

Execution of a Form of Election or submission of a TTE instruction by or on behalf of a Scheme Shareholder will constitute his agreement that the courts of England are to have non-exclusive jurisdiction to settle any dispute which may arise in connection with the creation, validity, effect, interpretation or performance of the legal relationships established by the Form of Election or otherwise arising in connection with the Scheme, the Form of Election or the submission of a TTE instruction, and for such purposes that he irrevocably submits to the jurisdiction of the English courts.

Source BioScience Share Option Schemes

Details of how the participants in the Source BioScience Share Option Schemes will be able to make elections under the Unlisted Securities Alternative in respect of any Source BioScience Shares which they acquire on or prior to the Scheme Record Time will be set out in separate letters to be sent to the participants in the Source BioScience Share Option Schemes.

18.3 **Procedures for Source BioScience Shares held in certificated form to elect for the Unlisted Securities Alternative**

This section should be read in conjunction with the Form of Election. The instructions in the accompanying Form of Election are deemed to be incorporated into and form part of the terms of the Scheme.

You should complete a separate Form of Election for any Source BioScience Shares held in certificated form, but under different designations. The instructions for completing a Form of Election below apply, where relevant, to each separate Form of Election to be completed by you.

(a) *The Unlisted Securities Alternative*

Under the Unlisted Securities Alternative you may elect to receive Sherwood Share Units in respect of some or all of your Scheme Shares.

To make an election under the Unlisted Securities Alternative in respect of Source BioScience Shares held in certificated form, you must insert the number of Source BioScience Shares in respect of which you wish to receive Sherwood Share Units in Box 2A of the Form of Election. Having done so, you must then sign in Box 3A of the Form of Election.

When completing the Form of Election you should be aware that in respect of any Source BioScience Shares held in certificated form for which you have not made a valid election under the Unlisted Securities Alternative you will automatically receive Cash Consideration under the basic terms of the Offer.

(b) *Return of the Form of Election*

Once completed in accordance with the instructions set out above, the Form of Election must be returned in accordance with the instructions printed thereon by post or, during normal business hours only, by hand to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible and in any event so as to be received by no later than 6.00 p.m. on 14 September 2016 (or such later time (if any) to which the right to make an election may be extended). A pre-paid envelope accompanies this document for your convenience and may be used by Source BioScience Shareholders within the United Kingdom only for returning the Form of Election.

(c) *Overseas Shareholders*

The attention of Source BioScience Shareholders holding Source BioScience Shares in certificated form and who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 14 of this Part II and the relevant provisions of the Form of Election.

A Source BioScience Shareholder who executes a Form of Election will be deemed to have given a representation and warranty to Source BioScience and Sherwood that he/she is not a Restricted Overseas Shareholder.

18.4 **Procedures for Source BioScience Shares held in uncertificated form to elect for the Unlisted Securities Alternative**

If your Source BioScience Shares are held in uncertificated form, you should take (or procure to be taken) the action set out below to transfer the Source BioScience Shares in respect of which you wish to make an election under the Unlisted Securities Alternative to the appropriate escrow balances (that is, send a TTE instruction), specifying Equiniti Limited (in its capacity as a CREST participant under its relevant participant ID referred to below) as the Escrow Agent, as soon as possible and, in any event, so that the transfer to escrow settles by no later than 6.00 p.m. on 14 September 2016 or such later time (if any) to which the right to make an election may be extended. You should note that settlement cannot take place at weekends or bank holidays (or such other times at which the CREST system is non-operational) and you should, therefore, ensure that you time the input of any TTE instruction accordingly.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Source BioScience Shares are held. In addition, only your CREST sponsor

will be able to send the necessary TTE instructions to Euroclear in relation to your Source BioScience Shares.

You should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE instruction to Euroclear which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for a TTE instruction to settle in CREST, the following details:

- the number of Source BioScience Shares in respect of which the election under the Unlisted Securities Alternative relates and which are to be transferred to an escrow balance;
- the ISIN number for Source BioScience Shares, which is GB0009739649;
- your member account ID under which the Source BioScience Shares are held;
- your participant ID under which the Source BioScience Shares are held;
- the relevant participant ID of the Escrow Agent (Equiniti Limited, in its capacity as CREST receiving agent), which is 2RA30;
- the member account ID of the Escrow Agent (RA237101);
- the intended settlement date, which should be as soon as possible and, in any event, no later than 6.00 p.m. on 14 September 2016 or such later time (if any) to which the right to make an election may be extended;
- the corporate action number for the Offer, which is allocated by Euroclear and will be available on screen from Euroclear;
- the standard TTE instruction of priority 80; and
- the contact name and telephone number inserted in the shared note field.

After settlement of the TTE instruction, you will not be able to access the Source BioScience Shares concerned in CREST for any transaction or charging purposes. If the Scheme is implemented in accordance with its terms, the Escrow Agent will cancel the Scheme Shares. You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Source BioScience Shares to settle prior to 6.00 p.m. on 14 September 2016 (or such later time (if any) to which the right to make an election may be extended). In this connection, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

18.5 ***Withdrawal or amendment of elections under the Unlisted Securities Alternative***

Elections in respect of the Unlisted Securities Alternative made by the posting of a Form of Election may be withdrawn or amended by written notice received by post or, during normal business hours only, by hand to Equiniti Limited by 2.00 p.m. on 14 September 2016 or, if the Scheme Court Hearing is adjourned to a later date, by 2.00 p.m. on the date which is seven days prior to that later date. Please clearly specify whether you would like to withdraw or amend the election that you have made and ensure that your request contains an original signature. Any written requests of this nature should be sent to Equiniti Limited, at Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Elections in respect of the Unlisted Securities Alternative made in CREST by the settlement of a TTE instruction may be withdrawn or amended by 2.00 p.m. on 14 September 2016 or, if the Scheme Court Hearing is adjourned to a later date, by 2.00 p.m. on the date which is seven days prior to that later date. For information about how to withdraw a TTE instruction, please refer to the CREST Manual or contact your CREST sponsor.

Withdrawals

If you have returned a Form of Election and subsequently wish to withdraw or amend your election, please contact Equiniti Limited in writing by 2.00 p.m. on 14 September 2016. Please clearly specify whether you would like to withdraw or amend your election that you have made and ensure that your request contains an original signature. Any written requests of this nature should be sent to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. It is at Equiniti Limited's absolute discretion to require the submission of a new Form of Election if an amendment is requested.

If your election was made through an electronic election, you may withdraw your election through CREST by sending (or, if you are a CREST sponsored member, procuring that your CREST sponsor sends) an ESA instruction to settle in CREST by no later than 2.00 p.m. on 14 September 2016 in relation to each election to be withdrawn. Each ESA instruction must, in order for it to be valid and to settle, include the following details:

- the number of Source BioScience Shares in respect of which an election for the Unlisted Securities Alternative has been made and is to be withdrawn, together with their ISIN number, which is "GB0009739649";
- your member account ID;
- your participant ID;
- the participant ID of the escrow agent, Equiniti, in its capacity as a CREST receiving agent. This is "2RA30";
- the member account ID of the escrow agent, this is RA237101;
- the CREST transaction ID of the election to be withdrawn;
- the intended settlement date for the withdrawal;
- the corporate action number for the transaction. This is allocated by Euroclear and can be found by viewing the relevant corporate action details on screen in CREST; and
- CREST standard delivery instructions priority of 80.

Any question as to the validity (including time of receipt) of any notice of withdrawal will be determined by Sherwood whose determination (save as the Panel otherwise determines) will be final and binding. None of Sherwood, Strand Hanson or Equiniti Limited or any other person will be under any duty to give notification of any defect in any notice of withdrawal or will incur any liability for failure to do so.

18.6 *Validity of elections under the Unlisted Securities Alternative*

A Form of Election which is received in respect of Source BioScience Shares held in uncertificated form will NOT constitute a valid election under the Unlisted Securities Alternative and will be disregarded. Holders of Source BioScience Shares in uncertificated form who wish to elect under the Unlisted Securities Alternative should note that a TTE instruction will only be valid as at the relevant closing date if it has settled on or before that date.

Without prejudice to any other provision of this paragraph 18.6 or the Form of Election or otherwise, Sherwood and Source BioScience reserve the right (subject to the terms of the Offer and the provisions of the Code) to treat as valid in whole or in part any election to participate in the Unlisted Securities Alternative which is not entirely in order.

If any Form of Election or TTE instruction in respect of the Unlisted Securities Alternative, is either received after 6.00 p.m. on 14 September 2016 (or such later time (if any) to which the right to make an election may be extended) or is received before such time and date but is not valid or complete in all respects at such time and date, such election shall, for all purposes, be void (unless Source BioScience and Sherwood, in their absolute discretion, elect to treat as valid, in whole or in part, any such election).

None of Source BioScience, Sherwood, Equiniti Limited or any of their respective advisers or any person acting on behalf of any one of them shall have any liability to any person for any loss or alleged

loss arising from any decision as to the treatment of elections under the Unlisted Securities Alternative on any of the bases set out in this section or otherwise in connection therewith.

Source BioScience Shareholders who fail to make an election by 6.00 p.m. on 14 September 2016 (or such later time (if any) to which the right to make an election may be extended) or whose Form of Election or TTE instruction is invalid, or if Source BioScience (following consultation with Sherwood) determines that such Source BioScience Shareholder is a Restricted Overseas Shareholder, will be deemed not to have made an election under the Unlisted Securities Alternative and will receive Cash Consideration under the basic terms of the Offer.

Any election made under the Unlisted Securities Alternative shall cease to be valid, if:

- (a) the Scheme lapses, is withdrawn or is not otherwise implemented in accordance with its terms; or
- (b) in the case of Scheme Shares held in certificated form, a Scheme Shareholder withdraws such election by written notice to Equiniti Limited; or
- (c) in the case of Scheme Shares held in uncertificated form, a Scheme Shareholder withdraws a TTE instruction.

In such instance all share certificate(s) and/or other document(s) of title returned with any Form of Election will be returned to the relevant Scheme Shareholder as soon as possible and in any event by no later than 14 days after such lapse or withdrawal and the Escrow Agent will immediately give instructions for the release of any Scheme Shares held in escrow within CREST.

18.7 Deposits of Source BioScience Shares into, and withdrawals of Source BioScience Shares from, CREST

Normal CREST procedures (including timings and limitations) apply in relation to any Source BioScience Shares that are, or are to be, converted from uncertificated to certificated form or from certificated to uncertificated form during the course of the Scheme (whether any such conversion arises as a result of a transfer of Source BioScience Shares or otherwise). Holders of Source BioScience Shares who are proposing so to convert any such Source BioScience Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Source BioScience Shares as a result of the conversion to take all necessary steps in connection with an election under the Unlisted Securities Alternative should they wish to do so or transfers to an escrow balance as described above) prior to 6.00 p.m. on 14 September 2016 or such later time (if any) to which the right to make an election may be extended.

19. Helpline

If you are a Source BioScience Shareholder and you have any questions relating to this document, the Court Meeting, the General Meeting, the Offer or the Scheme or are in any doubt about the completion and return of the Forms of Proxy or the Form of Election or how to make an election under the Unlisted Securities Alternative through the CREST system, please contact the Shareholder Helpline on 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable International rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note the helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

20. Further information

Your attention is drawn to the terms of the Scheme which are set out in full in Part IV of this document. Your attention is also drawn to the further information contained in this document which forms part of this Explanatory Statement.

PART III

CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND TO THE ACQUISITION

The Acquisition is conditional upon the Scheme becoming unconditional and becoming Effective, subject to the Code, by not later than the Termination Date or such later date, if any, as Sherwood and Source BioScience may with the consent of the Panel agree and (if required) the Court may allow.

Part A: Conditions to the Scheme

1. The Scheme is conditional upon:
 - (a) approval of the Scheme by a majority in number of the Voting Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting (or at any adjournment of such meeting) representing not less than 75 per cent. in value of the Scheme Shares held by such holders;
 - (b) all resolutions required to implement the Scheme (including, without limitation, to amend Source BioScience's articles of association) and set out in the notice of the General Meeting being duly passed by the requisite majority at the General Meeting (or at any adjournment of such meeting) and not being subsequently revoked;
 - (c) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Source BioScience and Sherwood); and
 - (d) an office copy of the Scheme Court Order sanctioning the Scheme being delivered to the Registrar of Companies.

Part B: Conditions to the Offer

2. Subject to Part C below, the Offer will also be conditional upon the following matters, and, accordingly, the Scheme Court Order will not be delivered to the Registrar of Companies unless such Conditions (as amended as appropriate) have been satisfied (where capable of satisfaction) or waived:
 - (a) all notifications and filings which are necessary by Sherwood having been made in connection with the Offer, all necessary waiting periods (including any extension to them) under any applicable legislation or regulations of any jurisdiction having expired, lapsed or been terminated, all necessary statutory or regulatory obligations in any jurisdiction having been complied with and all Authorisations which in each case are necessary by Sherwood for or in respect of the Offer, its implementation or any acquisition of any shares in, or control of, Source BioScience or any member of the Wider Source BioScience Group by any member of the Wider Sherwood Group having been obtained on terms and in a form reasonably satisfactory to Sherwood from all Relevant Authorities or persons with whom any member of the Wider Source BioScience Group has entered into contractual arrangements (other than contractual arrangements which have been Fairly Disclosed) in each case where the direct consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting period or to comply with such obligation or obtain such Authorisation from such a person would have a material adverse effect on the Wider Source BioScience Group taken as a whole, and all such Authorisations, together with all Authorisations necessary to carry on the business of any member of the Wider Source BioScience Group, remaining in full force and effect at the time when the Scheme becomes Effective and there being no intimation of any intention to revoke or not to renew, withdraw, suspend, withhold, modify or amend the same in consequence of the Scheme becoming Effective;
 - (b) no Relevant Authority having instituted, implemented or threatened any action, suit, proceedings, investigation, reference or enquiry, or enacted, made or proposed any statute, regulation, order or decision, or having taken any other steps or measures that would or might reasonably be expected to, in any case which would be material in the context of the Wider Source BioScience Group or the Wider Sherwood Group, as the case may be, when taken as a whole:
 - (i) make the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control over, Source BioScience or any member of the Wider Source

BioScience Group by Sherwood or any member of the Wider Sherwood Group, illegal, void or unenforceable under the laws of any relevant jurisdiction or otherwise directly or indirectly materially restrict, restrain, prohibit, delay, frustrate or interfere in the implementation of or impose additional material conditions or obligations with respect to or otherwise materially challenge the Offer or such proposed acquisition in any case in a manner which is material in the context of the Wider Source BioScience Group when taken as a whole (including without limitation, taking any steps which would entitle the Relevant Authority to require any member of the Wider Sherwood Group to dispose of all or some of its Source BioScience Shares or restrict the ability of any member of the Wider Sherwood Group to exercise voting rights in respect of some or all of such Source BioScience Shares);

- (ii) require, prevent or materially delay a divestiture by any member of the Wider Sherwood Group of any shares or other securities in Source BioScience;
- (iii) impose any limitation on, or result in a delay in, the ability of Sherwood or Source BioScience or any member of the Wider Sherwood Group to acquire or hold or exercise effectively, directly or indirectly, any rights of ownership of shares or other securities in any member of the Wider Source BioScience Group or voting rights or management control over any member of the Wider Source BioScience Group;
- (iv) require, prevent or delay a divestiture by any member of the Wider Sherwood Group or the Wider Source BioScience Group of all or any material portion of their respective businesses, assets or properties or impose any material limitation on the ability of any of them to conduct their respective businesses or own their respective assets or properties;
- (v) result in any member of the Wider Source BioScience Group or the Wider Sherwood Group ceasing to be able to carry on their business under any name under which it presently does so;
- (vi) impose any material limitation on the ability of any member of the Wider Sherwood Group or of the Wider Source BioScience Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Sherwood Group or of the Wider Source BioScience Group;
- (vii) otherwise affect any or all of the businesses, assets, prospects or profits of any member of the Wider Sherwood Group or any member of the Wider Source BioScience Group in a manner which is material and adverse to the relevant group taken as a whole; or
- (viii) except pursuant to Chapter 3 of Part 28 of the Companies Act 2006, require any member of the Wider Source BioScience Group or the Wider Sherwood Group to offer to acquire any shares or other securities owned by any third party in any member of the Wider Source BioScience Group by any third party;

and all applicable waiting and other time periods during which any such Relevant Authority could institute, or implement or threaten any proceedings, suit, investigation or enquiry or enact, make or propose any such statute, regulation or order or take any other such step having expired, lapsed or been terminated;

- (c) except as Fairly Disclosed there being no provision of any Authorisation or other instrument to which any member of the Wider Source BioScience Group is a party, or by or to which any such member, or any of its assets, is bound or subject, which could or might reasonably be expected to as a consequence of the Offer or of the proposed acquisition by Sherwood of any shares or other securities in, or control of, Source BioScience, result, in any case to an extent which is material in the context of the Source BioScience Group taken as a whole, in:
 - (i) any assets or interests of any member of the Wider Source BioScience Group being or falling to be disposed of or charged, or any right arising under which any such assets or interests could be required to be disposed of or charged or could cease to be available to any member of the Wider Source BioScience Group, other than in the ordinary course of business;
 - (ii) any monies borrowed by or other indebtedness or material liabilities (actual or contingent) of, or any grant available to, any member of the Wider Source BioScience Group becoming repayable or being capable of being declared repayable immediately or earlier than its stated repayment date or the ability of such member of the Wider Source BioScience Group to

incur any indebtedness becoming or being capable of being or becoming withdrawn or prohibited;

- (iii) any such arrangement, agreement, authorisation, lease, licence, consent, permit, franchise or other instrument being terminated or materially adversely modified, affected, amended or varied or any materially adverse action being taken or any onerous obligation or liability arising thereunder;
- (iv) the business or interests of any member of the Wider Source BioScience Group with any firm, body or person (or any arrangements relating to such business or interests) being terminated, modified, affected, amended or varied in any materially adverse manner;
- (v) the value of or the financial or trading position or prospects of any member of the Wider Source BioScience Group being prejudiced or adversely affected;
- (vi) the creation of any liability (actual or contingent) by any member of the Wider Source BioScience Group other than in the ordinary course of business;
- (vii) any liability of any member of the Wider Source BioScience Group to make any severance, termination, bonus or other payment to any of its directors or other officers;
- (viii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Source BioScience Group or any such mortgage, charge or security (whenever arising or having arisen) becoming enforceable; or
- (ix) any member of the Wider Source BioScience Group ceasing to be able to carry on business under any name under which it currently does so,

and no event having occurred which, under any provision of any Authorisation or other instrument to which any member of the Wider Source BioScience Group is a party, or by or to which any such member, or any of its assets, is bound, or subject, could result, in any case to an extent which is material and adverse in the context of the Wider Source BioScience Group taken as a whole, in any of the events or circumstances as are referred to in items (i) to (ix) inclusive of this paragraph;

- (d) since 31 December 2015 and except as Fairly Disclosed:
 - (i) no enquiry or investigation by or complaint or reference to any Relevant Authority against or in respect of any member of the Wider Source BioScience Group or no criminal proceedings, litigation, arbitration proceedings, mediation proceedings, prosecution or other legal proceedings to which any member of the Wider Source BioScience Group is or may become a party (whether as plaintiff, defendant or otherwise) having been instituted or threatened or remaining outstanding against or in respect of any member of the Wider Source BioScience Group which in any case is material in the context of the Wider Source BioScience Group taken as a whole;
 - (ii) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits of any member of the Wider Source BioScience Group which in any case is material in the context of the Wider Source BioScience Group taken as a whole;
 - (iii) no contingent or other liability having arisen, become apparent or increased which in any case is material in the context of the Wider Source BioScience Group taken as a whole; and
 - (iv) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Source BioScience Group, which is necessary for the proper carrying on of its business;
- (e) since 31 December 2015 and except as Fairly Disclosed, neither Source BioScience nor any other member of the Wider Source BioScience Group having:
 - (i) issued or agreed to issue or authorised the issue or grant of additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire any such shares or convertible securities or transferred or sold any Source BioScience Shares out of treasury (save as between Source BioScience and any member

of the Wider Source BioScience Group or between any members of the Wider Source BioScience Group and save for the issue of Source BioScience Shares pursuant to the entitlements of participants under the Source BioScience Share Option Schemes);

- (ii) purchased, redeemed or repaid any of its own shares or other securities or reduced or made any other changes to its share capital, except in respect of the matters mentioned in Condition 2(e)(i) above;
- (iii) recommended, declared, paid or made any dividend, bonus or other distribution whether payable in cash or otherwise, other than to Source BioScience or a wholly-owned subsidiary of Source BioScience;
- (iv) save for any transaction between Source BioScience and any member of the Wider Source BioScience Group or between any members of the Wider Source BioScience Group, merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in subsidiaries and trade investments) which in any case would be material in the context of the Wider Source BioScience Group taken as a whole;
- (v) save for any transaction between Source BioScience and any member of the Wider Source BioScience Group or between any members of the Wider Source BioScience Group, issued or authorised the issue of any debentures or incurred or increased any indebtedness or liability or become subject to a contingent liability which in any case is material in the context of the Wider Source BioScience Group taken as a whole;
- (vi) into, varied or authorised any arrangement, transaction, contract or commitment other than in the ordinary course of business (whether in respect of capital expenditure or otherwise) which is of a long-term, onerous or unusual nature or which involves or could involve an obligation of a nature and magnitude which is material in the context of the Wider Source BioScience Group taken as a whole or is likely to materially restrict the scope of the existing business of any member of the Wider Source BioScience Group other than to a nature and extent which is normal in the context of the business concerned;
- (vii) save for any transaction between Source BioScience and any member of the Wider Source BioScience Group or between any members of the Wider Source BioScience Group, entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement (other than the Scheme) in relation to itself or another member of the Wider Source BioScience Group otherwise than in the ordinary course of business which in any case is material in the context of the Source BioScience Group taken as a whole;
- (viii) otherwise than in the ordinary course of business, waived or compromised any claim which is material in the context of the Wider Source BioScience Group taken as a whole;
- (ix) taken any corporate action or had any legal proceedings started or threatened against it for its winding up (whether voluntary or otherwise), dissolution or reorganisation or analogous proceedings in any jurisdiction or for the appointment of a receiver, trustee, administrator, administrative receiver or similar officer in any jurisdiction of all or any of its assets and revenues or had any such person appointed which in any case is material in the context of the Wider Source BioScience Group taken as a whole;
- (x) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments or a moratorium of any indebtedness;
- (xi) been unable or admitted in writing that it is unable to pay its debts or having stopped or suspended (or threatened to do so) payments of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business in any case which is material in the context of the Wider Source BioScience Group taken as a whole;
- (xii) save for any transaction between Source BioScience and any member of the Wider Source BioScience Group or between any members of the Wider Source BioScience Group made or authorised any change in its loan capital which is material in the context of the Wider Source BioScience Group taken as a whole;

- (xiii) save in respect of the resignation of the non-executive Source BioScience Directors with effect from the Effective Date, entered into or varied in any material respect the terms of any letter of appointment or service agreement (as the case may be) with or relating to any of the executive directors, non-executive directors or senior executives of Source BioScience or any of the directors or senior executives of any other member of the Wider Source BioScience Group;
 - (xiv) proposed, agreed to provide or modified in any material respect the terms of any share option scheme, incentive scheme or, other than in the ordinary course of business, any other benefit relating to the employment or termination of employment of any person employed by the Wider Source BioScience Group which in any case is material in the context of the Wider Source BioScience Group taken as a whole;
 - (xv) save as envisaged in the Offer, made any alteration to its articles of association or other incorporation or constitutional documents which is material in the context of the Offer; or
 - (xvi) otherwise than in the ordinary course of business entered into any agreement or commitment or passed any resolution or made any offer which remains open for acceptance or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this paragraph (e);
- (f) Sherwood not having discovered that, except as Fairly Disclosed:
- (i) any financial, business or other information concerning the Wider Source BioScience Group disclosed publicly or disclosed to any member of the Wider Sherwood Group by any member of the Wider Source BioScience Group at any time is to a material extent misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make the information therein not misleading to a material extent and which was not corrected before the date of announcement of the Offer either by public disclosure through a Regulatory Information Service or by a written disclosure to the Wider Sherwood Group and which is material in the context of the Wider Source BioScience Group taken as a whole;
 - (ii) any member of the Wider Source BioScience Group is subject to any liability otherwise than in the ordinary course of business, contingent or otherwise, which is material in the context of the Source BioScience Group taken as a whole;
 - (iii) any information which affects the import of any information disclosed to any member of the Sherwood Group at any time by or on behalf of any member of the Wider Source BioScience Group which is material in the context of the Source BioScience Group taken as a whole;
 - (iv) any member of the Wider Source BioScience Group has not complied with any applicable legislation or regulations of any relevant jurisdiction with regard to the use, storage, transport, treatment, handling, disposal, release, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person where non-compliance would be likely to give rise to any liability or cost (whether actual or contingent) on the part of any member of the Wider Source BioScience Group which in any case is material in the context of the Wider Sherwood Group taken as a whole;
 - (v) there has been an emission, discharge, disposal, spillage or leak of waste or hazardous substance or any substance likely to impair the environment or harm human health which would be likely to give rise to any liability or cost (whether actual or contingent) on the part of any member of the Wider Source BioScience Group which in any case is material in the context of the Wider Sherwood Group taken as a whole;
 - (vi) there is or is likely to be any liability (whether actual or contingent) to improve or install new plant or equipment or make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider Source BioScience Group under any environmental legislation, regulation, notice, circular or order of any Relevant Authority or any other person or body in any jurisdiction which in any case is material in the context of the Wider Sherwood Group taken as a whole; or
 - (vii) circumstances exist whereby a person or class of person would be likely to have any claim or claims in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider

Source BioScience Group which in any case is material in the context of the Wider Sherwood Group taken as a whole; and

- (g) except as Fairly Disclosed, no member of the Source BioScience Group nor the trustees of any relevant pension scheme having, since 31 December 2015 (and in each case to an extent which is material in the context of the Wider Source BioScience Group taken as a whole):
- (i) made or agreed or consented to any significant change (i) to the terms of any trust deeds constituting the pension schemes established for the directors or employees (or their dependants) of any member of the Wider Source BioScience Group, (ii) to the benefits which accrue, (iii) to the pensions which are payable thereunder for all members or any category of members, (iv) to the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined for all members or any category of members (including with regard to commutation factors where employer agreement is required to change such factors), or (v) to the basis on which the liabilities (including pensions) of such pension schemes are funded (including putting in place, agreeing or consenting to technical provisions, actuarial valuations, statements of funding principles, schedules of contributions and recovery plans pursuant to Part 3 of the Pensions Act 2004); or
 - (ii) established any new pensions arrangements.

Part C: Further terms of the Offer

3. Sherwood reserves the right to waive in whole or in part all or any of the above Conditions. The Scheme will not become Effective unless all of the Conditions have been fulfilled or waived or, where appropriate, have been determined by Sherwood to be or remain satisfied by the earlier of (i) 11.59 p.m. on the date immediately preceding the date of the Scheme Court Hearing, and (ii) the Termination Date (or such later date as Sherwood or Source BioScience may agree and the Panel and the Court may allow). Sherwood shall be under no obligation to waive or treat as fulfilled any of Conditions 2(a) to (g) earlier than that date, notwithstanding that other of the Conditions may at an earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
4. If Sherwood is required by the Panel to make an offer for Source BioScience Shares under the provisions of Rule 9 of the Code, Sherwood may make such alterations to the terms and conditions of the Offer and/or the Unlisted Securities Alternative as are necessary to comply with the provisions of that Rule, and such offer shall be subject to the terms and conditions as so amended.
5. Sherwood reserves the right to elect (with the consent of the Panel (if required)) to implement the acquisition of the Source BioScience Shares by way of a Takeover Offer as an alternative to the Scheme. Any such Takeover Offer will be subject to an acceptance condition set at 90 per cent. (or such lesser percentage (being more than 50 per cent.) as Sherwood may decide) of (i) the Source BioScience Shares to which such Takeover Offer relates and (ii) the voting rights normally exercisable at a general meeting of Source BioScience. Any such Takeover Offer would be made on a cash only basis (with the consent of the Panel) but otherwise on substantially the same terms (subject to appropriate amendments) as those which would apply to the Scheme and in compliance with applicable laws and regulations. Further, if sufficient acceptances of such Takeover Offer are received and/or sufficient Source BioScience Shares are otherwise acquired, it is the intention of Sherwood to apply the provisions of the Companies Act 2006 to acquire compulsorily any outstanding Source BioScience Shares to which such Takeover Offer relates.
6. The availability of the Offer and/or the Unlisted Securities Alternative to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
7. Under Rule 13.5 of the Code, Sherwood may only invoke a Condition so as to cause the Scheme not to proceed, to lapse or to be withdrawn where the circumstances which give rise to the right to invoke the Condition are of material significance to Sherwood in the context of the Offer. The Conditions contained in section 1 above are not subject to Rule 13.5 of the Code.

8. Source BioScience Shares will be acquired pursuant to the Offer fully paid with full title guarantee and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any third party interests and other rights of any nature whatsoever and together with all rights now or hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this document.
9. The Scheme will be governed by English law and be subject to the jurisdiction of the English courts. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the FCA and the UKLA. In addition, it will be subject to the terms and conditions set out in this document and the Form of Election, including a term that the Offer will lapse and the Scheme will not proceed if, prior to the date of the Court Meeting and the General Meeting, there is a CMA Phase 2 Reference or if Phase 2 European Commission proceedings are initiated or if, following a referral of the Offer by the European Commission under Article 9(1) of the European Council Merger Regulation to a competent authority in the United Kingdom, there is a CMA Phase 2 Reference in respect of the Offer, or any matter arising from the Offer.

PART IV

THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION COMPANIES COURT

No. 4275 of 2016

IN THE MATTER OF SOURCE BIOSCIENCE PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

between

SOURCE BIOSCIENCE PLC

AND

THE HOLDERS OF THE SCHEME SHARES

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“Australia”	the Commonwealth of Australia, its states, territories and possessions and all areas subject to its jurisdiction or any political subdivision thereof.
“Business Day”	a day, (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London.
“Canada”	Canada, its possessions and territories and all areas subject to its jurisdiction and any political sub-division thereof.
“Cash Consideration”	the entitlement of the Scheme Shareholders to receive 18 pence in Cash Consideration for each Scheme Share.
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST).
“Code”	The City Code on Takeovers and Mergers.
“Companies Act”	the Companies Act 2006, as amended.
“Continental”	Continental Investment Partners S.A., a private company incorporated in Switzerland with limited liability on 4 July 2013, which is an affiliated Organismo di Autodisciplina dei Fiduciari del Canton Ticino, with registered number CHE 147 303 365.
“Court Hearing”	the hearing at which the Court sanctions the Scheme.
“Court Meeting”	the meeting of Voting Scheme Shareholders (and any adjournment thereof) convened pursuant to an order of the Court pursuant to section 896 of the Companies Act for the purpose of considering and, if thought fit, approving (with or without modification) this Scheme.

“Court”	the High Court of Justice in England and Wales.
“Court Order”	the order of the Court sanctioning this Scheme.
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI2001 No. 3755), including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force.
“CREST Shareholder”	a Source BioScience Shareholder who holds his Source BioScience Shares in uncertificated form, that is CREST.
“CREST”	the relevant system (as defined in the CREST Regulations) of which Euroclear is the authorised operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form.
“Effective”	the Scheme having become effective pursuant to and in accordance with its terms.
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms and “Effective Time” means the time on such date at which the Scheme becomes effective.
“Equiniti Limited”	Equiniti Limited, a company incorporated in England and Wales with registered number 6226088 whose registered office is at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.
“Euroclear”	Euroclear UK & Ireland Limited.
“Existing Continental Investors”	the clients advised by or otherwise associated with Continental which currently hold Source BioScience Shares.
“Existing Harwood Investors”	the funds managed and/or advised by or otherwise associated with Harwood Capital which currently hold Source BioScience Shares.
“Form of Election”	the form of election to be sent to Scheme Shareholders (other than Restricted Overseas Shareholders) by or on behalf of the Company pursuant to which a Scheme Shareholder holding Scheme Shares in certificated form may make an election for the Unlisted Securities Alternative in respect of some or all of his Scheme Shares.
“Harwood Capital”	Harwood Capital LLP, a UK limited liability partnership incorporated under the Limited Liability Partnerships Act 2000 with registered number OC304213.
“holder”	a registered holder and includes any person(s) entitled by transmission.
“Japan”	Japan, its cities, prefectures, territories and possessions and all areas subject to its jurisdiction or any political subdivision thereof.
“New Zealand”	New Zealand, its respective territories and possessions.
“Overseas Shareholders”	Source BioScience Shareholders (or nominees of, or custodians or trustees for, Source BioScience Shareholders) not resident in, or nationals or citizens of, the United Kingdom.
“Panel”	The Panel on Takeovers and Mergers.

“Registrar of Companies”	means the registrar of companies in England and Wales.
“Restricted Jurisdiction”	United States, Japan, Canada, South Africa, New Zealand, Australia (or their respective territories) or any other jurisdiction where the relevant actions may constitute a violation of the relevant laws and regulations of such jurisdiction if information concerning the Proposals is sent or made available to Scheme Shareholders in that jurisdiction.
“Restricted Overseas Shareholders”	a person holding Source BioScience Shares (including, without limitation, an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, or any person whom Source BioScience (following consultation with Sherwood) reasonably believes to be in a Restricted Jurisdiction and persons in any other jurisdiction whom Source BioScience (following consultation with Sherwood) is advised to treat as restricted overseas persons in order to observe the laws of such jurisdiction or to avoid the requirement to comply with any governmental or other consent or any registration, filing or other formality which Source BioScience (following consultation with Sherwood) regards as unduly onerous.
“Scheme Record Time”	6.00 p.m. on the Business Day immediately preceding the date of the Court Hearing.
“Scheme Shareholders”	holders of Scheme Shares whose names appear in the register of members of Source BioScience at the Scheme Record Time.
“Scheme Shares”	means the Source BioScience Shares: <ul style="list-style-type: none"> (i) in issue at the date of this document; (ii) (if any) issued after the date of this document and prior to the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof shall be bound by this Scheme or shall by such time have agreed in writing to be bound by this Scheme, and remaining in issue at the Scheme Record Time but excluding any Source BioScience Shares held or beneficially owned by any member of the Sherwood Group (or their nominees).
“Scheme”	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court.
“Sherwood”	Sherwood Holdings Limited, incorporated in England and Wales with registered number 10269474.
“Sherwood Group”	means Sherwood and its direct and indirect holding companies.
“Sherwood PIK Loan Note Instrument”	the instrument constituting the Sherwood PIK Loan Notes executed by Sherwood on 29 July 2016.
“Sherwood PIK Loan Notes”	the 10 per cent. fixed rate £0.17 nominal amount unsecured loan notes, to be issued on the terms of the Sherwood PIK Loan Note Instrument.

“Sherwood Share Units”	units comprising one Sherwood Share and one Sherwood PIK Loan Note.
“Sherwood Share”	means an ordinary share of 1 pence in the share capital of Sherwood.
“Source Bioscience Share Option Schemes”	the share option schemes, operated by Source BioScience.
“Source BioScience Shareholders”	holders of Source BioScience Shares.
“Source BioScience Shares”	ordinary shares of 2 pence each in the capital of Source BioScience.
“Source BioScience” or the “Company”	Source BioScience plc, a company incorporated in England and Wales with registered number 00079136 whose registered office is at 1 Orchard Place, Nottingham Business Park, Nottingham, Nottinghamshire NG8 6PX.
“South Africa”	the Republic of South Africa and its respective territories or possessions.
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland.
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST.
“United States”	the United States of America, its territories and provinces, any state in the United States of America and the District of Columbia.
“Unlisted Securities Alternative”	the facility provided for in the Scheme whereby a Scheme Shareholder (other than Restricted Overseas Shareholders) may elect, in respect of all or some of their Scheme Shares, to receive Sherwood Share Units <i>in lieu</i> of the Cash Consideration to which they are entitled under the terms of the Offer.
“Voting Record Time”	6.30 p.m. on the day which is two days prior to the date of the Court Meeting or, if the Court Meeting is adjourned, 6.30 p.m. on the day which is two days before the day of such adjourned meeting, in each case excluding any day falling on a weekend or a public holiday in the UK.
“Voting Scheme Shareholders”	the holders of Scheme Shares (other than the Existing Continental Investors and Existing Harwood Investors who will each confirm their approval of, and agreement to be bound by, the Scheme in letters of confirmation).

(B) As at 16 August 2016 (the latest practicable date prior to the date of this Scheme) 349,292,449 Source BioScience Shares have been issued and are credited as fully paid. There are subsisting options to subscribe for up to 28,160,225 Source BioScience Shares pursuant to the Source BioScience Share Option Schemes.

(C) Sherwood was incorporated on 8 July 2016 under the Companies Act as a private company incorporated by shares with company number 10269474. The issued share capital of Sherwood at the date of this document is £0.02 divided into two ordinary shares of 1 penny each, all of which are issued and paid up.

- (D) As at 16 August 2016 (the latest practicable date prior to the date of this document), the Existing Continental Investors and the Existing Harwood Investors held, in aggregate, 107,957,490 Source BioScience Shares.
- (E) The purpose of the Scheme is to provide for the transfer of the Scheme Shares to Sherwood in consideration for the payment of the Cash Consideration to the holders of the Scheme Shares or, if holders of Scheme Shares elect, in consideration of the receipt of Sherwood Share Units.
- (F) Sherwood, the Existing Harwood Investors and the Existing Continental Investors have agreed to either (a) appear by counsel at the hearing to sanction the Scheme, or (b) to consent to the Scheme in writing, and to undertake to the Court to be bound by the terms of the Scheme and to execute and do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by them for the purposes of giving effect to the Scheme.

The Scheme

1. Transfer of the Scheme Shares

- 1.1 Upon and with effect from the Effective Time, Sherwood (or its nominee(s)) shall acquire all of the Scheme Shares fully paid, with full title guarantee, free from all encumbrances and together with all rights at the Effective Date or thereafter attached thereto, including the right to receive and retain all dividends and other distributions declared, paid or made thereon (if any).
- 1.2 For such purposes, the Scheme Shares shall be transferred to Sherwood (or its nominee(s)) and to give effect to such transfers any person may be appointed by Sherwood as attorney or agent and shall be authorised as such attorney or agent on behalf of the holders of Scheme Shares to execute and deliver as transferor any form of transfer, or other instrument of transfer, in respect of, or to give any instruction to transfer, any Scheme Shares and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed or given by the holder or holders of the Scheme Shares thereby transferred.
- 1.3 Pending the transfer of the Scheme Shares pursuant to clause 1.2, the holders of the Scheme Shares irrevocably appoint Sherwood (or its nominee(s)) as their attorney to exercise any voting rights attached to the Scheme Shares and any or all rights and privileges attaching to the Scheme Shares, to sign any consent to short notice of a general, or separate class meeting and on their behalf to execute a form of proxy in respect of such shares appointing any person nominated by Sherwood to attend general and separate class meetings of the Company and authorises the Company to send to Sherwood any notice, circular, warrant or other document or communication which may be required to be sent to them as a member of the Company.

2. Consideration for the transfer of the Scheme Shares

- 2.1 In consideration of the transfer of the Scheme Shares as provided in clause 1.1 and clause 1.2 of the Scheme, Sherwood (or its nominee(s)) shall, subject as hereinafter provided, pay or procure that there shall be paid to or for the account of each holder of Scheme Shares whose name appears in the register of members of Source BioScience at the Scheme Record Time:

for each Scheme Share held by that person

18 pence in cash

- 2.2 If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by Source BioScience in respect of a Scheme Share on or after the date of this Scheme and prior to the Scheme becoming Effective, Sherwood shall be entitled to reduce the value of the consideration payable for each Scheme Share by up to the amount per Source BioScience Share of such dividend, distribution or return of value except where the Scheme Share is or will be acquired pursuant to the Scheme on a basis which entitles Sherwood to receive the dividend, distribution or return of value and to retain it. Any exercise by Sherwood of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme.

3. Unlisted Securities Alternative

- 3.1 In consideration of the transfer of the Scheme Shares as provided in clause 1.1 and clause 1.2 of the Scheme, Sherwood (or its nominee(s)) shall, subject as hereinafter provided, allot and issue to the holders of the Source BioScience Shares (as appearing in the register of members of the Company at the Scheme Record Time) Sherwood Share Units on the following basis:

for each Scheme Share held by that person	1 Sherwood Share Unit
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- 3.2 Sherwood Shares issued pursuant to clauses 2.1 and 3.1 of this Scheme shall be issued credited as fully paid.
- 3.3 Each election for the Unlisted Securities Alternative shall be made by completion of a Form of Election in respect of certificated shares which shall be executed by the Scheme Shareholder or his duly authorised agent. The instructions, terms, authorities, warranties and provisions contained in or deemed to be incorporated in the Form of Election and in paragraph 18 of Part II of the document of which this Scheme forms a part constitute part of the terms of this Scheme. To be effective the Form of Election must be completed and returned in accordance with the instructions thereon so as to arrive by not later than 6.00 p.m. on 14 September 2016 at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Forms of Election so completed and lodged shall, unless otherwise agreed by the Company and Sherwood, be irrevocable as at the Scheme Record Date and time. CREST Shareholders must make any election for the Unlisted Securities Alternative electronically through the CREST system in accordance with the relevant instructions set out in paragraph 18.4 of Part II of the document of which this Scheme forms a part.

- 3.4 Any person (including Equiniti Limited) may be appointed by Sherwood or the Company as the attorney or agent of North Atlantic Smaller Companies Investment Trust plc ("**NASCIT**") (or The Bank of New York Mellon, London Branch acting as custodian to NASCIT ("**BNYM**")) and shall be authorised as such attorney or agent to scale back such number of Sherwood Share Units elected for by NASCIT (or BNYM) pursuant to the Unlisted Securities Alternative so as to ensure equal total equity funding contributions by the Harwood Funds and the Continental Clients (as defined in Part XI of the document of which this scheme forms a part).
- 3.5 Elections made by Scheme Shareholders for the Unlisted Securities Alternative will not affect the entitlements of Scheme Shareholders who do not make any such election.
- 3.6 The provisions of this clause 3 of this Scheme shall be subject to any prohibition or condition imposed by law and, in the case of Overseas Shareholders, to the provisions of clause 6 of this Scheme.
- 3.7 If a Form of Election is received after 6.00 p.m. on 14 September 2016 or is received before such time but is not, or is deemed not to be valid or complete in all respects at such time, then such election shall, unless the Company and Sherwood, in their absolute discretion, elect to treat as valid in whole or in part any such election, be void for all purposes and the Scheme Shareholder purporting to make such election shall be treated as not having made the election (but the validity of any other election made by him will not be impugned thereby).

4. Share certificates and cancellations in CREST

- 4.1 With effect from and on the Effective Date, each existing certificate representing a holding of Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and each holder of Scheme Shares shall be bound at the request of Source BioScience to deliver up the share certificate to Source BioScience or, as it may direct, to destroy the same.
- 4.2 With effect from and including the Effective Date, entitlements to all Scheme Shares in CREST will be cancelled.
- 4.3 With effect from the Effective Date, following the cancellation of the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form, Equiniti Limited shall be authorised to rematerialise entitlements to such Scheme Shares.

5. Settlement

As soon as practicable after the Effective Date, and in any event not more than 14 days after the Effective Date, Sherwood shall, except with the consent of the Panel, settle the consideration to which any Source BioScience Shareholder is entitled under the Scheme in the manner set out below.

5.1 *Scheme Shares held in uncertificated form*

Where at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form:

- (a) the Sherwood Share Units to which the Scheme Shareholder is entitled will be issued in certificated form; and
- (b) settlement of the Cash Consideration will be paid through CREST as soon as practicable after the Effective Date and in any event within 14 days after the Effective Date, in accordance with CREST payment arrangements.

As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST will be disabled and on the Effective Date, Euroclear will be instructed to rematerialise such Scheme Shares.

Sherwood reserves the right to pay all or any part of the Cash Consideration referred to above to all or any Scheme Shareholder(s) who holds Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to in paragraph 1.2 of this Part IV if for any reason outside its control, it is not able to effect settlement in accordance with this paragraph.

5.2 *Scheme Shares held in certificated form*

Where at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form:

- (a) the Sherwood Share Units to which the Scheme Shareholder is entitled will be issued in certificated form; and
- (b) settlement of the Cash Consideration, will be made in pounds sterling by cheque drawn on a branch of a clearing bank in the United Kingdom.

Settlement of any Cash Consideration due under the Scheme in respect of Source BioScience Shares held in certificated form will be sent:

- (a) by first class post, by cheque drawn on a branch of a UK clearing bank; or
- (b) by such other method as may be approved by the Panel.

All such cash payments (whether in respect of Source BioScience Shares in uncertificated or certificated form) shall be made in pounds sterling. Payments made by cheque shall be payable to the holders of the Source BioScience Shares concerned. Cheques shall be despatched as soon as practicable after the Effective Date and in any event within 14 days of the Effective Date. All deliveries of cheques required to be made pursuant to the Scheme shall be effected the same day by first class post in pre-paid envelopes addressed to the persons entitled to them at their respective addresses as appearing in the register of members of Source BioScience at the Scheme Record Time or, in the case of joint holders, at the address of the joint holders whose name stands first in such register in respect of such joint holding at such time or in accordance with any special instructions regarding communications, and neither Sherwood nor Source BioScience shall be responsible for any loss or delay in the transmission of cheques sent in this way and such cheques shall be sent at the risk of the person entitled to them.

Definitive Sherwood Share certificates and Sherwood PIK Loan Notes for Sherwood Share Units will be despatched to the relevant Scheme Shareholders no later than 14 days after the Effective Date. Definitive Sherwood Share certificates and Sherwood PIK Loan Notes will be despatched to such Scheme Shareholders by first-class post (or by such other method as may be approved by the Panel) to the address appearing in the register of members of Source BioScience at the Scheme Record Time (or in the case of joint holders, to the holder whose name stands first in such register in respect of the holdings concerned).

On the Effective Date, each certificate representing a holding of Source BioScience Shares subject to the Scheme will be cancelled. Share certificates in respect of such shares will cease to be valid and every Source BioScience Shareholder will be bound at the request of Source BioScience to deliver up to Source BioScience, or to any person appointed by Source BioScience, the share certificate(s) for cancellation, or to destroy them.

6. Overseas Shareholders

- 6.1 The provisions of Clauses 3 and 5 of this Scheme shall be subject to any prohibition or condition imposed by law. If in the case of any Scheme Shareholder Sherwood believes that the law of a country or territory outside the United Kingdom precludes the delivery to them of the Sherwood Share Units or precludes the same except after compliance by the Company or Sherwood (as the case may be) with any governmental or other consent or any registration, filing or other formality with which the Company or Sherwood (as the case may be) is unable to comply or which the Company or Sherwood (as the case may be) regards as unduly onerous, then Sherwood may in its sole discretion determine that such Scheme Shareholder shall in the case of a Scheme Shareholder who has made an election for the Unlisted Securities Alternative be deemed not to have made such election and accordingly that no Sherwood Share Units shall be issued to such holder under Clause 3 of this Scheme and the Scheme Shareholder shall instead be paid 18 pence in cash for each Scheme Share of which he is the holder at the Scheme Record Time, such payment to be made in accordance with Clause 5 of this Scheme.
- 6.2 All Scheme Shareholders who are Restricted Overseas Shareholders shall receive Cash Consideration and there shall be no issuance of Sherwood Share Units to such Scheme Shareholders.

7. The Effective Time

- 7.1 The Scheme shall become Effective as soon as a copy of the Court order sanctioning the Scheme shall have been delivered to the Registrar of Companies.
- 7.2 Unless the Scheme shall have become Effective on or before the close of business on 15 September 2016 (London time), or such later date (if any) as Source BioScience and Sherwood may agree and the Court may approve, the Scheme shall not become Effective.

8. Modification

Source BioScience and Sherwood may jointly consent on behalf of all persons concerned to any modification of or addition to the Scheme or to any condition which the Court may think fit to approve or impose.

9. Governing Law

This Scheme is governed by English law and is subject to the jurisdiction of the English courts. The rules of the Code apply to this Scheme.

Dated: 17 August 2016

PART V

FINANCIAL INFORMATION ON SOURCE BIOSCIENCE

1. Annual Report and Accounts of Source BioScience

The following table sets out financial information in respect of Source BioScience as required by Rule 24.3 of the Code. The documents referred to below (or parts thereof), the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into this document pursuant to Rule 24.15 of the City Code.

If you are reading this document in hard copy form, please enter one of the web addresses below in your web browser to be brought to the relevant document. If you are reading this document in electronic form, please click on the relevant web address below to be brought to the relevant document.

<i>Information incorporated by reference</i>	<i>Hyperlinks</i>	<i>Page numbers</i>
Annual Report and Accounts 2015	http://www.sourcebioscience.com/media/1208196/sbs-annual-report-2015.pdf	64-100
Annual Report and Accounts 2014	http://www.sourcebioscience.com/media/768352/annual_report_2014.pdf	66-102

Copies of the full audited consolidated accounts for each of the two financial years ended 31 December 2014 and 31 December 2015 have been delivered to the Registrar of Companies in England and Wales.

An unqualified audit report within the meaning of section 495 of the Act has been given in respect of each of the audited consolidated accounts for the two financial years ended 31 December 2014 and 31 December 2015 and in each case did not contain a statement under section 498(2) or (3) of the Act.

2. Hard copies

The documents referred to in paragraph 1 above are available free of charge on Source BioScience's website at <http://www.sourcebioscience.com>. A person who has received this document may request a hard copy of any documents or information incorporated by reference into this document.

Hard copies of the above-referenced financial information will not be sent to recipients of this document unless specifically requested.

Recipients of this document may request hard copies of the above-referenced financial information relating to Source BioScience from Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by telephoning 0333 207 6399 from within the UK or on +44 121 415 0973 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8.30 a.m. and 5.30 p.m. Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

3. No incorporation of website information

Save as expressly referred to herein, neither the content of the Source BioScience website, nor the content of any website accessible from hyperlinks on Source BioScience's website, is incorporated into, or forms part of, this document.

PART VI

FINANCIAL INFORMATION ON HARWOOD CAPITAL, THE HARWOOD FUNDS, CONTINENTAL AND THE CONTINENTAL CLIENTS

1. Financial information relating to Harwood Capital and the Harwood Funds

The following table sets out financial information in respect of Harwood Capital and the Harwood Funds as required by Rule 24.3(b) of the Code. The documents referred to in the sub-sections are incorporated into this document by reference pursuant to Rule 24.15 of the Code:

<i>Information incorporated by reference</i>	<i>Hyperlink</i>	<i>Page numbers</i>
Harwood Capital's Audited Financial Statements for the year ended 31 March 2015	http://www.continentalip.ch/news.asp	6 – 15
Harwood Capital's Audited Financial Statements for the year ended 31 March 2014	http://www.continentalip.ch/news.asp	6 – 16
NASCIT's Audited Financial Statements for the year ended 31 January 2016	http://www.continentalip.ch/news.asp	42 – 75
NASCIT's Audited Financial Statements for the year ended 31 January 2015	http://www.continentalip.ch/news.asp	40 – 77
Oryx's Audited Financial Statements for the year ended 31 March 2016	http://www.continentalip.ch/news.asp	43 – 64
Oryx's Audited Financial Statements for the year ended 31 March 2015	http://www.continentalip.ch/news.asp	44 – 63

2. Harwood Capital and the Harwood Funds ratings information

There are no current ratings or outlooks publicly accorded to Harwood Capital and/or any of the Harwood Funds by ratings agencies.

3. Financial information relating to Continental and the Continental Clients

The following table sets out financial information in respect of Continental and the Continental Clients as required by Rule 24.3(b) of the Code. The documents referred to in the sub-sections are incorporated into this document by reference pursuant to Rule 24.15 of the Code:

<i>Information incorporated by reference</i>	<i>Hyperlink</i>	<i>Page numbers</i>
Continental's Audited Financial Statements for the 17 month period ended 31 December 2014	http://www.continentalip.ch/news.asp	3 – 6
Spartan Fund's Audited Financial Statements for the period ended 31 December 2015	http://www.continentalip.ch/news.asp	3 – 25

4. Continental and the Continental Clients ratings information

There are no current ratings or outlooks publicly accorded to Continental and/or any of the Continental Clients by ratings agencies.

5. Effect of Scheme becoming Effective on Harwood Capital, Continental and Sherwood

Sherwood has no material assets or liabilities, in each case other than those described in this document in connection with the Acquisition and the financing of the Acquisition. With effect from the Effective Date, the earnings, assets and liabilities of Sherwood will therefore comprise the consolidated earnings, assets and liabilities of the Source BioScience Group on the Effective Date.

The Offer is in line with the principal activities of both Harwood Capital and Continental. As at 31 March 2016, the Harwood Capital Management Group had approximately £1,473 million in funds under

management (including advisory clients), and £3,173 million of funds under management, advice and influence. For the 17 month period ended 31 December 2014, Continental reported net income of CHF 370,203 and as at 31 December 2014 had total assets of CHF 1,397,000 and total liabilities of CHF 526,808. Accordingly, the Offer is not expected to have a material effect on the earnings, assets and liabilities of either of the ultimate controllers of Sherwood.

Assuming the Scheme becomes Effective, the assets and liabilities of a consolidated Sherwood and Source BioScience Group would comprise the intra-group loan monies in Sherwood received from NASCIT (to the extent not utilised to pay the consideration due under the Offer and the transaction fees and stamp duty pursuant to the Offer), and the assets and liabilities of Source BioScience on the date that the Scheme becomes Effective, save that the extent and amount of any fair value adjustments required post Acquisition is not yet known. The earnings of the consolidated Sherwood and Source BioScience Group would comprise the earnings of the Source BioScience Group.

6. Hard Copies

The documents referred to in paragraphs 1 and 3 above are available free of charge on Continental's website at <http://www.continentalip.ch/news.asp>. A person who has received this document may request a hard copy of any documents or information incorporated by reference into this document.

Recipients of this document may request hard copies of the above-referenced financial information relating to Harwood Capital, NASCIT and Oryx by writing to James Agnew, Partner, Harwood Capital LLP, 6 Stratton Street, Mayfair, London W1J 8LD or by telephoning +44 (0)20 7640 3200. Recipients of this document may request hard copies of the above-referenced financial information relating to Continental and the Spartan Fund by writing to Marco Fumagalli, Managing Partner, Continental Investment Partners S.A., Via Frasca 5, 6900, Lugano (CH) or by telephoning +41 (0)91 225 25 60. Relevant documents will be posted within two Business Days of receipt of such a request.

Hard copies of the above-referenced financial information will not be sent to recipients of this document unless specifically requested.

7. No incorporation of website information

Save as expressly referred to herein, neither the content of Continental's website, nor the content of any website accessible from hyperlinks on Continental's website, is incorporated into, or forms part of, this document.

PART VII

ADDITIONAL INFORMATION FOR OVERSEAS SHAREHOLDERS

This document has been prepared for the purposes of complying with English law, the Code, the Listing Rules, the FCA Handbook and the rules of the London Stock Exchange and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the UK.

It is the responsibility of any person into whose possession this document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Offer including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for shares in any jurisdiction in which such offer or solicitation is unlawful.

Overseas shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme.

The release, publication or distribution of this document in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

Notice to US investors in Source BioScience

The Offer relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Offer is subject to the disclosure requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of United States tender offer and proxy solicitation rules. If, in the future, Sherwood exercises the right to implement the Offer by way of a takeover offer and determines to extend the offer into the United States, the Offer will be made in compliance with applicable United States laws and regulations. Financial information included in the Announcement and this document has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. No US federal or state securities commission has: (a) approved, disapproved, endorsed or recommended the Offer; (b) passed upon the merits or fairness of the Offer; or (c) expressed a view on the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Unless otherwise determined by Source BioScience or required by the Code, and permitted by applicable law and regulation, the Offer will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of the Announcement, this document and all documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all documents relating to the Offer (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws of that jurisdiction.

The receipt of cash pursuant to the Scheme by US Shareholders as consideration for the transfer of their Source BioScience Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each Source BioScience Shareholder (including US Shareholders) is urged to consult his independent professional adviser immediately regarding the tax consequences of the Offer applicable to him.

The Unlisted Securities Alternative is subject to certain restrictions in relation to Overseas Shareholders. These restrictions are set out in paragraph 14 of Part II (Explanatory Statement) of this document. If Sherwood believes that an election for the Unlisted Securities Alternative by any Scheme Shareholder may infringe applicable legal or regulatory requirements or may result in a requirement for a registration under any securities laws or may require Sherwood to comply with any regulatory or other obligations which it considers to be unduly onerous or with which it is unable to comply, Sherwood will have the right to deem that such Scheme Shareholder is a Restricted Overseas Shareholder and has not validly elected for the Unlisted Securities Alternative and such Scheme Shareholder will instead receive Cash Consideration in respect of the Scheme Shares which were subject to such an election in accordance with the terms of the Scheme.

The availability of the Offer to Source BioScience Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

No steps have been taken, nor will any steps be taken, to extend the Offer into a Restricted Jurisdiction and no regulatory clearances in respect of the Offer have been, or will be, applied for in any other jurisdiction.

The Offer will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the Financial Conduct Authority and the UKLA.

PART VIII

ADDITIONAL INFORMATION ON SOURCE BIOSCIENCE AND SHERWOOD

1. Responsibility

- 1.1 The Source BioScience Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this document other than the information for which responsibility is taken by others pursuant to paragraph 1.2 of this Part VIII below. To the best of the knowledge and belief of the Source BioScience Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Sherwood Directors, whose names are set out in paragraph 2.2 below, the persons from Harwood Capital whose names are set out at paragraph 2.3 below (the “**Harwood Responsible Persons**”) and the persons from Continental whose names are set out at paragraph 2.4 below (the “**Continental Responsible Persons**”), each respectively accept responsibility for the information contained in this document relating to Harwood Capital and the Harwood Funds, Continental and the Continental Clients, the Sherwood Group and themselves and their respective immediate families and the related trusts of and persons connected with them, and persons deemed to be acting in concert with Sherwood (as such term is defined in the Code). To the best of the knowledge and belief of the Sherwood Directors and the Harwood Responsible Persons and the Continental Responsible Persons (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The Source BioScience Directors and their respective positions are:

<i>Name</i>	<i>Position</i>
Dr Nicholas Ash	Chief Executive Officer
Dr Nicholas Leaves	Chief Operating Officer
Timothy Metcalfe	Group Finance Director
Laurence Turnbull	Non-Executive Chairman
Pamela Liversidge	Senior Independent Non-Executive Director
Timothy Jackson-Smith	Non-Executive Director

The business address of each of the Source BioScience Directors is 1 Orchard Place, Nottingham Business Park, Nottingham, Nottinghamshire NG8 6PX.

The company secretary of Source BioScience is Dr Nicholas Watson Ash.

The registered office of Source BioScience is 1 Orchard Place, Nottingham Business Park, Nottingham, Nottinghamshire NG8 6PX.

- 2.2 The Sherwood Directors and their respective positions are:

<i>Name</i>	<i>Position</i>
Christopher Mills	Director
James Agnew	Director
Marco Fumagalli	Director
Carlo Sgarbi	Director

The business address of each of Messrs Mills and Agnew is 6 Stratton Street, Mayfair, London W1J 8LD and the business address of each of Messrs Fumagalli and Sgarbi is Via Frasca 5, 6900, Lugano (CH).

Sherwood is a private limited company with its registered office at 50 Broadway, Westminster, London SW1H 0BL.

2.3 The Harwood Responsible Persons and their respective positions are:

<i>Name</i>	<i>Position</i>
Christopher Mills	Director
James Agnew	Partner
Jeremy Brade	Partner

The business address of each of the Harwood Responsible Persons is 6 Stratton Street, Mayfair, London W1J 8LD.

2.4 The Continental Responsible Persons and their respective positions are:

<i>Name</i>	<i>Position</i>
Marco Fumagalli	Managing Partner/Director
Carlo Sgarbi	Managing Partner/Director

The business address of each of the Continental Responsible Persons is at Via Frasca 5, 6900, Lugano (CH).

3. Interests in Source BioScience Shares

3.1 For the purposes of this paragraph 3 and paragraphs 4 to 7:

- (A) “**acting in concert**” has the meaning given to it in the Code;
- (B) “**arrangement**” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to securities which may be an inducement to deal or refrain from dealing;
- (C) “**dealing**” has the meaning given to it in the Code;
- (D) “**derivative**” has the meaning given to it in the Code;
- (E) “**disclosure period**” means the period beginning on 3 June 2015 (being the date twelve months prior to the commencement of the Offer Period) and ending on 16 August 2016 (being the latest practicable date prior to the publication of this document);
- (F) “**interest**” or “**interests**” in relevant securities shall have the meaning given to it in the Code and references to interests of the Sherwood Directors or interests of the Source BioScience Directors in relevant securities shall include all interests of any other person whose interests in shares the Sherwood Directors or, as the case may be, the Source BioScience Directors, are taken to be interested in pursuant to Part 22 of the Companies Act;
- (G) “**relevant Sherwood securities**” means relevant securities (such term having the meaning given to it in the Code in relation to an offeror) of Sherwood including equity share capital in Sherwood (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof; and
- (H) “**relevant Source BioScience securities**” means relevant securities (such term having the meaning given to it in the Code in relation to an offeree) of Source BioScience including equity share capital of Source BioScience (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof.

3.2 As at 16 August 2016 (the latest practicable date prior to the publication of this document), the Source BioScience Directors held the following interests in, or rights to subscribe in respect of, relevant Source BioScience securities:

Issued Share Capital

<i>Name</i>	<i>Number of Source BioScience Shares</i>	<i>Nature of Interest</i>
Dr Nick Ash	500,000	Beneficial owner
Dr Nick Leaves	1,028,557	Beneficial owner
Laurie Turnbull	2,750,000	Beneficial owner
Total	<u>4,278,557</u>	

Share options

<i>Name</i>	<i>Number of Source BioScience Shares</i>	<i>Exercise Price (p)</i>	<i>Vesting Date</i>	<i>Exercise Period</i>
Dr Nick Ash	500,000	7.880	31-Mar-11	30-Mar-18
Dr Nick Ash	400,000	4.630	31-Mar-12	30-Mar-19
Dr Nick Ash	400,000	8.250	26-Apr-13	25-Apr-20
Dr Nick Ash	600,000	9.380	27-Sep-16	26-Sep-23
Dr Nick Ash	1,500,000	9.500	21-Oct-16	20-Oct-23
Dr Nick Ash	1,500,000	9.500	21-Oct-16	20-Oct-23
Dr Nick Ash	500,000	9.500	21-Oct-17	20-Oct-23
Dr Nick Ash	3,821,538	0.001	15-Mar-19	25-Jun-25
Dr Nick Leaves	200,000	7.880	31-Mar-11	30-Mar-18
Dr Nick Leaves	300,000	4.630	31-Mar-12	30-Mar-19
Dr Nick Leaves	300,000	8.250	26-Apr-13	25-Apr-20
Dr Nick Leaves	300,000	6.250	24-Mar-14	23-Mar-21
Dr Nick Leaves	400,000	9.380	27-Sep-16	26-Sep-23
Dr Nick Leaves	1,000,000	9.500	21-Oct-16	20-Oct-23
Dr Nick Leaves	1,600,000	9.500	21-Oct-16	20-Oct-23
Dr Nick Leaves	400,000	9.500	21-Oct-17	20-Oct-23
Dr Nick Leaves	3,108,462	0.001	15-Mar-19	25-Jun-25
Tim Metcalfe	2,769,231	0.001	15-Mar-19	25-Jun-25
Laurie Turnbull	500,000	7.880	31-Mar-11	30-Mar-18
Laurie Turnbull	400,000	8.250	26-Apr-13	25-Apr-20
Other Employees' options	300,000	7.250	08-Jun-10	07-Jun-17
	200,000	7.880	31-Mar-11	30-Mar-18
	100,000	4.630	31-Mar-12	30-Mar-19
	200,000	8.250	26-Apr-13	25-Apr-20
	100,000	6.250	24-Mar-14	23-Mar-21
	1,250,000	9.380	27-Sep-16	26-Sep-23
	1,600,000	9.500	21-Oct-16	20-Oct-23
	1,400,000	12.380	28-Mar-17	27-Mar-24
	2,510,994	0.001	15-Mar-19	25-Jun-25

3.3 Save for a total of 107,957,490 Source BioScience Shares held by the Existing Continental Investors and the Existing Harwood Investors which represent, in aggregate, approximately 30.91 per cent. of Source BioScience's issued ordinary share capital (as set out in paragraph 3.4 below) and the letter of intent and irrevocable undertakings received by Continental and Harwood Capital for the benefit of Sherwood, as at the close of business on 16 August 2016, the latest practicable Business Day prior to this document, neither Sherwood, Continental or Harwood Capital nor any of the directors or members (as applicable) of Sherwood, Continental or Harwood Capital, nor so far as the directors or members (as applicable) of Sherwood, Continental and Harwood Capital are aware, any person acting, or deemed to be acting, in concert with Sherwood for the purposes of the Offer has:

- (i) any interest in, or right to subscribe for, any relevant securities of the Source BioScience Group;
- (ii) any short positions in respect of any securities of the Source BioScience Group (whether conditional or absolute and whether in-the-money or otherwise), including any short position

- under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of the Source BioScience Group;
- (iii) borrowed or lent any relevant Source BioScience Group securities (save for any borrowed shares which have been either on-lent or sold);
 - (iv) procured an irrevocable commitment or letter of intent to vote in favour of the Scheme or accept a Takeover Offer in respect of any relevant Source BioScience Group securities; or
 - (v) any arrangement in relation to any relevant Source BioScience Group securities.

For the purposes of this paragraph 3.3, “arrangement” also includes any indemnity or option arrangement, any agreement or understanding, formal or informal, of whatever nature, relating to relevant Source BioScience Group securities which is, or may be, an inducement to deal or refrain from dealing in such securities.

- 3.4 The following number of source BioScience Shares are held by the Existing Continental Investors and the Existing Harwood Investors:

Issued Share Capital

<i>Name</i>	<i>Number of Source BioScience Shares</i>	<i>Nature of Interest</i>
Oryx International Growth Fund Limited	50,000,000	Beneficial owner
North Atlantic Smaller Companies Investment Trust plc	32,500,000	Beneficial owner
Spartan Fund Ltd. (SAC)	21,927,490	Beneficial owner
Ottotto Srl	3,530,000	Beneficial owner
Total:	<u>107,957,490</u>	

- 3.5 As at 16 August 2016 (the latest practicable date prior to the date of this document), except as provided for in paragraph 3.4 of this Part VIII, neither the Existing Continental Investors nor the Existing Harwood Investors held any other Source BioScience Shares.
- 3.6 As at 16 August 2016 (the latest practicable date prior to the publication of this document), except as provided in paragraph 3.2 of this Part VIII, no person acting in concert with Source BioScience held any interests in, or rights to subscribe in respect of, relevant Source BioScience securities.
- 3.7 As at 16 August 2016 (the latest practicable date prior to the publication of this document) no persons acting in concert with Source BioScience had short positions (whether conditional or absolute and whether in the money or otherwise) relating to relevant Source BioScience securities under derivatives, agreements to sell, or any delivery obligation or right to require another person to take delivery.
- 3.8 As at 16 August 2016 (the latest practicable date prior to the publication of this document), no persons who have an arrangement with Source BioScience, or with any person acting in concert with Source BioScience, were interested in relevant Source BioScience securities.
- 3.9 As at 16 August 2016 (the latest practicable date prior to the publication of this document) no persons who have an arrangement with Source BioScience, or with any person acting in concert with Source BioScience had short positions (whether conditional or absolute and whether in the money or otherwise) relating to Source BioScience securities under derivatives, agreements to sell, or any delivery obligation or right to require another person to take delivery.
- 3.10 There are no relevant Source BioScience securities which Source BioScience, or any person acting in concert with Source BioScience, has as at 16 August 2016 (the latest practicable date prior to the publication of this document), borrowed or lent, (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code), save for any borrowed shares which have either been on-lent or sold.

4. Dealings in Source BioScience Shares

- 4.1 No dealings for value in relevant Source BioScience securities by Source BioScience have taken place during the disclosure period.
- 4.2 No dealings for value in relevant Source BioScience securities by Source BioScience Directors have taken place during the disclosure period.
- 4.3 No dealings for value in relevant Source BioScience securities by persons acting in concert with Source BioScience have taken place during the disclosure period.
- 4.4 No dealings for value in relevant Source BioScience securities by persons who have an arrangement with Source BioScience, or with any person acting in concert with Source BioScience have taken place during the disclosure period.
- 4.5 The following dealings for value in Source BioScience Shares by Continental, Harwood Capital or by persons acting in concert with Continental or Harwood Capital, have taken place during the disclosure period:

<i>Name</i>	<i>Transaction date</i>	<i>Number of Source Shares</i>	<i>Nature of transaction</i>	<i>Price per Source BioScience Share</i>
Oryx	30 July 2015	Sale	70,385	15.50p
Oryx	11 August 2015	Sale	1,000,000	16.00p
Oryx	12 August 2015	Purchase	7,052,765	14.00p
Spartan Fund	22 September 2015	Purchase	6,771,429	16.14p
Spartan Fund	24 September 2015	Purchase	3,500,000	17.00p
Ottotto	24 September 2015	Purchase	1,765,000	17.00p
Spartan Fund	13 October 2015	Purchase	5,750,000	17.00p
NASCIT	16 October 2015	Purchase	1,000,000	16.63p
NASCIT	22 October 2015	Purchase	500,000	16.63p
Spartan Fund	23 October 2015	Purchase	1,470,000	17.00p
NASCIT	29 October 2015	Purchase	1,250,000	16.63p
NASCIT	02 November 2015	Purchase	4,900,000	16.63p
NASCIT	06 November 2015	Purchase	3,850,000	16.63p
NASCIT	12 November 2015	Purchase	750,000	16.63p
NASCIT	19 November 2015	Purchase	4,000,000	16.63p
NASCIT	19 November 2015	Purchase	1,000,000	16.63p
NASCIT	23 November 2015	Purchase	15,000,000	16.63p
NASCIT	27 November 2015	Purchase	250,000	16.63p
Spartan Fund	14 December 2015	Purchase	640,000	17.00p
Spartan Fund	20 January 2016	Purchase	2,261,061	17.50p
Ottotto	21 January 2016	Purchase	1,765,000	17.00p
Spartan Fund	22 January 2016	Purchase	200,000	17.50p
Spartan Fund	25 January 2016	Purchase	200,000	17.10p
Spartan Fund	29 January 2016	Purchase	560,000	17.50p
Spartan Fund	02 February 2016	Purchase	275,000	16.87p
Spartan Fund	03 February 2016	Purchase	50,000	17.50p
Spartan Fund	09 February 2016	Purchase	250,000	17.00p

5. Interests and Dealings – General

- 5.1 Save as disclosed in this document, as at 16 August 2016 (the latest practicable date prior to the publication of this document),
- (i) no member of the Sherwood Group had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Source BioScience securities nor has any member of the Sherwood Group dealt for value in any relevant Source BioScience securities during the disclosure period;

- (ii) none of the Sherwood Directors had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Source BioScience securities, nor has any such person dealt for value in any relevant Source BioScience securities or during the disclosure period;
 - (iii) no person deemed to be acting in concert with Sherwood had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Source BioScience securities, nor has any such person dealt for value in any relevant Source BioScience securities, during the disclosure period; and
 - (iv) neither Sherwood, nor any person acting in concert with Sherwood, has borrowed or lent any relevant Source BioScience securities, save for any borrowed shares which have been either on-lent or sold.
- 5.2 Save as disclosed in this document, as at 16 August 2016 (the latest practicable date prior to the publication of this document),
- (i) no member of the Source BioScience Group had any interest in, right to subscribe in respect of or any short position in relation to relevant Sherwood securities nor has any such person dealt for value in any relevant Source BioScience securities or relevant Sherwood securities during the disclosure period;
 - (ii) none of the Source BioScience Directors had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Source BioScience securities or relevant Sherwood securities nor has any such person dealt for value in any relevant Source BioScience securities or any relevant Sherwood securities during the disclosure period;
 - (iii) no person deemed to be acting in concert with Source BioScience had any interest in, right to subscribe in respect of, any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Source BioScience securities, nor has any such person dealt for value in any relevant Source BioScience securities during the disclosure period; and
 - (iv) neither Source BioScience, nor any person acting in concert with Source BioScience has borrowed or lent any relevant Source BioScience securities, save for any borrowed shares which have been either on-lent or sold.
- 5.3 Save as disclosed in this document, no persons have given any irrevocable or other commitment to vote in favour of the Scheme or the resolutions to be proposed at the General Meeting.
- 5.4 Save as disclosed in this document, none of (i) Sherwood or any person acting in concert with Sherwood; or (ii) Source BioScience or any person acting in concert with Source BioScience has any Dealing Arrangement with any other person in relation to relevant securities.
- 5.5 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Sherwood or any person acting in concert with them and any of the Source BioScience Directors or the recent directors, shareholders or recent shareholders of Source BioScience having any connection with or dependence upon or which is conditional upon the Offer.
- 5.6 There is no agreement, arrangement or understanding whereby the beneficial ownership of any Source BioScience Shares to be acquired by Sherwood pursuant to the Scheme will be transferred to any other person.
- 5.7 Save as disclosed in this document, no relevant securities of Source BioScience have been redeemed or purchased by Source BioScience during the disclosure period.

6. Directors' service contracts and emoluments

6.1 Details of the service contracts and letters of appointment of the Source BioScience Directors are as follows:

<i>Name</i>	<i>Date of appointment</i>	<i>Date of service contract/letter of appointment</i>	<i>Remuneration (£)</i>	<i>Notice period</i>
Executive Directors:				
Dr Nicholas Ash	31 August 2006	20 September 2006	174,000	12 months
Dr Nicholas Leaves	1 July 2008	1 July 2008	141,600	12 months
Timothy Metcalfe	4 September 2014	14 September 2014	130,000	12 months
Non-Executive Directors:				
Laurence Turnbull	23 November 2006	28 November 2013	75,000	12 months
Pamela Liversidge	3 July 2014	3 July 2014	35,000	12 months
Timothy Jackson-Smith	25 August 2015	25 August 2015	35,000	12 months

In addition to their basic salary, each of the Executive Directors is entitled to a car allowance, death in service insurance, private medical cover for self and family and personal pension contributions of 12 per cent. of basic salary.

The Executive Directors are also eligible to receive a performance-related bonus of up to 100 per cent. of basic salary with the metrics and opportunity composed as follows:

<i>Metric</i>	<i>Opportunity (percentage of basic salary)</i>
PBT	50
EBITDA	50

In relation to the PBT element of the bonus (maximum of 50 per cent. of basic salary), the bonus payable at the threshold performance level is 12.5 per cent. of basic salary through to a maximum bonus being earned at up to 50 per cent. of basic salary in relation to delivering performance ahead of the Company's PBT target (as determined by the Board for the relevant financial year). In relation to the EBITDA element of the bonus (maximum of 50 per cent. of basic salary), the bonus payable at the threshold performance level is 12.5 per cent. of basic salary through to a maximum bonus being earned at up to 50 per cent. of basic salary in relation to delivering performance ahead of the Company's EBITDA target (as determined by the Board for the relevant financial year). Up to 50 per cent. of basic salary will be paid in cash. Any bonus in excess of 50 per cent. of basic salary will be satisfied by the issue of shares subject to a three year lock in period.

The Company may, in its absolute discretion at any time after written notice has been given by either party, lawfully terminate a service contract or letter of appointment by paying to the Executive Director or Non-Executive Director an amount equal to his basic salary entitlement for the unexpired period of notice (subject to a deduction at source of income tax and National Insurance contributions). In the event that a service contract is terminated before the end of any financial year, the Executive Director shall not be entitled to any bonus in respect of that financial year.

The non-executive directors are included in the directors' and officers' liability insurance cover maintained by Source BioScience.

The non-executive directors are obliged to declare any relevant interests into a register, in accordance with Source BioScience's conflicts of interest policy.

Save for the termination of the Non-Executive Directors' letters of appointment with effect from the Effective Date, the emoluments of the current Source BioScience Directors will not be affected by the Offer or any other associated transaction.

6.2 Save as disclosed above there are no service contracts or letters of appointment, between any Source BioScience Director or proposed director of Source BioScience and any member of the Source BioScience Group and no such contract or letter of appointment has been entered into or amended within the six months preceding the date of this document.

6.3 Save as set out in this document, the effect of the Scheme on the interests of the Source BioScience Directors does not differ from its effect on the like interests of any other holder of Scheme Shares.

7. Ratings

7.1 There are no current ratings or outlooks publicly accorded to Source BioScience by ratings agencies.

8. Market quotations

8.1 The following table shows the Closing Price for Source BioScience Shares as derived from the London Stock Exchange for the first Business Day in each of the six months immediately prior to the date of this document, on 2 June 2016 (being the last Business Day prior to the commencement of the Offer Period) and on 16 August 2016 (being the latest practicable date prior to the publication of this document):

<i>Date</i>	<i>Source BioScience Share price (pence)</i>
1 March 2016	16.375
4 April 2016	15.125
3 May 2016	15.000
1 June 2016	14.875
2 June 2016	14.875
1 July 2016	17.375
1 August 2016	17.625
16 August 2016	17.750

9. Material contracts

9.1 **Sherwood Group material contracts**

Save as disclosed immediately below and in this paragraph 9 of Part VIII of this document, no member of the Sherwood Group has, during the period beginning on its incorporation and ending on 16 August 2016 (being the latest practicable date prior to the publication of this document), entered into any material contract otherwise than in the ordinary course of business.

- (i) the 5 per cent. unsecured loan facility of £15 million advanced from NASCIT to Sherwood, details of which are set out in paragraph 13 of this Part VIII.
- (ii) the Sherwood PIK Loan Note Instrument, details of which are set out in Part B of Section One of Part IX.
- (iii) the Subscription and Transfer Agreement, details of which are set out in Part B of Section One of Part IX.

9.2 **Source BioScience material contracts**

Save as disclosed below, no member of the Source BioScience Group has, during the period beginning on 16 August 2014 and ending on 16 August 2016 (being the latest practicable date prior to the publication of this document), entered into any material contract otherwise than in the ordinary course of business.

(i) *2015 Debt Facility*

On 24 July 2015, Source BioScience and all of its material subsidiaries (being guarantors) entered into a debt facility with The Royal Bank of Scotland plc as agent for National Westminster Bank plc (“RBS”) under which RBS granted Source BioScience a £3.5 million term loan C facility (“TLC”) (the “**2015 Debt Facility**”). The repayment date for TLC was 3 years from drawdown and TLC was repayable in equal quarterly instalments. Interest was payable on the principal amount outstanding at a rate of 3.25 per cent. per annum plus LIBOR. The interest payable on TLC could reduce if the leverage financial covenant had been complied with at certain agreed levels. A commitment fee of 0.5 per cent. of the margin was payable on the undrawn balance. Certain other fees and expenses, including an arrangement fee of 1.5 per cent. were also payable.

The 2015 Debt Facility contained a number of financial covenants, namely:

- senior interest cover of 5 times the ratio of EBITDA to senior interest costs;
- senior debt leverage of 2.0 times the ratio of total debt to EBITDA;
- cash flow cover of 1.1 times the ratio of net operational cash (including adjustments for movements in working capital) to total finance costs (including interest paid, loan repayments); and
- a capital expenditure limit in any financial year of 125 per cent. of the annual capital expenditure budget.

The 2015 Debt Facility also contained customary representations, covenants and events of default. The covenants included a restriction on Source BioScience making dividend payments if at the time of the proposed payment it was in breach of the 2015 Debt Facility or could not give a confirmation that the financial covenants would be complied with during the following 12 months.

The facilities under the 2015 Debt Facility were secured by fixed and floating charges granted by Source BioScience and its material subsidiaries. The security included legal mortgages over properties owned by the Group in Nottingham and Rochdale. Also, companies in the Group representing 85 per cent. of the turnover, gross and net assets and EBITDA from time to time needed to guarantee and secure the 2015 Debt Facility.

(ii) *Engagement letter relating to a firm placing of equity securities*

On 23 July 2015, Source BioScience entered into an engagement letter with N+1 Singer relating to the firm placing of equity securities in connection with the acquisition of the entire issued share capital of Select Pharma Laboratories Limited (the "**Placing**"). The obligations of N+1 Singer in relation to the Placing were conditional, *inter alia*, on the acquisition of Select Pharma Laboratories Limited becoming unconditional (other than any conditions relating to the Placing) and certain resolutions being approved by Shareholders at a general meeting which was held on 14 August 2015.

(iii) *Acquisition of the entire issued share capital of Select Pharma Laboratories Limited*

On 24 July 2015, Source BioScience entered into an agreement to acquire the entire issued share capital of Select Pharma Laboratories Limited, for total cash consideration payable on completion of £6.7 million (subject to adjustment for indebtedness and working capital in accordance with the terms of the agreement) and a deferred payment of £0.6 million, payable on 24 July 2017. The sellers gave customary warranties and indemnities in favour of Source BioScience subject to customary limitations. The limitation period in respect of any claim for breach of warranty (other than tax claims) will expire on 24 January 2017. In respect of a tax claim, the limitation period will expire on 24 July 2022.

(iv) *New 2016 Debt Facility*

On 24 March 2016, Source BioScience repaid the 2015 Debt Facility in full and Source BioScience and all of its material subsidiaries (being guarantors) entered into a new facility with Barclays Bank plc ("**Barclays**") under which Barclays granted Source BioScience a £5 million term loan facility ("**TL**") and a £5 million revolving loan facility ("**RL**"), plus up to £10 million in additional commitments that Source BioScience may request (the "**New 2016 Debt Facility**"). The repayment date for the TL is 24 March 2021 and the TL is repayable in equal quarterly instalments of £250,000. The repayment date for the RL is 24 March 2019. Interest is payable on the amount outstanding at a rate of 2.15 per cent. per annum plus LIBOR on the TL and at a rate of 2.75 per cent. per annum plus LIBOR on the RL where leverage is less than or equal to 2:1 and 3 per cent. per annum plus LIBOR on the RL where leverage exceeds 2:1. A commitment fee of 40 per cent. of the margin is payable on the undrawn balance of both facilities. Certain other fees and expenses, including an arrangement fee of £12,500 are also payable.

The New 2016 Debt Facility contains a number of financial covenants, namely:

- debt leverage of 2.5 times the ratio of total debt to an adjusted EBITDA; and
- cash flow cover of 1.1 times the ratio of net operational cashflow (including adjustments for movements in working capital) to debt service (including upfront fees or costs, interest paid, loan repayments and any commission, fees, discounts etc.).

The New 2016 Debt Facility also contains customary representations, covenants and events of default. The facilities are secured by fixed and floating charges granted by Source BioScience and its material subsidiaries. The security includes legal mortgages over properties owned by Source BioScience (Storage) Limited and Source BioScience (Orchard Place) Limited, debentures and a cross-guarantee given by each group company, Scottish Share Pledges and an Irish Law Share Mortgage.

(v) *Acquisition of property at Kiln Green, Diggle*

On 2 December 2014, Source Bioscience (Storage) Limited entered into an agreement with Market Homes (North) Limited to sell the freehold property at Kiln Green, Diggle, Oldham OL3 5KY registered under title numbers YWE7913 and GM487126. The sale completed on 31 May 2016 for a sale price of £700,000. Source Bioscience (Storage) Limited are not under any further obligations under the agreement for sale.

(vi) *Acquisition of 4 Michaelson Square, Livingston*

On 1 April 2016, Source Bioscience UK Limited entered into an agreement with Tarras Park Properties (North) Limited to sell 4 Michaelson Square, Livingston, registered in the Land Registrar of Scotland under title number WLN7967. The sale completed on 10 May 2016 for a sale price of £505,000. Source Bioscience UK Limited are not under any further obligations under the agreement for sale.

10. Offer-related Arrangements

On 14 June 2016, Source BioScience, Continental and Harwood entered into a confidentiality agreement relating to the Offer, pursuant to which Continental and Harwood agreed to keep confidential certain information supplied by Source BioScience for the purposes of considering the proposed Offer.

11. Letter of Intent and Irrevocable Undertakings

11.1 Letter of Intent

Continental and Harwood Capital, for the benefit of Sherwood, have entered into a letter of intent with Alphagen Capital Limited (a subsidiary of Henderson Group plc) in its capacity as discretionary investment manager of certain funds which hold Source BioScience Shares, pursuant to which they intend to:

- (i) vote (or procure the vote) in favour of the Scheme at the Court Meeting; and
- (ii) vote (or procure the vote) in favour of the resolutions required to implement the Scheme to be proposed at the General Meeting

(or, in the event that the Offer is implemented by way of a Takeover Offer, to accept, or procure the acceptance of such offer) in respect of the following beneficial holdings of Source BioScience Shares (or holdings over which they have control):

<i>Name of Source BioScience Shareholder</i>	<i>Number of Source BioScience Shares held or controlled as at the date of the Announcement</i>	<i>Percentage of existing Source BioScience issued ordinary share capital</i>	<i>Percentage of Scheme Shares eligible to vote*</i>
The Alphagen Volantis Fund Limited	20,189,163	5.78	8.37
LMAP Epsilon Fund	10,248,608	2.93	4.25
The Citigroup Pension Plan	11,610,617	3.32	4.81
Henderson UK Small Cap Best Ideas Fund	27,665,931	7.92	11.46
The Alphagen Volantis Catalyst Fund II Limited	1,860,000	0.53	0.77
Total:	71,574,319	20.49	29.66

*assuming that no Source BioScience Shares are issued prior to the Court Meeting pursuant to options outstanding under the Source BioScience Share Option Schemes.

11.2 Source BioScience Directors' Irrevocable Undertakings

The Source BioScience Directors have entered into irrevocable undertakings with Continental and Harwood Capital, for the benefit of Sherwood, in relation to the Offer as follows:

<i>Name of Source BioScience Director</i>	<i>Number of Source BioScience Shares in respect of which undertaking is given**</i>	<i>Percentage of existing Source BioScience issued ordinary share capital</i>	<i>Percentage of Scheme Shares eligible to vote*</i>	<i>Number of Source BioScience Shares irrevocably electing for the Unlisted Securities Alternative</i>
Dr Nick Ash	500,000	0.14	0.21	500,000
Dr Nick Leaves	1,028,557	0.29	0.43	1,028,557
Laurie Turnbull	2,750,000	0.79	1.14	275,000
Total:	4,278,557	1.22	1.77	1,803,557

*assuming that no Source BioScience Shares are issued prior to the Court Meeting pursuant to options outstanding under the Source BioScience Share Option Schemes.

**the undertakings and the numbers referred to above refer only to those Source BioScience Shares to which the relevant director is beneficially entitled and any share such director is otherwise able to control the exercise of in terms of the rights attaching to such share, including the ability to procure the transfer of such share. The numbers referred to in this table exclude any award that may be outstanding under the Source BioScience Share Option Schemes, however any such shares awarded would be included in the scope of the undertakings.

Pursuant to the above, the Source BioScience Directors have irrevocably undertaken to:

- (i) cast, or, where applicable, procure the casting of, all voting rights attaching to such Source BioScience Shares in favour of any resolutions required to give effect to the Scheme at the General Meeting or the Court Meeting and any related matters;
- (ii) elect to receive in aggregate 1,803,557 Sherwood Share Units pursuant to the Unlisted Securities Alternative under the Scheme in respect of their existing holdings of Source BioScience Shares;
- (iii) if Sherwood exercises its right to structure the Offer as a Takeover Offer, to accept or procure the acceptance of such Takeover Offer; and
- (iv) not accept any offer made or proposed to be made in respect of the Source BioScience Shares by any person other than Sherwood, or, where applicable, to procure that no such offer is accepted.

These irrevocable undertakings would have ceased to be binding if the Announcement had not been released by 5.00 p.m. (London time) on 15 August 2016. The irrevocable undertakings will cease to be binding if the Scheme Document has not been published by 31 August 2016, or if the Scheme does not become Effective by 31 October 2016 or if an announcement is made confirming that Sherwood will not proceed with the acquisition of the Source BioScience Shares.

11.3 *The Existing Continental Investors and the Existing Harwood Investors irrevocable elections for the Unlisted Securities Alternative*

Under the terms of the Subscription and Transfer Agreement and associated irrevocable undertakings and subject to the Scheme becoming Effective, Continental and Harwood Capital have agreed that the Existing Continental Investors and the Existing Harwood Investors:

- (i) will irrevocably elect to receive, up to, in aggregate, 25,457,490 and 40,833,333 Sherwood Share Units pursuant to the Unlisted Securities Alternative under the Scheme, in respect of their existing holdings of Source BioScience Shares;
- (ii) have irrevocably undertaken to vote (or procure the vote) in favour of the resolutions to be proposed at the General Meeting in respect of their entire existing holdings of Source BioScience Shares, amounting, in aggregate, to 107,957,490 Source BioScience Shares, representing approximately 30.91 per cent. of the existing issued ordinary share capital of Source BioScience;
- (iii) will, if Sherwood exercises its right to structure the Offer as a Takeover Offer, accept or procure the acceptance of such Takeover Offer; and
- (iv) will not accept any offer made or proposed to be made in respect of the Source BioScience Shares by any person other than Sherwood, or, where applicable, procure that no such offer is accepted.

The above irrevocable undertakings shall lapse and cease to be binding if the Scheme lapses or is withdrawn and no new, revised or replacement scheme or offer has been announced, in accordance with Rule 2.7 of the Code, in its place or is announced, in accordance with Rule 2.7 of the Code, at the same time.

12. Offer-related Fees and Expenses

12.1 *Fees and Expenses*

The aggregate fees and expenses which are expected to be incurred by Source BioScience in connection with the Offer are estimated to amount to approximately £600,000 (excluding applicable VAT). This aggregate number consists of the following categories: financial and corporate broking advice: £350,000, legal advice: £135,000, other professional services: £70,000 and other costs and expenses: £45,000.

The aggregate fees and expenses which are expected to be incurred by Sherwood in connection with the Offer are estimated to amount to approximately £495,000 (excluding applicable VAT). This aggregate number consists of the following categories: financial and corporate broking advice: £300,000, legal advice: £155,000 and other costs and expenses: £40,000.

13. Financing arrangements relating to Sherwood

Assuming that the Cash Consideration is payable to all Scheme Shareholders (save for those Scheme Shareholders who have irrevocably undertaken to elect for the Unlisted Securities Alternative pursuant to the terms of the Scheme), full implementation of the Offer would require a maximum cash payment of approximately £50.62 million by Sherwood which will be funded entirely out of Sherwood's cash resources made available by way of an unsecured loan of up to £15 million from NASCIT for a fixed term of 120 days and callable on one month's notice thereafter (unless repaid earlier with the consent of Strand Hanson) and with an interest rate of 5 per cent. per annum and subscriptions for Sherwood Share Units by certain of the Harwood Funds and certain of the Continental Clients pursuant to the Subscription and Transfer Agreement.

Investment by the Harwood Funds and the Continental Clients

Pursuant to the Subscription and Transfer Agreement, HPE IV and Protea have agreed, *inter alia*, that they will subscribe for, up to 91,244,446 and up to 106,620,289 Sherwood Share Units respectively at a price

of 18 pence per unit. In addition, Harwood Capital and Continental have agreed that certain of the other Harwood Funds and Continental Clients will irrevocably elect to receive, up to in aggregate, 40,833,333 and 25,457,490 Sherwood Share Units pursuant to the Unlisted Securities Alternative under the Scheme. Such subscriptions and elections, alongside the £15 million loan facility from NASCIT will ensure that Sherwood has the amount required to satisfy the maximum aggregate Cash Consideration payable in accordance with the Scheme. The obligations to subscribe and elect for Sherwood Share Units is conditional upon the Scheme becoming Effective. The subscription monies shall be made available no later than seven calendar days after the date on which the Scheme becomes Effective. The Source BioScience Directors who are currently interested, in aggregate, in 4,278,557 Source BioScience Shares have separately irrevocably undertaken to elect for 1,803,557 Sherwood Share Units in respect of their entire holdings of Source BioScience Shares.

The Sherwood PIK Loan Notes have been constituted by the Sherwood PIK Loan Note Instrument. The notes are unsecured and carry a coupon of 10 per cent. per annum which will be satisfied by the issue of additional notes. The transfer of any Sherwood PIK Loan Notes shall be subject to the transfer provisions in the Sherwood PIK Loan Note Instrument.

14. Ratings

There are no current public ratings or outlooks accorded to Sherwood or Source BioScience by ratings agencies.

15. Cash confirmation

Strand Hanson is satisfied that sufficient resources are available to Sherwood to satisfy in full the Cash Consideration.

16. Persons acting in concert

16.1 In addition to the members of the Sherwood Group and their respective directors and officers, the Harwood Funds and the Continental Clients and their associated companies, the persons who, for the purposes of the Code, are acting in concert with Sherwood are:

<i>Name</i>	<i>Type</i>	<i>Registered Office</i>	<i>Relationship with Sherwood</i>
Strand Hanson	Financial Institution	26 Mount Row, London, W1K 3SQ	Financial adviser in connection with the Offer

16.2 The persons who, for the purposes of the Code, are acting in concert with Source BioScience are:

<i>Name</i>	<i>Type</i>	<i>Registered Office</i>	<i>Relationship with Source BioScience</i>
N+1 Singer	Financial Institution	One Bartholomew Lane, London EC2N 2AX	Rule 3 adviser for the purposes of the Code, financial adviser and broker

17. No significant change

17.1 There has been no significant change in the financial or trading position of Source BioScience since 31 December 2015, being the date to which the annual financial report published by Source BioScience was prepared.

17.2 Save as disclosed in this document, there has been no significant change in the financial or trading position of Sherwood since 8 July 2016, the date of its incorporation.

18. Consents

18.1 N+1 Singer has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.

18.2 Strand Hanson has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name and its letter in Part X in the form and context in which they are included.

19. Documents published on a website

Copies of the following documents are or will be available for viewing on Source BioScience' website at <http://corporate.sherwood.co.uk/investor-relations/information-takeover> and Continental's website at www.continentalip.ch by no later than 12 noon (London time) on 18 August 2016 up to and including the Effective Date or the date the Scheme lapses or is withdrawn, whichever is earlier:

- (A) this document and the Forms of Proxy;
- (B) the memorandum and articles of association of each of Source BioScience and Sherwood;
- (C) a draft of the articles of association of Source BioScience as proposed to be amended at the General Meeting;
- (D) the consolidated audited report and accounts of Source BioScience for the two financial years ended 31 December 2014 and 31 December 2015;
- (E) the written consents referred to in paragraph 18 above;
- (F) the confidentiality agreement referred to in paragraph 10 above;
- (G) the Form of Election;
- (H) copies of the irrevocable undertakings and letter of intent referred to in paragraph 11 above;
- (I) the material contracts referred to in paragraph 9 of this Part VIII; and
- (J) the estimate of value of Sherwood Share Units by Strand Hanson contained in Part X of this document.

20. Sources of information and bases of calculation

In this document, unless otherwise stated, or the context otherwise requires, the following bases and sources have been used:

20.1 The value attributed to Source BioScience's existing issued ordinary share capital is based upon the Offer Price and the 349,292,449 Source BioScience Shares in issue on 16 August 2016 (being the latest practicable date prior to the publication of this document).

20.2 The market prices of Source BioScience Shares are closing middle market quotations derived from the Daily Official List for the particular date(s) concerned.

20.3 The volume weighted average price of 14.76 pence per Source BioScience Share for the three month period up to and including 2 June 2016, is derived from Capital IQ's daily volume weighted average price data.

20.4 The volume weighted average price of 16.01 pence per Source BioScience Share for the six month period up to and including 2 June 2016, is derived from Capital IQ's daily volume weighted average price data.

20.5 Unless otherwise stated, the financial information concerning the Source BioScience Group has been extracted or derived (without material adjustment) from Source BioScience's audited consolidated statutory annual report and financial statements for the year ended 31 December 2015.

20.6 All information relating to Sherwood has been provided by persons duly authorised by the Sherwood Board.

20.7 All information relating to Continental and the Continental Clients has been extracted from published sources and/or provided by persons duly authorised by Continental and the Continental Clients.

20.8 All information relating to Harwood Capital and the Harwood Funds has been extracted from published sources and/or provided by persons duly authorised by Harwood Capital and the Harwood Funds.

20.9 The maximum Cash Consideration payable under the Offer is based on the 349,292,449 Source BioScience Shares in issue on 16 August 2016 (being the latest practicable date prior to the date of this document), adjusted for the fact that Harwood Capital has agreed that certain of the Existing Harwood Investors will irrevocably elect to receive, up to, in aggregate, 40,833,333 Sherwood Share Units pursuant to the Unlisted Securities Alternative under the Scheme and Continental has agreed that certain of the Existing Continental Investors will irrevocably elect to receive 25,457,490 Sherwood Share Units pursuant to the Unlisted Securities Alternative under the Scheme. In addition, the Source BioScience Directors who currently hold Source BioScience Shares have irrevocably agreed to elect to receive 1,803,557 Sherwood Share Units in respect of the 4,278,557 Source BioScience Shares held by them.

Date: 17 August 2016

PART IX

FURTHER INFORMATION RELATING TO SHERWOOD, HARWOOD CAPITAL, THE HARWOOD FUNDS, CONTINENTAL AND THE CONTINENTAL CLIENTS

SECTION 1: SHERWOOD

PART A: General information

1. Incorporation

Sherwood is a private company incorporated in England and Wales under the Companies Act 2006 with limited liability on 8 July 2016 with registration number 10269474 and its registered office is at 50 Broadway, Westminster, London SW1H 0BL. Sherwood was established by Continental and Harwood Capital (on behalf of the Continental Clients and the Harwood Funds respectively) specifically for the purpose of making the Offer. Continental, Harwood Capital, the Continental Clients and the Harwood Funds are deemed to be acting in concert with Sherwood for the purposes of the Code. Following implementation of the Offer, Sherwood will be owned by the Continental Clients, the Harwood Funds and those Scheme Shareholders who have validly elected for the Unlisted Securities Alternative.

2. Directors

The Directors of Sherwood are Mr Marco Fumagalli and Mr Carlo Sgarbi, appointees of Continental, and Mr Christopher Mills and Mr James Agnew, appointees of Harwood Capital.

Their business address, in the case of the appointees of Continental, is Via Frasca 5, 6900, Lugano (CH) and, in the case of the appointees of Harwood Capital, is 6 Stratton Street, Mayfair, London W1J 8LD.

A brief description of the directors of Sherwood is set out below:

Marco Fumagalli

Marco Fumagalli, aged 46, is a Managing Partner of Continental, having co-founded the business in September 2013, following a successful career in private equity spanning over 15 years. He worked from 1996 to 2010 at 3i SgR S.p.A. (part of the 3i Group), where he became a Partner and Managing Director before serving as Chief Executive Officer from 2005, following which he joined Leponte S.A., as Head of Private Equity. He has also held a number of directorships at both public and private companies, including serving as President of Terashop S.p.A. (2011-2013). He is currently a non-executive director of Corin Group plc (the subject of a public to private transaction by Leponte S.A. in 2012) and Sound Energy plc (quoted on AIM).

Current directorships

CIP Management S.A., Continental Investment Partners S.A., Corin Group plc, Corin Italia Srl, Corin Orthopaedics Holdings Limited, eCommerce Outsourcing Srl, Ministerium Capital S.A., P101 Holding S.p.A., P101 SGR S.p.A., Protea Capital S.A., Sherwood Holdings Limited, Sound Energy plc.

Past directorships

Deribas Capital S.A., Greenberry S.A., Metano Capital S.A., Terashop S.p.A.

Carlo Sgarbi

Carlo Sgarbi, aged 51, is the co-founder and a Managing Partner of Continental. He is an investment banking professional with over 20 years' experience in global capital markets. In 1999, he became Co-Head of Global Markets at Banca IMI, the investment banking subsidiary of Intesa Group, where he was responsible for over 300 professionals across five global offices. Subsequently, in 2006, he became Head of Debt Capital Markets and Financial Institution Advisory at Banca IMI. In 2008, he became CEO and CIO at Switzerland based family office, Leponte S.A., and then Tissor Capital Management S.A. in 2009, where he was also CEO and a board member, managing all of its investment activities.

Current directorships

CIP Management S.A., Continental Investment Partners S.A., Ministerium Capital S.A., Protea Capital S.A., Sherwood Holdings Limited.

Past directorships

Deribas Capital S.A., Greenberry S.A., Metano Capital S.A.

Christopher Mills

Christopher Mills, aged 63, is a director and the sole shareholder of Harwood Capital Management Limited which is a designated corporate member and the controller of Harwood Capital. The Harwood Capital Management Group was formed in 2011 by Mr Mills on his acquisition of Harwood Capital from the J O Hambro Capital Management Group. He is also the Chief Executive Officer and director of NASCIT (a United Kingdom listed investment trust) and a director and investment manager of Oryx. He has a long and successful investing track record and is a non-executive director of a number of both public and private companies. Prior to joining the J O Hambro Capital Management Group which he co-founded in 1993, he worked from 1975 to 1993 for Samuel Montagu Limited, Montagu Investment Management Limited and its successor company, Invesco MIM, latterly as Head of North American Investments and Head of North American Venture Capital.

Current directorships

62 Pont Street (Freehold) Limited, Agrisense Industrial Monitoring Limited, Alba Investment Properties Holdings Limited, Alba Investment Properties Limited, Alternateport Limited, AssetCo Plc, Baltimore Capital Plc, Bioquell Plc, B&G Equipment Co., B&G (Europe) Holding Limited, Catalyst Media Group Plc, Catalyst Media Holdings Limited, Consolidated Venture Finance Limited, Coventbridge Group Limited, Cross Border Publishing (London) Limited, Cyprotex Plc, EKF Diagnostics Holdings plc, Essenden Limited, Glass America, Inc., GlobalOptions Group, Inc., Goals Soccer Centres plc, Growth Financial Services Limited, Hampton Investment Properties Limited, Harwood Capital Management Limited, Harwood Multi Manager Limited, Harwood Capital Nominees Limited, Harwood Holdco Limited, Harwood Real Estate Limited, Harwood Wealth Management Group plc, Indoor Bowling Acquisitions Limited, Indoor Bowling Equity Limited, IR Media Group Limited, Jaguar Holdings Limited, Journey Group Plc, Kelvinhaugh Student Accommodation Limited, MJ Gleeson PLC, North Atlantic Smaller Companies Investment Trust PLC, Oryx International Growth Fund Limited, Performance Chemicals Company, Progeny, Inc., Satellite Information Services (Holdings) Limited, Sherwood Holdings Limited, Stratton Street (Anthony) Limited, Stratton Street (Mouse No.1) Limited, Sunlink Health Systems, Inc., Team Rock Limited, The Tagos Group, Tramworks Limited, Winnfield Holding Corporation, Utitec Inc.

Past directorships

Academic Research Limited, Alba Investment Properties Intermediate Holdings Limited, American Opportunity Trust Plc, Baltimore Technologies, Baltimore Technologies (Holdings) Limited, Baltimore Technologies (UK) Limited, Bionostics Limited, Bionostics Holdings Limited, Celsis Group Limited, Celsis International Limited, CCH Advisers Limited, Crucible Equity Limited, Darby Group Limited, Deepenheart Limited, Ferraris Development and Engineering Company, Forefront Group Limited, GEI Group Limited, H. Townsend & Sons (Builders) Limited, Hampton Land and Estates Limited, Hampton Trust Plc, Harwood Capital LLP, Highrix Limited, GTL Resources Limited, GTL Resources Overseas Investment Limited, Intermediate Holdings Limited, Izodia Plc, J O Hambro Capital Management Limited, Jarvis Porter (Property Holdings) Limited, London Trust Productions Limited, Merchant Properties General Partner Limited, Merchant Properties Two General Partner Limited, Merchant Properties Nominees Limited, Merchant Properties Two Nominee 1 Limited, Merchant Properties Two Nominee 2 Limited, MJ Gleeson Group Limited, Mount Street Properties Limited, Nastor Investments Limited, Nationwide Accident Repair Services Limited, Orthoproducts Limited, Prime Focus London Plc, RGS (1) Limited, Second London American Trust Plc, Sinav Limited, Stratifer Limited, The Quarto Group, Inc., Toftplan Properties Limited, Valiant Sports Holdings Limited, W.G. Mitchell (2005) Limited, W.G. Mitchell (Charlotte Square) Limited, W.G. Mitchell (Fifteen) Limited, W.G. Mitchell (George Street) Limited, W.G. Mitchell (Seven) Limited, W.G. Mitchell Enterprises Limited.

Mr Mills was a director of Valiant Sports Holdings Limited which was wound up voluntarily by its creditors, with an estimated deficiency to creditors of £2.65 million, and was dissolved on 5 September 2014.

Receivers were appointed to Nationwide Security Group Limited, of which Mr Mills was a director, on 16 February 2000 and realised sufficient assets to repay all creditors and make a small distribution.

Receivers were appointed to Versatile Group Limited, of which Mr Mills was a director, and its subsidiaries Versatile Projects Limited and Castle Finance Limited, by Bank of Scotland who had charges and cross guarantees supporting a debt of £2.4 million in addition to which the group had net liabilities of in excess of £0.7 million to unpaid creditors. Versatile Group Limited was dissolved under section 652 of the Act on 15 May 2001.

Administrators were appointed to PNC Telecom Plc on 23 June 2003 and the administration order was discharged (and PNC Telecom Plc resumed business) on 15 January 2004. Mr Mills was a director of PNC Telecom Plc until his resignation on 3 February 2003.

Administrators were appointed to United Industries Plc on 5 April 2006 and an extension was granted on 2 April 2007 which expired on 4 October 2007. Mr Mills was a director of United Industries Plc from 23 February 2002 until his resignation on 28 October 2005.

Administrators were appointed to Jarvis Porter Group Plc on 31 August 2007 with an estimated deficiency to creditors of £4.6 million. Unsecured creditors received 3p in the £ before the company was dissolved on 28 September 2008.

Administrators were appointed to W.G. Mitchell (George Street) Limited, W.G. Mitchell (2005) Limited, W.G. Mitchell (Charlotte Square) Limited, W.G. Mitchell Enterprises Limited, W.G. Mitchell (Fifteen) Limited and W.G. Mitchell (Seven) Limited, subsidiaries of Alba Investment Properties Holdings Limited, on 1 April 2009.

James Agnew

James Agnew, aged 42, is a Partner and a member of Harwood Capital, where his responsibilities include originating, negotiating and executing transactions, monitoring portfolios and serving as a non-executive director on the boards of investee companies. Previously, he was a Vice President within the Investment Banking division at Credit Suisse First Boston.

Current directorships

Coventbridge Group Limited, Coventbridge Holding Corp., Coventbridge (USA) Inc., Crown Place VCT Plc, Essenden Limited, Harwood Capital LLP, Indoor Bowling Acquisitions Limited, Indoor Bowling Equity Limited, North Atlantic Value GP III Limited, North Atlantic Value GP 4 Limited, Sherwood Holdings Limited.

Past directorships

Boomerang Media Limited, Boomerang Media Group Limited, Bionostics Holdings Limited, Indicant Equity Limited, Indicant Acquisitions Limited, Innovative Gifts (Global) Limited, Law 2480 Limited, Valiant Sports Holdings Limited.

Mr Agnew was a director of Valiant Sports Holdings Limited which was wound up voluntarily by its creditors, with an estimated deficiency to creditors of £2.65 million, and was dissolved on 5 September 2014.

Save as disclosed above, as at the date of this document, none of the directors of Sherwood has:

- (i) any unspent convictions in relation to indictable offences;
- (ii) had a bankruptcy order made against him or entered into an individual voluntary arrangement;
- (iii) been a director of any company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was acting in that capacity for that company or within the twelve months after he ceased to be so acting;
- (iv) been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the twelve months preceding such event;

- (v) been subject to the receivership of any asset of such director or of a partnership of which the director was a partner at the time of or within twelve months preceding such event; or
- (vi) been subject to any official public criticisms by any statutory or regulatory authority (including recognised professional bodies) nor has he been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

With effect from the Effective Date, the emoluments of the Sherwood Directors will not be affected by the Offer or any other associated transaction.

3. Share capital and shareholders

Sherwood has, at the date of this document, an issued share capital comprising 2 ordinary shares of 1 pence held equally by each of HPE IV and Protea.

The maximum and minimum holdings in Sherwood of the Harwood Funds and the Continental Clients, immediately following the Scheme becoming Effective, are set out in paragraphs 4(a) and 4(b) respectively of Section 2 of Part IX of this document.

4. Financial information and activities

As Sherwood was incorporated on 8 July 2016, no financial information is available or has been published in respect of it. Sherwood has not traded since its date of incorporation, has paid no dividends and has not entered into any obligations other than in connection with the financing of the Offer summarised in Part B of Section 1 of this Part IX of this document.

5. Sherwood ratings information

There are no current ratings or outlooks publicly accorded to Sherwood by ratings agencies.

6. Material change

Save as disclosed in this document, there has been no material change in the financial or trading position of Sherwood since 8 July 2016, being its date of incorporation.

PART B: Summary of the terms of the Financing of the Offer

Investment by the Harwood Funds and Continental Clients

Subscription and Transfer Agreement

Pursuant to the Subscription and Transfer Agreement, HPE IV and Protea have agreed, *inter alia*, that they will subscribe for, up to 91,244,446 and up to 106,620,289 Sherwood Share Units respectively at a price of 18 pence per unit. In addition, Harwood Capital and Continental have agreed that certain of the other Harwood Funds and Continental Clients will irrevocably elect to receive, up to in aggregate, 40,833,333 and 25,457,490 Sherwood Share Units pursuant to the Unlisted Securities Alternative under the Scheme. Such subscriptions and elections, alongside the £15 million loan facility from NASCIT (further details of which are set out below) will ensure that Sherwood has the amount required to satisfy the maximum aggregate Cash Consideration payable in accordance with the Scheme. The obligations to subscribe and elect for Sherwood Share Units are conditional upon the Scheme becoming Effective. The subscription monies shall be made available no later than seven calendar days after the date on which the Scheme becomes Effective. The Source BioScience Directors who are currently interested, in aggregate, in 4,278,557 Source BioScience Shares have separately irrevocably undertaken to elect to receive 1,803,557 Sherwood Share Units in respect of their holdings of Source BioScience Shares.

NASCIT Loan Agreement

Under the terms of the NASCIT Loan Agreement, NASCIT has agreed to provide an unsecured loan to Sherwood for an amount of up to £15 million with an interest rate of 5 per cent. per annum to be used together with certain subscription monies under the Subscription and Transfer Agreement to pay, *inter alia*, the maximum aggregate cash consideration due under the Offer. The loan will be for a fixed term of 120 days from signature of the agreement, callable on one month's notice thereafter, however it can be repaid earlier with the consent of Strand Hanson.

Sherwood PIK Loan Note Instrument

1. Amount

The Sherwood PIK Loan Note Instrument constitutes up to £100 million of unsecured Sherwood PIK Loan Notes, issued in amounts of £0.17 or integral multiples of £0.17.

2. Status

The Sherwood PIK Loan Notes constitute direct, unconditional, unsubordinated and unsecured obligations of Sherwood and rank *pari passu* with all of the present and future unsecured and unsubordinated obligations of Sherwood (except as provided by law).

3. Repayment

The Sherwood PIK Loan Notes are repayable in full at their principal amount outstanding together with accrued interest on 31 December 2023.

Claims against Sherwood for any cash payment in respect of the Sherwood PIK Loan Notes will become void unless made within five years (in the case of interest) from the relevant interest payment date or within ten years (in the case of principal) from the relevant early redemption date or the final repayment date as the case may be.

4. Interest

The Sherwood PIK Loan Notes bear interest at the annual rate of ten per cent., accruing daily. Interest is payable annually on the last Business Day of December thereafter. Interest is payable in kind or, at the discretion of Sherwood, in cash. Interest paid in kind will be evidenced by additional loan notes and added to the principal amount.

For so long as any default is occurring under the Sherwood PIK Loan Note Instrument the annual rate of interest will be increased by five per cent.

5. Events of Default

An event of default occurs if:

- (a) Sherwood is in breach of its obligations under the Sherwood PIK Loan Note Instrument for 21 days;
- (b) Sherwood becomes insolvent or unable to pay its debts;
- (c) any steps are taken to start the winding-up of Sherwood; or
- (d) Sherwood ceases to carry on its business.

Whilst an event of default is continuing, any holder of Sherwood PIK Loan Notes may by written demand declare those loan notes and the interest accrued and unpaid thereon payable.

6. Transferability

The Sherwood PIK Loan Notes are transferable in whole or in part in amounts of £0.17 and integral multiples thereof. The Sherwood PIK Loan Notes can be offered to the public for purchase and are permitted to be dealt on any recognised stock exchange.

Sherwood may in its reasonable discretion refuse to register a transfer of a Sherwood PIK Loan Note where the transfer may result in a material regulatory, pecuniary, legal or taxation disadvantage for Sherwood or the holders as a whole of the Sherwood PIK Loan Notes.

Sherwood will not be obliged to take notice of any trust to which the Sherwood PIK Loan Notes may be subject, and will be entitled to treat the registered holder of any Sherwood PIK Loan Notes or his executors or administrators as the absolute owner thereof.

7. Registration

Sherwood will keep a register of the nominal amount of Sherwood PIK Loan Notes in issue, the dates of issue, the dates and particulars of transfers and repayments and purchases thereof, and the names and addresses of the holders.

8. Modification of rights

Sherwood may not, without prior approval by a resolution approved by the holders of at least 75 per cent. in nominal value of the Sherwood PIK Loan Notes:

- (a) create and issue further loan notes supplemental to the Sherwood PIK Loan Note Instrument; or
- (b) modify or abrogate any of the rights for the time being attached to the Sherwood PIK Loan Notes.

PART C: Summary of the Articles of Sherwood

1. Share capital

- 1.1 The share capital of Sherwood comprises ordinary shares of one pence each (“Sherwood Shares”).
- 1.2 The rights attaching to the Sherwood Shares are set out in section 2 below.
- 1.3 Sherwood has the power to issue redeemable shares and, subject to the Companies Act 2006, to purchase its own shares.

2. Sherwood Shares

The Sherwood Shares have the following rights:

2.1 Voting

The Sherwood Shares entitle their holders to receive notice of, attend and vote at all general meetings of Sherwood. On a poll each Sherwood Share has one vote attached to it.

2.2 Dividends and distributions

The Sherwood Shares confer the right to dividends declared and other distributions made by Sherwood.

2.3 Return of capital

The Sherwood Shares entitle their holders to receive repayment of all sums paid up or credited as paid up on the Sherwood Shares held by them and to participate in any other distributions made by Sherwood in the context of a winding-up.

2.4 Transfers

Transfers of Sherwood Shares are subject to the restrictions set out in section 3 below.

2.5 Variation of rights

Section 4 below applies.

3. Transfer of Sherwood Shares

3.1 General restrictions on transfers

Transfers of Sherwood Shares are subject to rights of pre-emption, except in the case of transfers to permitted transferees (see section 3.2 below) and transfers pursuant to the drag along rights (see section 3.3 below) and tag along rights (see section 3.5 below).

Unless otherwise agreed by the board of Sherwood, no transfer or other dealing in any Sherwood Share shall occur other than to transfer or deal with the whole interest in the Sherwood Share with full title guarantee free of encumbrances.

3.2 Permitted transfers

The permitted transferees are:

- (a) in the case of a shareholder who is an individual, his or her spouse, civil partner, widow or widower, children and grandchildren (including step and adopted children), and step and adopted children of that shareholder’s children, or to a trust or settlement set up wholly for the benefit of that shareholder and/or any of those relations, or to the trustees of such a trust or settlement;
- (b) in the case of a shareholder which is a company, any company which is its ultimate holding company or a subsidiary of such holding company;
- (c) in the case of a shareholder that is an investment fund, any member of the same fund group;
- (d) Harwood Capital and/or any of the Harwood Funds may transfer all of their Sherwood Shares to Continental and/or the Continental Clients; and

- (e) Continental and/or any of the Continental Clients may transfer all of their Sherwood Shares to Harwood Capital and/or the Harwood Funds.

Where Sherwood Shares have been transferred to a permitted transferee and that transferee ceases to be a person who would be a permitted transferee of the transferor, the transferee will be required to transfer those Sherwood Shares as set out in the articles of Sherwood.

3.3 **Drag along rights**

In the event of (i) a permitted transfer as described in sections 3.2(d) and (e) above, the purchasing shareholder may require the selling shareholder to transfer all of the Sherwood Shares held by them; and (ii) any offer being received for the entire issued share capital of Sherwood and such offer being accepted by the holders of 66 per cent. or more of the issued Sherwood Shares (“**Accepting Shareholders**”) the Accepting Shareholders have the right by notice in writing to the remaining holders of Sherwood Shares (“**Dragged Along Shareholders**”) to require the Dragged Along Shareholders to accept the offer and transfer their shares to the offeror on the same terms as those applying to the Accepting Shareholders.

3.4 **Pre-emption on transfer**

Shareholders have rights of pre-emption in relation to the transfer of Sherwood Shares to persons other than permitted transferees. If multiple shareholders wish to exercise such rights the transferred shares shall be divided among them in proportion to their shareholdings relative to one another.

Unless otherwise agreed in writing by shareholders representing at least 66 per cent. of the total voting rights attaching to the Sherwood Shares, all Sherwood Shares which the board propose to allot wholly for cash shall be offered on identical terms to all the shareholders in proportion as nearly as may be to the number of Sherwood Shares held by them respectively.

3.5 **Tag along rights**

If a sale of Sherwood Shares would result in a person controlling more than 66 per cent. of the total voting rights at a general meeting of Sherwood, the transfer will not be valid unless the transferee offers to purchase all the issued Sherwood Shares at a price calculated in accordance with the articles of Sherwood.

4. **Variation of rights**

No variation of the rights attaching to Sherwood Shares is to be effective without a special resolution of the members of Sherwood.

5. **Alteration of share capital**

Sherwood may, subject to the Companies Act 2006, by ordinary resolution consolidate or subdivide its shares. Sherwood may, subject to the Companies Act 2006, by special resolution reduce its share capital, capital redemption reserve or share premium account.

6. **General meetings**

Subject to the provisions of the Companies Act 2006, a general meeting shall be called by not less than 14 clear days’ notice in writing.

The notice must specify the place, day and time of the meeting and the general nature of the business to be transacted.

Notices shall be given to all members other than any who, under the provisions of the articles or the terms of issue of the shares they hold, are not entitled to receive such notice. Each holder of Sherwood Shares shall be entitled to receive notice of general meetings of Sherwood.

Each director shall be entitled to attend and speak at any general meeting.

7. Directors

7.1 Number of directors

The directors shall be not less than two. Harwood Capital and/or the Harwood Funds shall be entitled to appoint two persons to be directors of Sherwood and Continental and/or the Continental Clients shall be entitled to appoint two persons to be directors of Sherwood provided always that there is an equal number of: (i) Harwood Capital and/or the Harwood Funds' directors; and (ii) Continental and/or the Continental Clients' directors.

7.2 Directors' shareholding qualification

A director shall not be required to hold any shares in Sherwood.

7.3 Appointment of directors

Directors may be elected by Sherwood by ordinary resolution or be appointed by the board.

The board may from time to time appoint one or more directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate any such appointment.

7.4 Retirement of directors

The directors are not required to retire by rotation.

7.5 Vacation of office

The office of a director of Sherwood shall be vacated if:

- (a) he resigns;
- (b) he is or has been suffering from mental ill health and either he becomes a patient for the purposes of statutes relating to mental health or the court makes an order for his detention or the appointment of a person to exercise powers with respect to his property or affairs;
- (c) he and any alternate appointed by him is absent without the permission of the board from four consecutive meetings of the board;
- (d) he is unable to pay his debts or compounds with his creditors generally;
- (e) he is prohibited or disqualified by law from being a director; or
- (f) he is removed from office pursuant to section 168 of the Companies Act 2006.

If the office of a director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the board.

7.6 Chairman's casting vote at directors' meetings

If the numbers of votes for and against a proposal at a meeting of the board are equal, the chairman or other director chairing the meeting shall not have a casting vote.

8. Alternate director

Any director may appoint any person to be his alternate and may at his discretion remove such an alternate director.

9. Proceedings of the Board

Subject to the provisions of the articles, the board may regulate its proceedings as it thinks fit. The quorum necessary for the transaction of the business of the board shall be two. A meeting of the board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the board.

The board may appoint a director to be the chairman or a deputy chairman and may at any time remove him from that office. Questions arising at any meeting of the board shall be determined by a majority of votes.

All or any of the members of the board may participate in a meeting of the board by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to speak to and hear each other. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and to be counted in the quorum.

The board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of at least two directors. The meetings and proceedings of any committee shall be governed by the provisions contained in the articles for regulating the meetings and proceedings of the board so far as the same are applicable and are not superseded by any regulations imposed by the board.

10. Remuneration of directors

Each of the directors shall be paid a fee at such rate as may from time to time be determined by the board. Any director who is appointed to any executive office shall be entitled to receive such remuneration as the board may think fit. Each director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the board, or committees of the board of Sherwood or any other meeting which as a director he is entitled to attend, and shall be paid all expenses properly and reasonably incurred by him in the conduct of Sherwood's business or in the discharge of his duties as a director.

11. Permitted interests of directors

Subject to the provisions of the Companies Act 2006, and provided he has declared the nature and extent of any material interest, a director of Sherwood is not disqualified by his office from being a party to or interested in any transaction or arrangement with Sherwood in any manner and any director who is so interested is not liable to account to Sherwood or its members for any benefit which he derives from any such transaction or arrangement.

A director who has declared his interest may vote on and be counted in the quorum in relation to any resolution of the board concerning the transaction or arrangement in which he is interested.

12. Indemnity of directors

Every director is entitled to be indemnified by Sherwood against any liability incurred by him as a director of Sherwood, including any liability incurred in defending any proceedings in which judgment is given in his favour, he is acquitted or in connection with any application in which relief is granted to him by a court. Sherwood may purchase and maintain for any director, or officer of Sherwood, insurance against such liability.

PART D: Risk Factors in relation to the Unlisted Securities Alternative

(i) General

Scheme Shareholders should be aware of the risks associated with an investment in Sherwood Shares. Potential investors should carefully consider the following risk factors. The risks listed are not presented in any particular order or priority. If any of the following risks actually occurs, the business, financial condition, results or future operations of Source BioScience and/or the Sherwood Group could be materially and adversely affected and this could have a material and adverse effect on the value of Sherwood Shares. In such circumstances, the value of Sherwood Shares could decline and investors could lose all or part of their investment.

Additional risks and uncertainties not presently known to the directors of Sherwood, or that the directors of Sherwood currently consider to be immaterial, may also have an adverse effect on Source BioScience and/or the Sherwood Group, and no assurance can be given that all material risks relating to an investment in Sherwood Shares are set out in this Part D of Section 1 of this Part IX to this document.

An investment in Sherwood Shares is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might result from such investment. If you are in any doubt about the action you should take, you are advised to consult an appropriately authorised independent financial adviser who specialises in advising on the acquisition of shares and other securities.

Scheme Shareholders should note that an investment in Sherwood Shares differs in several key respects from an investment in Source BioScience Shares.

(ii) Risks associated with an investment in Sherwood Share Units

Unlike Source BioScience Shares, the Sherwood Share Units will not be listed or traded on the Main Market or any other regulated exchange or market

The Sherwood Shares are unlisted securities and there is no current expectation that they will be listed or admitted to trading on any exchange or market for the trading of securities. It is therefore unlikely that there will be a market for Sherwood Share Units. An investment in Sherwood Share Units is likely to carry a higher risk than an investment in shares quoted on a regulated market or stock exchange as it is likely to be significantly more difficult for investors to realise their investment in Sherwood Share Units than to realise an investment in a company whose shares or other securities are quoted on a regulated market or stock exchange.

The value of Sherwood Share Units will be uncertain

Since Sherwood Share Units have not been, and will not be, traded on a regulated market or stock exchange their value will be and may remain uncertain. There can be no assurance that Sherwood Share Units can be sold in the future at the same price as that at which they have been valued for the purposes of the Unlisted Securities Alternative.

Following the Scheme becoming Effective, the value of the Sherwood Shares, insofar as it can be ascertained, may be volatile and may go down as well as up. Investors in Sherwood Shares may therefore be unable to recover their original investment.

In the case of the Sherwood PIK Loan Notes, there can be no assurance that Sherwood will be able to redeem these in full on their due date for redemption.

General market conditions may also affect the value of Sherwood Shares regardless of the Sherwood Group's operating performance. General market conditions are affected by many factors such as the general economic outlook, movements in, or outlook on, interest and inflation rates, currency fluctuations, commodity prices and the demand for and supply of capital. Accordingly, the price at which Sherwood Shares can be sold may not reflect the underlying value of the Sherwood Group, and the price at which investors may dispose of their Sherwood Shares at any point in time may be

influenced by a number of factors, only some of which may relate to the Sherwood Group, while others may be outside the Sherwood Group's control.

The issuer of Sherwood Shares will not be subject to the Listing Rules, the Code or the UK Corporate Governance Code or any similar rules or regulations applying to companies with securities admitted to or traded on a regulated market or exchange

Sherwood will not be subject to any market or exchange rules, such as the Listing Rules, or the UK Corporate Governance Code, which generally provide additional protections to, and rights for, investors with regard to, *inter alia*, disclosure of material information, the publication of financial information and compliance with certain corporate governance standards. The Code will not apply to Sherwood as it does to Source BioScience and holders of Sherwood Shares will not be afforded the protections set out in the Code if a takeover offer is made for the Sherwood Group in the future. The absence of these rules and regulations or similar rules and regulations in relation to Sherwood may make an investment in Sherwood Shares a higher risk investment than an investment in quoted securities.

The Sherwood Group will be controlled by the Harwood Funds and the Continental Clients

The Harwood Funds and the Continental Clients will together initially hold shares carrying 100 per cent. of the votes exercisable at general meetings of Sherwood and will therefore be able to control the appointment of all board members of Sherwood.

The Harwood Funds and the Continental Clients will also be able to pass or block any shareholder resolution proposed at a general meeting of Sherwood and will be able to control the day-to-day management and the future strategy of the Sherwood Group.

Further issues of shares in Sherwood may be necessary and may have a dilutive effect on Sherwood Shareholders

Further issues of shares in Sherwood may be required and Sherwood Shareholders will not have any pre-emption rights in respect of such offerings. Accordingly, if former Scheme Shareholders are not afforded the opportunity to participate in any offerings of further shares or are unable to participate in such offerings, either in full or at all, their holdings of Sherwood Shares may be diluted. In particular, additional Sherwood Share Units may need to be issued to raise the funds required to cover transaction costs and/or payments due on a cash cancellation basis to the holders of in-the-money options under the Source BioScience Share Option Schemes.

Sherwood Shares are subject to drag-along rights and holders of Sherwood Shares may therefore be required to sell their Sherwood Shares at any time. Any proceeds payable to holders of Sherwood Shares in connection with any such disposal may also be subject to retention

The articles of association of Sherwood contain drag-along rights which enable Sherwood Shareholders who, between them, hold 66 per cent. or more of the Sherwood Shares and who wish to accept an offer for the entire issued share capital of Sherwood, to require all other Sherwood Shareholders to transfer their holdings of Sherwood Shares to the purchaser on the same terms. Former Scheme Shareholders may therefore be required to sell some or all of their Sherwood Shares at any time, whether or not they wish to sell them and whether or not it is in their interests to do so.

Sherwood Shares are subject to restrictions on transfer which may reduce the likelihood of a third party offering to purchase Sherwood Shares

Under the articles of association of Sherwood, if a Sherwood shareholder proposes to transfer all or part of his or her holding of Sherwood Shares, he or she will be required to offer such Sherwood Shares to the other Sherwood shareholders in proportion to their shareholdings. The existence of these rights of pre-emption on transfers may reduce the likelihood of a person who is not a Sherwood shareholder making an offer to acquire any of the Sherwood Shares.

Restrictions apply to the transfer of Sherwood Shares in Restricted Jurisdictions

The Sherwood Shares may not, without the prior approval of the board, be offered, sold, resold, taken up, delivered or transferred, directly or indirectly, in or into a Restricted Jurisdiction (including the US) or to or for the account or benefit of any person believed to be a Restricted Overseas Shareholder (including a US Person), or in any other manner whatsoever, if, as a result, a registration under the US Securities Act or the US Exchange Act or the securities laws of any other Restricted Jurisdiction would be required.

No dividends or other distributions are currently contemplated in respect of the Sherwood Shares

Sherwood has no intention of paying or making a dividend or other distributions in respect of the Sherwood Shares in the foreseeable future.

(iii) Business, legal and regulatory risks associated with the Source BioScience Group and the Sherwood Group

Changes in legislation may adversely affect the Source BioScience Group's business, results of operations or financial condition

Changes in the laws or regulations governing the healthcare and clinical, life and applied sciences and biopharma industries which the Source BioScience Group services may adversely affect the Source BioScience Group's business.

Source BioScience operates in a competitive industry and competitive pressures could have a material adverse effect on its business

The healthcare and clinical, life and applied sciences and biopharma industries are extremely competitive. Source BioScience faces competition from local and national firms and from potential new market entrants or market participants with greater financial resources. Going forward, Source BioScience may not be able to compete effectively or be able to maintain its current pricing or margin levels.

Source BioScience may not be able to successfully manage any future growth

The growth of the Source BioScience Group has placed and will continue to place a strain on management systems, infrastructure and resources. The ability to manage this growth depends on Source BioScience's administrative, financial and operational controls, its ability to create the infrastructure necessary to exploit market opportunities for its laboratory services and products and its financial capabilities. In order to compete effectively and to grow the business profitably, Source BioScience will need, on a timely basis, to maintain and improve its financial management controls, reporting systems and procedures, implement new systems as necessary, attract and retain adequate management personnel and hire a qualified workforce that Source BioScience can train and manage.

The failure or delay of management in responding to any of these challenges could have a material adverse effect on the Source BioScience Group's business, financial condition and results of operations.

The impact of the Source BioScience Group's capital structure may have a material adverse effect on Source BioScience

There will be a material increase in the level of borrowing after the Scheme becomes Effective. Any future cash flow impact on the business, while not expected to materially negatively affect operational and commercial performance, could result in it being unable to meet future payment obligations under its loan facilities.

Source BioScience's business and the ability to execute its strategy is dependent on retaining key personnel and attracting qualified employees

The future success of the business depends, in part, on the services provided by executive officers, management and other key employees, including those in research and development roles. The loss of key personnel or failure to recruit and retain executive officers, and failure to retain and recruit other

key personnel and qualified employees will have a material adverse effect on the business, financial condition and results of operations of the Source BioScience Group.

In addition, there is competition for qualified employees in the industry sector in which the Source BioScience Group operates and the loss of a substantial number of qualified employees, or an inability to attract, retain and motivate additional skilled employees required for the maintenance or expansion of the Source BioScience Group's activities could have a material adverse effect on its business, financial condition or results of operations.

Source BioScience is exposed to liability for defective products and services

If any member of the Source BioScience Group supplies products or services which are defective, affected persons may seek to make a claim against Source BioScience. Whilst insurance is in place against any such claims, there are excesses applicable under the relevant policies and such insurance is limited in total coverage, and any uninsured losses could have a material adverse effect on the business, financial condition or results of operations.

To the extent that a claim or claims of a significant nature were made against Source BioScience, it could require the business to expend substantial management resources and litigation costs in defending such claim(s) and such claim(s), if successful, could reduce margins, harm Source BioScience's reputation in the market and increase future insurance premiums, the occurrence of each of which could have a material adverse effect on the business, financial condition or results of operations.

Sherwood has only conducted limited due diligence on Source BioScience

Sherwood has not conducted a full due diligence exercise on the business of the Source BioScience Group. Whilst Source BioScience has a Premium Listing on the Main Market and, as a consequence, Source BioScience is subject to periodic reporting obligations, there can be no assurance that information publicly disclosed by Source BioScience includes all information necessary to make an informed assessment of the Source BioScience Group's prospects, results of operations and financial condition. There is a risk, therefore, that the Sherwood Group has failed or will fail to discover certain liabilities of the Source BioScience Group, or operating or other problems at the Source BioScience Group and that material risks relating to the Source BioScience Group are not known to the Sherwood Group and, therefore, they may not be included in this Part D of Section 1 of this Part IX of this document.

Tax legislation, tax allowances and the tax status of the Source BioScience Group companies and the Sherwood Group may change, possibly resulting in an increase to the Source BioScience Group's and the Sherwood Group's effective tax rate

The effective rate of tax for the Source BioScience Group and the Sherwood Group may be influenced by a number of factors, including changes in the law and accounting standards and the Source BioScience Group's and the Sherwood Group's overall approach to such matters, the results of which could increase or decrease that rate.

The financial position and prospects of the Source BioScience Group and the Sherwood Group will be dependent to a material extent upon the availability of tax allowances or tax reliefs and the tax status of the individual entities which make up the Source BioScience Group and the Sherwood Group. If these allowances or reliefs are not available, and/or there is a change in the tax status of an entity, or there is a change in taxation legislation or its interpretation, this could have a material adverse effect on the Source BioScience Group's and/or the Sherwood Group's business, results of operations, prospects or financial condition.

In addition, the Source BioScience Group may also be affected by any change in the tax treaties applying between overseas jurisdictions and the United Kingdom.

(iv) Risks specific to the Source BioScience Group and the Enlarged Group

Ability to compete as outsourced Laboratory Services provider

The Source BioScience Group faces competition based on a number of factors, including size, relative expertise and sophistication, speed and costs of conducting its services. The Source BioScience Group competes with the research departments of pharmaceutical companies, biotechnology companies, contract research companies, research and academic institutions and the UK National Health Service (“NHS”). Many of these competitors have comparable and sometimes greater financial and other resources, and experience in research and development than the Source BioScience Group. Smaller companies may also prove to be significant competitors, particularly where they provide niche services. This competition could potentially result in lower sales and profitability for the Source BioScience Group and the Enlarged Group.

The Source BioScience Group anticipates that it will face continued competition in the future as markets grow, new companies enter its markets and alternative technologies become available. The Source BioScience Group’s services and expertise may be rendered obsolete or uneconomical by technological advances or novel approaches developed by one or more of the Source BioScience Group’s competitors. The existing approaches of the Source BioScience Group’s competitors or new approaches or technologies developed by the Enlarged Group’s competitors may be more effective than those developed by the Enlarged Group. There can be no assurance that the Enlarged Group’s competitors will not develop more effective or more affordable technologies or services, thus rendering the Enlarged Group’s technologies and/or services obsolete, uncompetitive or uneconomical. There can be no assurance the Enlarged Group will be able to compete successfully with existing or potential competitors or that competitive factors will not have a material adverse effect on the Enlarged Group’s business, financial condition or results of operations.

Dependence on pharmaceutical and biotechnology industries and clients

A proportion of the Source BioScience Group’s revenue from its Diagnostics activities will be derived from outsourcing of certain research, development, diagnostic and other activities by its pharmaceutical and biotechnology customers to specialist suppliers. This outsourcing may cease if and when the customer develops sufficient internal resources to satisfy the demand. Although the Source BioScience Group has invested in research, development and marketing programmes to mitigate this which is expected to provide continued sources of competitive advantage for its Diagnostics activities and enable the Source BioScience Group to continue to deliver value added services to existing and new customers, there can be no guarantee that this competitive advantage will remain in the future.

Any reversal or slowing of this trend or use of outsourced suppliers could have a material adverse effect on the Source BioScience Group’s business, financial condition and results of operations. The Source BioScience Group’s contracted revenues are highly dependent on research and development expenditures by the pharmaceutical and biotechnology industries.

The Source BioScience Group’s operations could be materially adversely affected by general economic downturns in its customers’ industries, the impact of the current trend toward consolidation in the pharmaceutical industry or any decrease in research and development expenditures. In addition, historically, a substantial portion of the Source BioScience Group’s revenue has been derived from contracts with a relatively limited number of significant customers. The Source BioScience Group’s contracts generally are terminable upon notice by the customer and/or do not commit the customer to any minimum purchase requirement.

The Source BioScience Group’s contracts may be terminated for a number of reasons, many of which may be beyond the Source BioScience Group’s control, such as reduction or reallocation of a customer’s research and development budget, failure of a drug in trials or change in a customer’s overall financial condition. The loss of a large contract or multiple smaller contracts, or a significant decrease in revenue derived from such contracts, could have a material adverse effect on the Source BioScience Group’s business, financial condition and results of operations.

Migration of clients to emerging markets

Migration of clients’ operations to emerging markets is a trend which is evident amongst biopharmaceutical and healthcare companies and which could potentially reduce the demand for the

Source BioScience Group's products and services in its traditional domestic and overseas markets. The Source BioScience Group is working with UK Trade & Investment and others to develop partnerships and distributorship agreements in emerging economies in order to take advantage of commercial opportunities with the Source BioScience Group's existing and prospective customers in such emerging markets. There is however, no guarantee that the Source BioScience Group will be able to maintain these partnerships and distributorship agreements in emerging economies in the future, which may adversely affect the Source BioScience Group's business, financial conditions and operating results.

Product liability, professional indemnity and insurance

The Source BioScience Group operates in a sector which exposes it to potential product liability and professional indemnity risks which are inherent in its business activities including the use of human tissue, the provision of diagnostic pathology services, molecular diagnostic services, the distribution of medical screening equipment and associated products, and sample storage. There can be no assurance that future necessary insurance cover will be available to the Source BioScience Group at an acceptable cost, if at all, or that, in the event of any claim, the level of insurance carried by the Source BioScience Group now or in the future will be adequate or that a product liability or other claim would not materially and adversely affect the business.

Regulation and regulatory environment

The Enlarged Group will operate in a sector which is subject to regulation from a number of regulatory authorities in different countries, which can range from regulation impacting the authorisation of a new product or service, the manufacturing processes for new and existing products and the pricing of new and existing products or services. The international biopharmaceutical services industries are highly regulated by numerous governmental authorities in the UK, Europe and the US, and by regulatory agencies in other countries the Enlarged Group intends to test or market products it may develop.

National and international regulatory authorities administer a wide range of laws and regulations governing the testing, approval, manufacturing, labelling, marketing and pricing of diagnostic pathology services, molecular diagnostic services and the distribution of medical screening equipment and also review the quality, safety and effectiveness of diagnostic pathology services, molecular diagnostic services and the distribution of medical screening equipment. These regulatory requirements are a major factor in determining whether a substance can be developed into a marketable product, or whether an assay can be developed into a marketable diagnostic test, and the amount of time and expense associated with such development.

Government regulation imposes significant costs and restrictions on the development of pharmaceutical products for human use, including those the Source BioScience Group is or will be developing. The development, clinical evaluation, manufacture and marketing of the Source BioScience Group's products and services, and on-going research and development activities are subject to regulation by governments and regulatory agencies in all territories within which the Source BioScience Group intends to manufacture and market its products or offer its services (whether itself or through a partner or licensee). No assurance can be given that any of the Source BioScience Group's products or services under development will successfully complete any necessary accreditation or regulatory review process or that any required regulatory approvals to manufacture and market these products and services will ultimately be obtained or maintained in all or any territories.

General litigation

Companies operating in the healthcare and clinical, life and applied sciences and biopharma industries, including the Source BioScience Group, in carrying out their activities will potentially face contractual and statutory claims, or other types of claim. In addition, the Source BioScience Group is exposed to potential product liability risks and risks relating to the provision of services as mentioned above. Consumers, healthcare producers or persons selling products based on the Source BioScience Group's technology may be able to bring claims against the Source BioScience Group based on the use of such products.

Risks specific to the Source BioScience Group's Diagnostics activities

The breadth of service offering in the Source BioScience Group's Diagnostics business remains relatively focused on oncology applications and is exposed to competition across all of its services. The Board has targeted the expansion of its offering in Diagnostics both within oncology and in other disease areas. The Source BioScience Group has enhanced its range of diagnostic testing services during the past few years and has launched additional diagnostic tests in conjunction with tailored packages of diagnostic tests. The Source BioScience Group has extended its range of genetic testing which enables it to offer services in disease areas where previously it had limited market penetration. For example, the Source BioScience Group now offers a range of molecular diagnostic testing for sexually transmitted infections, metabolic, cardiac and central nervous system disease in addition to its core historic strength in oncology. There is no guarantee however that the Source BioScience Group will be able to continue this expansion in the future and as a result may suffer if its competitors expand their range of diagnostic service provision at a quicker rate or if competing diagnostic tests emerge offering comparable or better results at the same or lower prices.

The Source BioScience Group's diagnostic activities for public healthcare applications are dependent upon the ability to maintain CPA accredited status. The Source BioScience Group has implemented clear policies and procedures throughout its business aimed at ensuring compliance with CPA requirements as well as other quality standards and the UK National External Quality Assessment Service scheme. Whilst responsibility for compliance with such policies and procedures rests with operational management, the Source BioScience Group also employs a quality manager who oversees compliance. The Source BioScience Group is also subject to regular audits and inspections from the regulatory bodies responsible for such accreditations. The Source BioScience Group's CPA accreditation was renewed in January 2013 following a satisfactory audit inspection. Although the Source BioScience Group currently has CPA accredited status there is no guarantee that the Source BioScience Group will have in the future or indeed retain its accreditation of any other quality standards or that quality standards advisory boards will not increase the level of standards for compliance potentially resulting in the loss of the Source BioScience Group's accreditation or in the Source BioScience Group incurring additional costs in maintaining such accreditations.

Risks specific to the Source BioScience Group's DNA Sequencing and Genomics activities

The Source BioScience Group's technological platforms may be superseded by alternative, superior technologies which may provide enhanced analyses, higher throughput, greater sensitivity, lower cost or other sources of competitive advantage resulting in a reduction in revenue streams. The Source BioScience Group monitors and assesses the technologies available and is conscious that, in targeting academic and other research institutions, there is an expectation that the Source BioScience Group is able to provide the most current and cost effective generation of technology platforms and analyses to support current and future applications for these technologies.

The Source BioScience Group works in partnership with suppliers and customers to mitigate the risks associated with the introduction of any new technology platform. The Source BioScience Group has made additional significant investment in next generation DNA sequencing technology and remains one of the leading providers in Europe for next generation sequencing. Although the Source BioScience Group remains a leading provider for DNA sequencing technology there is no guarantee that this will remain the same in the future and a failure or inability to maintain this position could have a material adverse effect on the Source BioScience Group's business, financial condition and results of operations. Operating the latest generation technology carries risk in that the operating protocols may not be optimised or the equipment may be subject to lower than expected operational ability, which may impact the Source BioScience Group's ability to generate the expected commercial and financial returns from its investment in technology.

Risks specific to the Source BioScience Group's Life Science Research Reagents business

The Source BioScience Group's portfolio of products with applications in life science research, including DNA clones and antibodies, may face competition from manufacturers of substitute products that enable new applications, represent new organisms, offer greater specificity or are more competitively priced. The Source BioScience Group works in close conjunction with quality manufacturers of antibodies and genomic products to ensure that it has access to, and act as distributors for, appropriate genomic reagents and related research tools from a range of model organisms and a range of

applications. The Source BioScience Group is committed to providing products that allow customers to maximise their efficiency. The Source BioScience Group's portfolio currently includes more than 20 million DNA clones and 100,000 antibodies. In addition, the Source BioScience Group has launched reSource™, its own label product range, providing high quality, cost effective products for life science research, significantly increasing the addressable market for its product portfolio.

Reliance on a limited number of key suppliers

The potential for delays and bottlenecks at key suppliers could delay the installation of equipment. A lack of supplier competition could potentially also raise the Source BioScience Group's and the Enlarged Group's input costs. The BD FocalPoint™ is the only approved automated imaging platform in England and Wales under the NHS Cervical Screening Programme. There is no guarantee that the suppliers of the components and parts of BD FocalPoint™ will continue to supply these components and parts or even continue trading which may adversely affect the Enlarged Group's ability to supply customers with its products and services, and could potentially lead to contractual penalties and/or the loss of customers. As a consequence, this could adversely affect the Enlarged Group's relationships with customers, its business, financial condition and its operating results.

Use of fixed price contracts

A substantial proportion of the Source BioScience Group's contracts for the provision of its services, particularly with respect to its cytology activities in support of the NHS Cervical Screening Programme have a fixed price per test. As a result, the Source BioScience Group and the Enlarged Group bears the risk of potential increases in input costs. There can be no assurance that the Enlarged Group will be able to perform profitably its obligations with respect to any such contracts within the prescribed fixed price. Significant input cost rises with respect to such contracts could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations. The Source BioScience Group continues to offer fixed price contracts as it considers that these are attractive to customers and provides visibility of income over the contract period, and mitigates the above risk by agreeing fixed input costs with suppliers, to the extent possible, and also by ensuring that the contract sales price allows for any increase in input costs.

Transition to own branded products sold through the Source BioScience Groups' e-commerce platform

The Source BioScience Group has initiated the process of making available all of its products through its e-commerce platform (powered by GenomeCUBE® the Source BioScience Group's proprietary database, search engine and bioinformatics tool for its products). There can be no guarantee however that benefits from potential contracts and licences will materialise which could impact the Enlarged Group's financial performance and reputation amongst suppliers and customers.

(v) Risks relating generally to the Enlarged Group's Business

Failure to achieve expected operational and financial benefits

The expected operational and financial benefits arising from the Acquisition may not be achieved and the cost of achieving these benefits may be higher than expected. Operating and financial restrictions as a result of increased debt facilities, as a result in part of the Acquisition, mean that the Enlarged Group will have an increased amount of debt and debt service obligations. This debt could have important adverse consequences insofar as it:

- requires the Enlarged Group to dedicate a significant proportion of its cash flows from operations to fund payments in respect of the debt, thereby reducing the flexibility of the Source BioScience Group to utilise its cash to invest in and/or grow the business;
- increases the Enlarged Group's vulnerability to adverse general economic and/or industry conditions;
- may limit the Enlarged Group's flexibility in planning for, or reacting to, changes in its business or the industry in which it operates;
- may limit the Enlarged Group's ability to raise additional debt or equity in the future; and

- could restrict the Enlarged Group from making larger strategic acquisitions or exploiting business opportunities.

While none of these potential adverse consequences is expected to influence materially the working capital sufficiency of the Enlarged Group, each of these prospective adverse consequences (or a combination of some or all of them) could result in the potential for further growth of the Enlarged Group being adversely affected.

Inability to obtain capital/additional finance for acquisitions

Whilst the Source BioScience Group has sufficient access to capital through the 2016 New Debt Facility to fund smaller acquisitions, and although the Source BioScience Group has a general policy of targeting cash generative, profitable businesses that are capable of being earnings accretive in the first full year of ownership the Source BioScience Group may require access to additional capital to fund its acquisitive growth strategy over the longer term. If the cash that the Source BioScience Group generates from its business, together with cash that it may borrow or has borrowed under its credit facilities, is not sufficient in the long term to fund any additional acquisitive growth requirements, specifically in respect of acquisitions, additional debt and/or equity financing may be required. If additional financing was not available to fund the Source BioScience Group's proposed acquisitions from time to time on acceptable terms to the Board, the Source BioScience Group may experience growth at a slower rate than might otherwise be achieved.

The Source BioScience Group's ability to obtain additional financing is contingent upon, amongst other things, the covenants and financial ratios contained within its credit facilities. Its Articles also contain restrictions on borrowing powers. There is no certainty that any additional financing that may be required by the Source BioScience Group in the future will be available such that the potential for further growth of the business through acquisitive means could be adversely affected.

Highly skilled management and personnel

The Source BioScience Group is dependent on members of its senior management team and a flexible, highly skilled and well-motivated work force and the Source BioScience Directors believe its future success will depend in part on its ability to attract, develop and retain highly skilled management and personnel. Furthermore, the Source BioScience Group's ability to expand its operations to accommodate its anticipated growth will also depend on its ability to retain key personnel from its existing operations. Competition for these employees is intense due to the limited number of suitably qualified professionals. If the Source BioScience Group does not succeed in attracting, developing and retaining skilled personnel, it may not be able to grow its business as anticipated. Further, the departure from the Source BioScience Group of any of the Executive Directors or certain senior employees could, in the short term, have a material adverse effect on the Source BioScience Group's business.

Disruption to e-commerce platforms and premises infrastructure

Interruption to the Source BioScience Group's e-commerce platforms, or failure of laboratory, environmentally controlled storage or other aspects of infrastructure, could adversely affect quality and timeliness of service delivery. The Source BioScience Group has implemented a range of measures to mitigate the risk of such interruption. These include, but are not limited to, off site backup hosting arrangements, installation of backup power supply, duplicated inventory of biological product materials stored in a secure second facility, telemetry and alarm systems for critical equipment, environmentally controlled premises and appropriate service and maintenance arrangements. The Source BioScience Group could however experience an interruption in the future and this could have a material adverse effect on the Source BioScience Group's business, financial condition and results of operations.

Competition regulation

The Source BioScience Group's activities are subject to competition law, including Article 101(1) (ex Article 81(1)) of the Treaty of Rome. Article 101(1) which prohibits agreements (as well as arrangements and concerted practices) which restrict competition within the EU and which may affect trade between EU Member States. Provisions of agreements restricting competition within the meaning of Article 101(1) are void. The European Commission may impose fines on parties entering into such agreements of up to 10 per cent., of their respective worldwide turnover in the preceding business

year. Persons who have suffered loss by reason of the anti-competitive restrictions may claim for damages against those parties.

Agreements satisfying certain criteria are automatically exempt from the application of Article 101(1) by virtue of block exemptions. Parties to an agreement not covered by a block exemption may apply to the European Commission for an individual exemption. For practical purposes, a similar benefit to an individual exemption can be achieved by obtaining a non-binding “comfort letter” from the European Commission.

Risk of interruption of operations

The Source BioScience Group’s results of operations are dependent upon the continued use of its highly specialised laboratories, storage facilities and equipment. The Source BioScience Group’s operations are primarily concentrated in Nottingham, Rochdale and Stirling. Although the Source BioScience Group has contingency plans in effect for certain natural disasters, as well as other unforeseen events that could damage the Source BioScience Group’s laboratories or equipment, no assurance can be given that any such events will not occur nor that they will not materially interrupt the Source BioScience Group’s business. The Source BioScience Group maintains business interruption insurance, which is intended to cover lost revenues caused by such occurrences. However, such insurance would not compensate the Source BioScience Group for the loss of opportunity and potential adverse impact on relations with existing customers created by an inability to complete its customer contracts or provide business continuity in a timely manner.

Exchange rate fluctuation

A proportion of the Source BioScience Group’s revenue is derived from overseas especially from Europe and the US; these territories accounted for approximately 20 per cent. on the Group’s revenue in 2015. The Source BioScience Group also has exposure to exchange rate risk through purchases and cash balances held and translational foreign exchange risk with respect to the Euro net assets of foreign subsidiaries. The Source BioScience Group currently seeks to mitigate foreign currency risk in general by matching revenue and costs in the same currency. However, there can be no assurance that this approach will fully protect the Source BioScience Group from exchange rate risk or that the Source BioScience Group will continue to be able to enter into such arrangements on commercially reasonable terms. Any significant adverse fluctuations in currency rates could have a material adverse effect on the Source BioScience Group’s business, financial condition, results of operations and prospects.

Macro-economic risks

The global financial system has experienced severe difficulties since 2007 and the consequences of the United Kingdom leaving the European Union are as yet unquantifiable. In response to the market instability and illiquidity, a number of governments, including those of the UK, other EU member states and the US, may intervene in order to inject capital into and generate additional liquidity in financial markets to promote stability. Despite such measures, the volatility and disruption of the capital and credit markets means that there remains potential for recessionary or low growth conditions in the UK and Europe, the predominant markets in which the Source BioScience Group operates.

The precise nature of all the risks and uncertainties the Source BioScience Group faces as a result of the current global financial and economic climate cannot be predicted, as many of these risks are outside of the Source BioScience Group’s control. The Source BioScience Group may experience reductions in trading activity, asset impairments and lower profitability. A global recession, deeper recessionary conditions or prolonged low growth conditions which could lead to increased public spending cuts could affect the spending power of some of the Source BioScience Group’s clients, which consequentially could have a material adverse effect on the Source BioScience Group’s business, results of operations and overall financial condition which could adversely impact returns for Source BioScience Shareholders.

Economic and market cycles and volatility

The Source BioScience Group’s business may be affected by the general risks associated with all companies operating in the same markets as the Source BioScience Group. Overall, the markets in most territories for the services and products of the Source BioScience Group have continued to

show growth even during the current economic difficulties. However, continued recessionary conditions could cause a significant slowdown or reversal of market growth, negatively impacting the prospects for growth in the Source BioScience Group's business. Any investment by the Source BioScience Group could be affected adversely by changes in economic, political, administrative, taxation or other regulatory factors, in any jurisdiction in which the Source BioScience Group may operate now or in the future.

(vi) Risks relating to the Acquisition

There can be no assurance that the Enlarged Group will realise anticipated benefits from the Acquisition

The Sherwood Board believes that the Acquisition will provide benefits for the Enlarged Group. However, there is a risk that some or all of the expected benefits may fail to materialise, or may not occur within the time periods anticipated by the Sherwood Board. The Sherwood Board's expectation of anticipated benefits, including expectations with respect to the future financial performance of the Enlarged Group are based on certain assumptions and information available to the Sherwood Group as of the date of this document which may not materialise or may cease to be valid in the future. Certain of the expected growth opportunities may not be fully evaluated until after the Acquisition has been integrated. The realisation of anticipated benefits may be affected by a number of factors and risks (including those described herein), many of which will be beyond the control of the Enlarged Group and, as such, actual results may differ materially from those currently anticipated.

Risk that third parties may terminate or alter existing arrangements with the Source BioScience Group

The Source BioScience Group has a number of arrangements with certain suppliers, service providers and customers in relation to which the counterparties to those arrangements may, following the change of control on completion of the Acquisition, exercise any rights that they may have under any such arrangements to renegotiate the terms or terminate such arrangements. Although the Board believes that the Source BioScience Group will be considered more attractive as a larger supplier of a broader range of products and services to its customers, and notwithstanding that a number of the Source BioScience Group's customer contracts are of a long-term nature reflecting customer commitment to these relationships, there can be no guarantee that some customers will not seek to alter the terms on which they do business for their remaining contractual period. Accordingly, the performance of the Source BioScience Group could differ materially from that currently anticipated should such risk materialise.

(vii) Risks relating to the terms of the Source BioScience Group's 2016 New Debt Facility

Covenant risk

The covenants contained in the 2016 New Debt Facility include financial and other covenants including restrictions on the ability of the Source BioScience Group to incur additional financial indebtedness, grant security, make acquisitions or disposals, enter into mergers and repurchase shares as well as covenants related to the Acquisition. These could restrict the Source BioScience Group's activities or flexibility or ability to undertake strategic or significant transactions.

Interest rate risk

Volatility in LIBOR may impact the Source BioScience Group's financial performance through higher interest rates on any unhedged portion of the facility and a related reduction in earnings. There is also a possibility that an increase in general interest rates may also reduce the Source BioScience Group's ability to access further debt capital or to refinance debt if required in future.

SECTION 2: HARWOOD CAPITAL AND THE HARWOOD FUNDS

1. Harwood Capital's incorporation and commencement

Harwood Capital is a UK limited liability partnership having legal personality under the Limited Liability Partnerships Act 2000 and was incorporated on 21 March 2003 under the name "North Atlantic Value LLP" with registered number OC304213. It changed its name to its present name on 11 November 2011. Its registered office is at 6 Stratton Street, Mayfair, London W1J 8LD. Harwood Capital has been authorised to conduct investment business by the Financial Conduct Authority since 23 September 2003.

Harwood Capital's principal activity is the provision of discretionary investment management and advisory services. The funds it manages and/or advises typically take an active interest in the running of the companies that they invest in with the aim of adding significant value by changing or improving various aspects of the investee company's business. As at 31 March 2016, the Harwood Capital Management Group had approximately £1,473 million in funds under management (including advisory clients), and £3,173 million of funds under management, advice and influence.

The specific discretionary managed and/or advised funds which are investing in Sherwood and their respective beneficial interests in Sherwood, following the Scheme becoming Effective, are set out in paragraph 4 below.

2. Harwood Capital's Members

The members of Harwood Capital as at 16 August 2016 (being the latest practicable date prior to the publication of this document) are as follows:

- (i) Harwood Capital Management Limited (corporate member appointed on 29 September 2011)
- (ii) Jeremy James Brade (appointed 14 October 2003)
- (iii) James Douglas Agnew (appointed 5 November 2006)
- (iv) Timothy James Sturm (appointed 17 July 2009)
- (v) Keith Andrew Jelley (appointed 17 December 2012)

Mr Brade is also a director of Harwood Capital Management Limited.

3. The Harwood Funds and their existing beneficial interests in Source BioScience

The Existing Harwood Investors currently hold, in aggregate, 82,500,000 Source BioScience Shares, representing approximately 23.62 per cent. of the existing issued share capital of Source BioScience, as set out below:

<i>Shareholder</i>	<i>Source BioScience Shares held</i>	
	<i>Number</i>	<i>per cent.</i>
North Atlantic Smaller Companies Investment Trust Plc	32,500,000	9.30
Oryx International Growth Fund Limited	50,000,000	14.31
Total	82,500,000	23.62

4. The Harwood Funds and their beneficial interests in Sherwood

Following the Scheme becoming Effective, the maximum and minimum interests of the Harwood Funds in Sherwood are as follows:

(a) Maximum holdings assuming only those Scheme Shareholders that have provided irrevocable undertakings elect for the Unlisted Securities Alternative

	Sherwood Shares		Sherwood PIK Loan Notes		Total nominal value of investment in Sherwood £
	Number	per cent.	Number	per cent.	
<i>Harwood Funds</i>					
HPE IV	91,244,446	34.31	91,244,446	34.31	16,424,000
NASCIT	32,500,000	12.22	32,500,000	12.22	5,850,000
Oryx	8,333,333	3.13	8,333,333	3.13	1,500,000
Sub Total:	132,077,779	49.66	132,077,779	49.66	23,774,000
<i>Continental Clients</i>					
Protea	106,620,289	40.09	106,620,289	40.09	19,191,652
Spartan Fund	21,927,490	8.24	21,927,490	8.24	3,946,948
Ottotto	3,530,000	1.33	3,530,000	1.33	635,400
Sub Total:	132,077,779	49.66	132,077,779	49.66	23,774,000
<i>Source BioScience</i>					
Directors	1,803,557	0.68	1,803,557	0.68	324,640
Other shareholders	–	–	–	–	–
Total:	265,959,115	100.00	265,959,115	100.00	47,872,640

Note:

- (i) Excludes the potential dilutive effect of any Source BioScience option holders exercising their options and also electing to take-up the Unlisted Securities Alternative.

(b) Minimum holdings assuming all Scheme Shareholders elect for the Unlisted Securities Alternative

	Sherwood Shares		Sherwood PIK Loan Notes		Total nominal value of investment in Sherwood £
	Number	per cent.	Number	per cent.	
<i>Harwood Funds</i>					
HPE IV	46,882,912	13.42	46,882,912	13.42	8,438,924
NASCIT	–	–	–	–	–
Oryx	8,333,333	2.39	8,333,333	2.39	1,500,000
Sub Total:	55,216,245	15.81	55,216,245	15.81	9,938,924
<i>Continental Clients</i>					
Protea	29,758,754	8.52	29,758,754	8.52	5,356,576
Spartan Fund	21,927,490	6.28	21,927,490	6.28	3,946,948
Ottotto	3,530,000	1.01	3,530,000	1.01	635,400
Sub Total:	55,216,244	15.81	55,216,244	15.81	9,938,924
<i>Source BioScience</i>					
Directors	4,278,557	1.22	4,278,557	1.22	770,140
Other shareholders	234,581,402	67.16	234,581,402	67.16	42,224,652
Total:	349,292,449	100.00	349,292,449	100.00	62,872,640

Notes:

- (i) Excludes the potential dilutive effect of any Source BioScience option holders exercising their options and also electing to take-up the Unlisted Securities Alternative.
- (ii) In line with the take-up of the Unlisted Securities Alternative by other shareholders, the unsecured loan from NASCIT and subscriptions and elections for Sherwood Share Units by the Harwood Funds and the Continental Clients will be scaled back so as to ensure equal total equity funding contributions by the Harwood Funds and the Continental Clients.

Brief descriptions of the specific Harwood Funds that are investing in Sherwood are set out below:

North Atlantic Smaller Companies Investment Trust Plc

NASCIT is a UK investment trust listed on the Main Market of the London Stock Exchange. Its objective is to provide capital appreciation through investment in a portfolio of smaller companies principally based in countries bordering the North Atlantic Ocean. It invests in both listed and unlisted companies. Mr Mills has been a director of NASCIT since 1984 and is currently its Chief Executive and investment manager. He is its largest shareholder being interested in approximately 25.06 per cent. of its issued ordinary share capital. Until August 2014, the joint managers of NASCIT were Mr Mills (through Growth Financial Services Limited of which he is a director) and Harwood Capital. Following the implementation of the Alternative Investment Fund Managers Directive in July 2014, NASCIT became a small registered Alternative Investment Fund Manager with effect from 26 August 2014, such that it now deals with investment decisions internally. Mr Mills, as Chief Executive, has control of investment decisions in relation to NASCIT's investment portfolio subject to oversight by the board of NASCIT.

Oryx International Growth Fund Limited

Oryx is a closed-ended investment company incorporated in Guernsey and listed on the Main Market of the London Stock Exchange. It invests in small and mid-size quoted companies in the United Kingdom and the United States. Mr Mills is a director and investment manager of Oryx, and Harwood Capital is Oryx's manager and investment adviser. As at 16 August 2016 (being the latest practicable date prior to the publication of this document), Mr Mills (2.18 per cent.) and NASCIT (47.05 per cent.) were interested, in aggregate, in 49.23 per cent. of the issued ordinary share capital of Oryx.

Harwood Private Equity IV L.P.

HPE IV is an English limited partnership incorporated on 9 October 2014 under registration number LP016260. The fund's commencement date was 12 June 2015 and it has total committed capital of £152.5 million. Harwood Capital is the Investment Manager and the fund's objective is to generate high absolute returns from investing in a portfolio of unquoted small and medium sized companies across a range of sectors principally in the United Kingdom. It focuses on leveraged buyouts and similar transactions including public-to-private investments. NASCIT has committed £40 million to the fund representing approximately 26.2 per cent. of the total commitments.

SECTION 3: CONTINENTAL AND THE CONTINENTAL CLIENTS

1. Continental's incorporation and commencement

Continental is a private company incorporated in Switzerland with limited liability on 4 July 2013 and has been an affiliated Organismo di Autodisciplina dei Fiduciari del Canton Ticino since 23 May 2014. Continental is registered in Canton Ticino with registered number CHE 147 303 365 and its registered office is at Via Frasca 5, 6900, Lugano (CH).

Continental's principal activity is the provision of investment advice to its institutional and private clients with a focus on private and public equity investments, real estate and bond liquidity strategies. Continental advises, amongst others, Protea Capital S.A., Spartan Fund Ltd. (SAC) and Ottotto Srl.

The specific advisory clients which are investing in Sherwood are set out in paragraph 4 below.

2. Continental's Directors and majority shareholders

The directors of Continental as at 16 August 2016 (being the latest practicable date prior to the publication of this document) are Mr Marco Fumagalli, Mr Carlo Sgarbi and Mr Stefano Camponovo. The majority shareholders of Continental are Messrs Fumagalli and Sgarbi (brief descriptions of whom are set out in paragraph 2 of Part A of Section 1 of Part IX of this document) each holding 25 per cent. of the company's issued share capital.

3. The Continental Clients and their existing beneficial interests in Source BioScience

The Existing Continental Clients currently hold, in aggregate, 25,457,490 Source BioScience Shares, representing approximately 7.29 per cent. of the existing issued share capital of Source BioScience, as set out below:

<i>Shareholder</i>	<i>Source BioScience Shares held</i>	
	<i>Number</i>	<i>per cent.</i>
Spartan Fund Ltd. (SAC)	21,927,490	6.28
Ottotto Srl	3,530,000	1.01
Total	<u>25,457,490</u>	<u>7.29</u>

4. The Continental Clients and their beneficial interests in Sherwood

The maximum and minimum interests of the Continental Clients in Sherwood, following the Scheme becoming Effective, are set out in paragraphs 4(a) and 4(b) respectively of Section 2 of Part IX of this document.

Brief descriptions of the specific Continental Clients that are investing in Sherwood are set out below:

Spartan Fund

Spartan Fund is an open-ended International Business Company incorporated under the laws of the Commonwealth of The Bahamas on 29 June 2015 with registered number B174523, having its registered office at Equity Trust House, Caves Village, West Bay Street, Nassau, The Bahamas. The Spartan Fund is registered as a segregated accounts company under the Segregated Accounts Companies Act 2004 and is licensed as a Professional Fund under the Bahamas Investment Funds Act 2003 and The Bahamas Investment Funds Regulations. Its investment objective is to provide professional investors with an opportunity to seek capital appreciation by investing in a variety of securities.

Ottotto

Ottotto is a private holding company, incorporated in Italy on 23 September 2009, with VAT Code 06746660965 and registration number MI-1912234 whose registered office is at Via Domenico Trentacoste 9, Milano, 20134. Ottotto is active in making investments in both public and private companies and in real estate. It is the private, wholly owned, investment vehicle of an Italian high net worth individual.

Protea

Protea is a private company incorporated in Luxembourg on 10 February 2015 and has not traded since its date of incorporation. Its registered office is at 63 Rue du Fossé, L-4123 Esch-Sur-Alzette, Luxembourg and its registration number is B194938. The three directors of Protea are Messrs Fumagalli and Sgarbi, the Managing Partners of Continental, and Mrs Valeria Giralдин (Continental's Administration and Office Manager) and its current issued share capital is held equally by Messrs Fumagalli and Sgarbi.

PART X

RULE 24.11 ESTIMATE OF VALUE OF SHERWOOD SHARE UNITS

The following is the full text of a letter from Strand Hanson Limited to the Sherwood Directors:



“The Directors
Sherwood Holdings Limited
50 Broadway
Westminster
London
SW1H 0BL

17 August 2016

Recommended Cash Offer by Sherwood Holdings Limited for Source BioScience plc Estimate of Value of a Sherwood Share Unit comprising 1 Sherwood Share and 1 Sherwood PIK Loan Note

Dear Sirs

Pursuant to the requirements of the City Code on Takeovers and Mergers (the “**Code**”), you have requested our opinion as to the estimated value of the Unlisted Securities Alternative, a combination of a Sherwood Share and a Sherwood PIK Loan Note (the “**Estimate of Value**”).

Under the terms of the Scheme, for each Scheme Share held, Scheme Shareholders will be entitled to receive 18 pence in cash, unless they elect for the Unlisted Securities Alternative, under which Scheme Shareholders will be entitled to elect, in respect of all or some of their Scheme Shares, for a combination of one Sherwood Share and one Sherwood PIK Loan Note (together, “**the Sherwood Share Unit**” or “**Unlisted Securities**”) *in lieu* of the Cash Consideration to which they are entitled under the basic terms of the Offer as described in paragraph 3 of Part I (Letter from the Chairman of Source BioScience plc) of the Scheme Document. Under the Unlisted Securities Alternative, Scheme Shareholders may elect for Unlisted Securities on the following basis:

for each Scheme Share

1 Sherwood Share Unit

Both the Sherwood Shares and the Sherwood PIK Loan Notes will be unlisted securities and therefore they will not have a public valuation and there are currently no plans to seek a public quotation on any recognised investment exchange or other market for either security. The Sherwood Share Units available under the Unlisted Securities Alternative are equivalent in all respects to the securities in Sherwood Holdings Limited to which certain of the Harwood Funds and Continental Clients are subscribing.

Capitalised terms used in this letter will, unless otherwise stated, have the same meanings given to them in the scheme document dated 17 August 2016 in relation to Sherwood’s offer for Source BioScience plc (“**Source BioScience**”) (the “**Scheme Document**”).

Purpose

This Estimate of Value has been provided to the directors of Sherwood solely for the purposes of Rule 24.11 of the Code and shall not be used or relied upon for any other purpose whatsoever. It is not addressed to and may not be relied upon by any third party for any purpose whatsoever and Strand Hanson Limited (“**Strand Hanson**”) expressly disclaims any duty or liability to any third party with respect to the contents of this letter.

This letter sets out our opinion as to the estimated value of the Sherwood Share Units available under the Unlisted Securities Alternative as at 16 August 2016 (being the latest practicable date prior to the posting of the Scheme Document), given a willing buyer and seller, neither being under any compulsion to buy or sell, dealing on an arm’s length basis, each of whom are equally well informed about Source BioScience and the markets in which it operates. We have assumed for this purpose that, at 16 August 2016, the Scheme has become Effective in accordance with its terms and that Sherwood has full control of Source BioScience.

This Estimate of Value does not represent the value that a holder of the Sherwood Share Units may realise on any future sale of the Sherwood Share Units; such a value may be higher or lower than the figure in this letter. Strand Hanson assumes no obligation to update or revise this Estimate of Value based upon circumstances or events occurring after the date hereof.

Information

In arriving at our Estimate of Value, we have, among other things:

- (a) reviewed certain publicly available financial statements and other business and financial information relating to Source BioScience;
- (b) reviewed certain information provided by senior management of Source BioScience relating to the operations, financial condition and prospects of Source BioScience;
- (c) relied on the Sherwood Director’s, Continental’s and Harwood Capital’s discussions with Source BioScience’s senior management as to the past and current operations and financial condition and prospects of Source BioScience;
- (d) reviewed the articles of association of Sherwood and the rights and restrictions attached to the Sherwood Shares and the Sherwood PIK Loan Notes;
- (e) reviewed certain financial projections prepared by Sherwood;
- (f) considered the commercial assessments of the Sherwood Directors; and
- (g) considered such other factors and performed such other analyses as we considered appropriate.

We have relied on, and assumed, without independent verification, the accuracy and completeness of the information reviewed by us for the purposes of this Estimate of Value. With respect to the financial projections, we have assumed that they have been reasonably and properly prepared on bases reflecting the best currently available estimates and judgements of the future financial performance of Source BioScience. We have not made any independent valuation or appraisal of the assets and liabilities of Source BioScience, nor have we sought or been provided with any such valuation or appraisal. If any of the information or assumptions that we have relied upon proves to be incorrect, the actual value of the Sherwood Share Units may be different, including potentially considerably less than the Estimate of Value. This Estimate of Value is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at 16 August 2016 (being the latest practicable date prior to the posting of the Scheme Document).

The valuation of non-publicly traded securities is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing this analysis, Strand Hanson has made numerous assumptions with respect to industry performance and general business, economic and market conditions, many of which are beyond the control of Sherwood. Consequently, the view expressed in this letter is not necessarily indicative of: (1) the price at which the Unlisted Securities might actually trade on any public market at any future date; or (2) the amount which might be realised upon a potential sale of the Sherwood Share Units to a third party. This Estimate of Value may differ substantially from estimates available from other sources. In addition, our view would be expected

to fluctuate with changes in prevailing market conditions, the financial conditions and prospects of Sherwood and other factors which generally influence the valuation of companies and securities.

Methodology

Strand Hanson has used a range of widely accepted valuation methods including, *inter alia*, comparable company trading multiples and discounted cashflow analysis based on the forecast cash flows for the business prepared by Sherwood.

We have produced an estimated value of the Unlisted Securities using these methodologies and hence taken into account the information, factors, assumptions and limitations set out above.

The taxation position of individual shareholders will vary and so we have not taken account of an individual shareholder's taxation position or the effects of any exemptions, allowances or reliefs available for the purposes of income, capital gains, inheritance or any other applicable tax, duty or levy, notwithstanding that these may be significant in the case of some shareholders.

No account has been taken of any potential transaction costs that a holder of the Sherwood Share Units may incur, including any dealing costs and any dealing spread (the difference between a buying and selling price quoted by a market maker) that may be associated with the trading of shares.

Estimate of Value

On the basis of and subject to the foregoing, if Sherwood Shares and Sherwood PIK Loan Notes had been in issue as at 16 August 2016 (being the latest practicable date prior to the posting of the Scheme Document), the estimated value of one Sherwood Share Unit, which is receivable in respect of each Scheme Share pursuant to the Unlisted Securities Alternative under the terms of the Offer, would have been approximately 16.5 pence.

General

Strand Hanson, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to Sherwood, Continental and Harwood Capital and no-one else in connection with the Offer and will not be responsible to anyone other than Sherwood, Continental and Harwood Capital for providing the protections afforded to clients of Strand Hanson nor for providing advice in relation to the Offer, the content of the Scheme Document or any other matter referred to herein. Strand Hanson will receive fees from Sherwood, as the bidding entity, in respect of these services.

Strand Hanson has not provided, nor will it provide, legal, tax, regulatory, accounting, actuarial, environmental, information technology or other specialist advice, and nothing in this letter should be taken to reflect any such advice.

Source BioScience Shareholders who may be considering a continuing investment in the future of Sherwood through the Unlisted Securities Alternative are urged to read carefully all the information contained in the Scheme Document. In particular, Source BioScience Shareholders should note that the Sherwood Shares and Sherwood PIK Loan Notes will be unlisted securities and there are no current plans to seek a public quotation on any recognised investment exchange or other market for either security.

In providing this Estimate of Value, Strand Hanson expresses no opinion or recommendation to any person as to whether they should vote in favour of the Scheme or whether they should make any particular elections pursuant to the Unlisted Securities Alternative. Source BioScience Shareholders are strongly recommended to seek their own independent financial advice. Strand Hanson expresses no opinion as to the fairness of the financial terms of the Offer.

Yours faithfully

Stuart Faulkner

Director – Head of M&A

For and on behalf of
Strand Hanson Limited"

PART XI

DEFINITIONS

In this document (with the exception of Part IV and the Forms of Proxy), the following words and expressions have the following meanings, unless the context requires otherwise:

2016 New Debt Facility	has the same meaning given in paragraph 9.2(iv) of Part VIII of this document.
Acquisition	the proposed acquisition by Sherwood of the entire issued and to be issued ordinary share capital of Source BioScience pursuant to the Scheme.
AGM	the Annual General Meeting of Source BioScience held on 9 June 2016.
Announcement	the announcement of the Offer dated 29 July 2016 made by Sherwood and Source BioScience.
Articles	the articles of association of Source BioScience as at the date of the Scheme and Article shall mean any article of these Articles.
Australia	the commonwealth of Australia, its states, possessions and territories and all areas subject to its jurisdiction or any political subdivision thereof.
Authorisation	authorisation, grant, order, recognition, confirmation, lease, arrangement, consent, licence, clearance, certificate, permission or approval.
Board	as the context requires, the board of directors of the relevant company.
Business Day	any day (other than a Saturday, Sunday or public or bank holiday) on which clearing banks in London are open for the transaction of general commercial business.
Canada	Canada, its possessions, provinces and territories and all areas subject to its jurisdiction or any political subdivision thereof.
Capital IQ	S&P Capital IQ, a part of McGraw Hill Financial Inc.
Cash Consideration	the entitlement of the Scheme Shareholders to receive 18 pence in cash for each Scheme Share.
certificated or in certificated form	a share or other security which is not in uncertificated form (that is, not in CREST).
Closing Price	the middle market quotation of a Source BioScience Share at the close of business on the day to which such price relates as derived from the Daily Official List or from Capital IQ in the case of the volume weighted average Closing Price for the three month period ended 2 June 2016.
CMA Phase 2 Reference	a reference of the Offer to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013.
Code	The City Code on Takeovers and Mergers issued by the Panel.

Companies Act or Act	the Companies Act 2006, as amended from time to time.
Competition and Markets Authority	a UK statutory body established under the Enterprise and Regulatory Reform Act 2013.
Conditions	the conditions to the Offer and to the implementation of the Scheme set out in Part III of this document.
Continental	Continental Investment Partners S.A., a private company incorporated in Switzerland with limited liability on 4 July 2013, which is an affiliated Organismo di Autodisciplina dei Fiduciari del Canton Ticino, with registered number CHE 147 303 365.
Continental Clients	certain investment advisory clients of Continental, including Ottotto, the Spartan Fund and Protea.
Continental Responsible Persons	has the same meaning given in paragraph 1.2 of Part VIII of this document.
Court	the High Court of Justice in England and Wales.
Court Hearing	the hearing at which the Court sanctions the Scheme.
Court Meeting	the meeting of Voting Scheme Shareholders convened by order of the Court pursuant to section 899 of the Companies Act 2006 for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment thereof.
Court Order	the order of the Court sanctioning the Scheme.
CPA	Clinical Pathology Accreditation, a laboratory accreditation service which is part of the UK Accreditation Service (UKAS).
CREST	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form.
CREST Manual	the CREST Manual referred to in agreements entered into by Euroclear and available at www.euroclear.com .
CREST payment	has the meaning given in the CREST Manual.
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI2001 No. 3755), including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force.
CREST Shareholder	a Source BioScience Shareholder who holds his Source BioScience Shares in uncertificated form, that is CREST.
Daily Official List	the Daily Official List published by the London Stock Exchange.
Dealing Arrangement	an arrangement of the kind referred to in Note 11(a) on the definition of acting in concert in the Code.
Dealing Disclosure	has the same meaning as in Rule 8 of Code.
DNA	deoxyribonucleic acid, the hereditary material in humans and almost all other organisms.

EBITDA	earnings before interest, taxes, depreciation and amortisation.
Effective	the Scheme having become effective pursuant to and in accordance with its terms.
Effective Date	the date on which the Scheme becomes Effective.
Enlarged Group	the combined businesses of the Sherwood Group and the Source BioScience Group following the completion of the Offer.
Escrow Agent	Equiniti Limited (in its capacity as escrow agent, as described in the CREST Manual).
Euroclear	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales.
European Council Merger Regulation	Council Regulation 139/2004/EC.
Existing Continental Investors	the clients advised by or otherwise associated with Continental which currently hold Source BioScience Shares.
Existing Harwood Investors	the funds managed and/or advised by or otherwise associated with Harwood Capital which currently hold Source BioScience Shares.
Explanatory Statement	the explanatory statement (in compliance with section 897 of the Companies Act) relating to the Scheme, as set out in Part II of this document.
Fairly Disclosed	as publicly announced by or on behalf of Source BioScience through (i) a Regulatory Information Service on or before the date of this document or (ii) the publication of such information on the main website maintained by Source BioScience before the date of this document, or as fairly disclosed by any member of the Source BioScience Group or any of its professional advisers, including any of its legal advisers and any of its financial advisers, to a member of the Sherwood Group or any of its professional advisers, including to any of its legal advisers and any of its financial advisers, before the date of this document (including all matters contained in the written replies, correspondence, documentation and information provided in an electronic data room or sent to any member of the Sherwood Group or any of its professional advisers during the due diligence process and whether or not in response to any specific request for information made by any member of the Sherwood Group or any of its professional advisers).
FCA Handbook	the FCA Handbook issued by the FCA.
Financial Conduct Authority or FCA	the Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of the FSMA, including its successor(s) from time to time.
Form of Election	the form of election to be sent to Scheme Shareholders (other than shareholders in a Restricted Jurisdiction) by or on behalf of the Company pursuant to which a certificated Scheme Shareholder may make an election for the Unlisted Securities Alternative in respect of some or all of his Scheme Shares.

Form(s) of Proxy	either or both (as the context demands) of the pink Form of Proxy in relation to the Court Meeting and the white Form of Proxy in relation to the General Meeting.
FSMA	the Financial Services and Markets Act 2000 (as it may have been, or may from time to time be, amended, modified, re-enacted or replaced).
General Meeting	the general meeting of Source BioScience Shareholders convened by the notice set out in Part XII of this document, including any adjournment thereof, to consider and if thought fit pass, <i>inter alia</i> , any required resolution in relation to the Scheme and the Offer.
Harwood Capital	Harwood Capital LLP, a UK limited liability partnership incorporated under the Limited Liability Partnerships Act 2000 with registered number OC304213.
Harwood Capital Management	Harwood Capital Management Limited, a company incorporated in England and Wales under registration number 7667924 with limited liability having its registered office at 6 Stratton Street, Mayfair, London, W1J 8LD.
Harwood Capital Management Group	Harwood Capital Management and its subsidiaries.
Harwood Funds	certain discretionary investment management and/or advisory clients of Harwood Capital, including NASCIT, Oryx and HPE IV.
Harwood Responsible Persons	has the same meaning given in paragraph 1.2 of Part VIII of this document.
holder	a registered holder and includes any person(s) entitled by transmission.
HPE IV	Harwood Private Equity IV L.P., an English limited partnership incorporated on 9 October 2014 under registration number LP016260.
Irrevocable Undertakings	the irrevocable undertakings provided by certain Source BioScience Shareholders as set out in paragraph 11 of Part VIII of this document.
Japan	Japan, its cities, prefectures, territories and possessions and all areas subject to its jurisdiction or any political subdivision thereof.
Letter of Intent	the letter of intent provided by Alphagen Capital Limited as set out in paragraph 11 of Part VIII of this document.
LIBOR	London Inter Bank Offered Rate.
Listing Rules	the listing rules of the UKLA made under section 74(4) of FSMA, as amended.
London Stock Exchange	London Stock Exchange plc, a public company incorporated in England and Wales under number 2075721, together with any successors thereto.
Main Market	the Main Market of the London Stock Exchange.

Meetings	the Court Meeting and the General Meeting and Meeting means either of them.
N+1 Singer	Nplus1 Singer Advisory LLP, the financial adviser and broker to Source BioScience.
NASCIT	North Atlantic Smaller Companies Investment Trust Plc, whose shares are traded on the Main Market whose registered number is 01091347.
NASCIT Loan Agreement	the agreement dated 29 July 2016 and made between Sherwood and NASCIT.
New Zealand	New Zealand, its respective territories and possessions.
Offer	the recommended cash offer by Sherwood for the entire issued and to be issued ordinary share capital of Source BioScience on the terms and conditions of this Scheme Document and the Form of Election including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer.
Offer Period	the offer period (as defined by the Code) relating to Source BioScience, which commenced on 3 June 2016 and ending on the Effective Date.
Offer Price	18 pence per Source BioScience Share.
Official List	the official list maintained by the UK Listing Authority.
Opening Position Disclosure	has the same meaning as in Rule 8 of the Code.
Oryx	Oryx International Growth Fund Limited, a closed-ended investment company incorporated in Guernsey, whose shares are traded on the Main Market of the London Stock Exchange, whose registered number is GG28917.
Ottotto	Ottotto Srl, a private holding company incorporated in Italy on 23 September 2009, with registration number MI-1912234 whose registered office is at Via Domenico Trentacoste 9, Milano, 20134.
Overseas Shareholders	Source BioScience Shareholders (or nominees of, or custodians or trustees for, Source BioScience Shareholders) not resident in, or nationals or citizens of, the United Kingdom.
Panel	The Panel on Takeovers and Mergers.
Participant ID	means the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant.
PBT	profit before tax.
Possible Offer Announcement	the announcement of 3 June 2016, released by Continental, regarding a possible offer for the entire issued and to be issued share capital of Source BioScience, in accordance with Rule 2.4 of the Code.
Protea	Protea Capital S.A., a private company incorporated in Luxembourg on 10 February 2015, with registered number B194938 whose

	registered office is at 63 Rue du Fossé, L-4123 Esch-Sur-Alzette, Luxembourg.
Registrar of Companies	means the registrar of companies in England and Wales.
Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended.
Regulatory Information Service	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements.
Relevant Authority	any central bank, government or governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction;
Restricted Jurisdiction	United States, Japan, Canada, South Africa, New Zealand, Australia (or their respective territories) or any other jurisdiction where the relevant actions may constitute a violation of the relevant laws and regulations of such jurisdiction if information concerning the Offer is sent or made available to Scheme Shareholders in that jurisdiction.
Restricted Overseas Shareholder	a person holding Source BioScience Shares (including, without limitation, an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, or any person whom Source BioScience (following consultation with Sherwood) reasonably believes to be in a Restricted Jurisdiction and persons in any other jurisdiction whom Source BioScience (following consultation with Sherwood) is advised to treat as restricted overseas persons in order to observe the laws of such jurisdiction or to avoid the requirement to comply with any governmental or other consent or any registration, filing or other formality which Source BioScience (following consultation with Sherwood) regards as unduly onerous.
Scheme or Scheme of Arrangement	the proposed scheme of arrangement under Part 26 of the Companies Act 2006 between Source BioScience and each Scheme Shareholder, with or subject to any modification, addition thereto or condition approved or imposed by the Court and agreed to by Source BioScience and Sherwood.
Scheme Court Hearing	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act 2006.
Scheme Court Order	the order of the Court sanctioning the Scheme under section 899 of the Companies Act 2006.
Scheme Document	this document dated 17 August 2016 addressed to Source BioScience Shareholders containing the Scheme and an explanatory statement in compliance with section 897 of the Companies Act.
Scheme Record Time	6.00 p.m. on the Business Day immediately preceding the date of the Court Hearing.
Scheme Shareholders	holders of Scheme Shares whose names appear in the register of members of Source BioScience at the Scheme Record Time.

Scheme Shares	<ol style="list-style-type: none"> 1. the Source BioScience Shares in issue at the date of the Scheme Document; 2. any Source BioScience Shares issued after the date of the Scheme Document and prior to the Voting Record Time; and 3. any Source BioScience Shares issued on or after the Voting Record Time and prior to 6.00 p.m. on the day before the date on which the Court Order is made in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme.
SEC	the US Securities and Exchange Commission.
Sherwood	Sherwood Holdings Limited, a company incorporated in England and Wales under registration number 10269474 with limited liability having its registered office at 50 Broadway, Westminster, London SW1H 0BL.
Sherwood Directors	members of the Sherwood board of directors.
Sherwood Group	Sherwood and its direct and indirect holding companies (including, for the avoidance of doubt, the Continental Clients and the Harwood Funds).
Sherwood PIK Loan Note Instrument	the instrument constituting the Sherwood PIK Loan Notes, executed by Sherwood on 29 July 2016.
Sherwood PIK Loan Notes	the 10 per cent. fixed rate £0.17 nominal amount unsecured loan notes, to be issued on the terms of the Sherwood PIK Loan Note Instrument.
Sherwood Share Units	units comprising one Sherwood Share and one Sherwood PIK Loan Note.
Sherwood Shares	the ordinary shares of 1 pence each in the capital of Sherwood.
Source BioScience or the Company	Source BioScience plc, a company incorporated in England and Wales with registered number 00079136 whose registered office is at 1 Orchard Place, Nottingham Business Park, Nottingham, Nottinghamshire NG8 6PX.
Source BioScience Shareholders	the holders of Source BioScience Shares.
Source BioScience Directors	members of the Source BioScience board of directors.
Source BioScience Group	Source BioScience and its subsidiary undertakings.
Source BioScience Share Option Schemes	the share option schemes, operated by Source BioScience.
Source BioScience Shares	ordinary shares of 2 pence each in the capital of the Company.
South Africa	the Republic of South Africa and its respective territories or possessions.
Spartan Fund	Spartan Fund Ltd. (SAC), an open-ended International Business Company incorporated under the laws of the Commonwealth of The Bahamas on 29 June 2015 with registered number B174523, having its registered office at Equity Trust House, Caves Village, West Bay Street, Nassau, The Bahamas.

Strand Hanson	Strand Hanson Limited, the financial adviser to Sherwood, Continental and Harwood Capital.
Subscription and Transfer Agreement	the agreement dated 29 July 2016 and made between Sherwood, Harwood Capital, Continental, Protea, Ottotto, Spartan Fund and NASCIT.
subsidiary or subsidiaries	has the meaning given in section 1159 of the Companies Act 2006.
subsidiary undertaking	has the meaning given in section 1162 of the Companies Act 2006.
Takeover Offer	an offer to acquire the entire issued and to be issued ordinary share capital of Source BioScience by way of a general takeover offer under the Code and where the context so requires, any revision, extension or variation thereof.
Termination Date	means 16 October 2016.
TTE Instruction	means a transfer to escrow instruction through CREST (as defined in the CREST Manual).
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland.
UKLA	the UK Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of FSMA.
uncertificated or in uncertificated form	a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST.
United States, USA or US	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all areas subject to its jurisdiction or any political sub-division thereof.
Unlisted Securities Alternative	the facility provided for in the Scheme whereby a Scheme Shareholder may elect, in respect of all or some of their Scheme Shares, to receive Sherwood Share Units <i>in lieu</i> of the Cash Consideration to which they are entitled under the terms of the Offer.
US Exchange Act	the US Securities and Exchange Act, 1934 as amended.
US or United States	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
US Person	a US person as defined under Regulation S including, but not limited to, any natural person in the United States.
US Securities Act	the US Securities Act of 1933, as amended, and rules and regulations promulgated thereunder.
VAT	Value Added Tax.
Voting Record Time	6.30 p.m. on the day which is two days prior to the date of the Court Meeting or, if the Court Meeting is adjourned, 6.30 p.m. on the day which is two days before the day of such adjourned meeting, in each case excluding any day falling on a weekend or a public holiday in the UK.

Voting Scheme Shareholder	the holders of Scheme Shares (other than the Existing Continental Investors and Existing Harwood Investors who will each confirm their approval of, and agreement to be bound by, the Scheme in letters of confirmation).
Wider Sherwood Group	the Sherwood Group and associated undertakings of Sherwood and any other body corporate, partnership, joint venture or person in which members of the Sherwood Group (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent.
Wider Source BioScience Group	the Source BioScience Group and associated undertakings of Source BioScience and any other body corporate, partnership, joint venture or person in which members of the Source BioScience Group (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent.

In this document, the Forms of Proxy, and the Form of Election, the expressions “subsidiary”, “subsidiary undertaking”, “associated undertaking” and “undertaking” have the meanings given by the Act.

In this document, the Forms of Proxy, and the Form of Election, references to the singular include the plural and *vice versa*, unless the context otherwise requires.

PART XII

NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE

No. 4275 of 2016

CHANCERY DIVISION COMPANIES COURT

IN THE MATTER OF SOURCE BIOSCIENCE PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 16 August 2016 made in the above matter, the Court has given permission to the Company to convene a meeting of Voting Scheme Shareholders (as defined in the scheme of arrangement referred to below) (the “**Court Meeting**”) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 dated 17 August 2016 (the “**Scheme of Arrangement**”) proposed to be made between Source BioScience (the “**Company**”) and the holders of Scheme Shares (as so defined) and that such meeting will be held at 1 Orchard Place, Nottingham Business Park, Nottingham, Nottinghamshire, NG8 6PX on 9 September 2016 at 10.00 a.m., at which place and time all Voting Scheme Shareholders are requested to attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to Section 897 of the Companies Act 2006 in relation to the Scheme of Arrangement are incorporated in the document of which this notice forms part.

At the Court Meeting, the following resolution will be proposed:

“That the scheme of arrangement dated 17 August 2016 (the “**Scheme**”), between Source BioScience and the holders of Scheme Shares (as defined in the Scheme), a print of which has been produced to this meeting and, for the purposes of identification, signed by the chairman hereof, in its original form or with or subject to any modification, addition or condition approved or imposed by the Court and consented to by the Company, Sherwood, the Existing Harwood Investors (as defined in the Scheme) and by the Existing Continental Investors (also as defined in the Scheme), be approved and the directors of the Company be authorised to take all such actions as they consider necessary or appropriate for carrying the Scheme into effect.”

Voting on the resolution will be by poll which may be conducted as the chairman of the Court Meeting shall determine. For the Court Meeting (or any adjournment thereof) to be properly convened, a quorum of two persons entitled to vote on the business to be transacted, each being a Voting Scheme Shareholder, the proxy of a Voting Scheme Shareholder or (where the Voting Scheme Shareholder is a corporation) a duly authorised representative must be present.

By the said order, the Court has appointed Laurie Turnbull or, failing him, Nick Ash, to act as Chairman of the Court Meeting and has directed the Chairman to report the result of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 17 August 2016

Browne Jacobson

Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Solicitors for the Company

Notes:

Defined Terms

Terms defined in the document of which this notice forms part shall have the same meaning when used in this notice.

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at the Voting Record Time (or if adjourned, at 6.30 p.m. on the day two Business Days before the date of the adjourned meeting) shall be entitled to attend and vote at the Court Meeting (the "**Meeting**").

Appointment of proxies

2. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a pink proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy

6. A proxy form which may be used to make this appointment and give proxy instructions accompanies this notice. Details of how to appoint a proxy are set out in the notes to the proxy form.
7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member

is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Termination of proxy appointments

10. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Equiniti Limited no later than 10.00 a.m. on 7 September 2016.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Communication

12. You may not use any electronic address provided either:
 - (a) in this notice of the Meeting; or
 - (b) any related documents (including the chairman's letter and proxy forms),to communicate with the Company for any purposes other than those expressly stated.

Total voting rights

13. As at the close of business on 16 August 2016 (being the latest practicable date prior to the publication of this notice), the Company's issued share capital comprised 349,292,449 ordinary shares of 2 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the close of business on 16 August 2016 is 349,292,449.

Nominated persons

14. The statement of rights of Scheme Shareholders in relation to the appointment of proxies described in this Notice of Court Meeting does not apply to nominated persons. Such rights can only be exercised by Scheme Shareholders.

15. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a **"nominated person"**) may, under an agreement between him/her and the member by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

PART XIII

NOTICE OF GENERAL MEETING

SOURCE BIOSCIENCE PLC

(Incorporated in England and Wales with registered number 00079136)

NOTICE IS HEREBY GIVEN that a general meeting of Source BioScience plc (the “**Company**”) will be held at 1 Orchard Place, Nottingham Business Park, Nottingham, Nottinghamshire, NG8 6PX on 9 September 2016 at 10.10 a.m. (or as soon thereafter as the meeting of the Voting Scheme Shareholders (as defined in the Scheme as referred to in resolution 1 set out below) convened for 10.00 a.m. on the same day and at the same place, by an order of the High Court of Justice, shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as special resolutions.

SPECIAL RESOLUTIONS

1. THAT:

for the purposes of giving effect to the Scheme of Arrangement dated 17 August 2016 (the “**Scheme**”) between the Company and holders of Scheme Shares (as defined in the Scheme) in its original form in the circular sent to shareholders of the Company dated 17 August 2016 (the “**Circular**”) (a print of which has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification), or with or subject to any modification, addition or condition agreed by the Company and Sherwood Holdings Limited (“**Sherwood**”) and approved or imposed by the Court, the directors of the Company be and are hereby authorised to take all such action on behalf of the Company as they consider necessary or desirable for carrying into effect the Scheme.

2. THAT:

forthwith upon the passing of this special resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 36:

36 Scheme of Arrangement

- (a) In this article, references to the “**Scheme**” are to the scheme of arrangement dated 17 August 2016 under Part 26 of the Companies Act between the Company and the holders of the Scheme Shares (as defined in the Scheme), as it may be modified or amended in accordance with its terms, and expressions defined in the Scheme or (if not so defined in the Scheme) defined in the circular dated 17 August 2016 circulated with the Scheme containing the explanatory statement required pursuant to Section 897 of the Companies Act, shall have the same meanings where used in this article.
- (b) Notwithstanding any other provision of these articles, if any ordinary shares are issued on or after the Voting Record Time (as defined in the Scheme) other than to Sherwood Holdings Limited (“**Sherwood**”) or any person identified by written notice to the Company as its nominee(s) but before the Scheme Record Time (as defined in the Scheme), such ordinary shares shall be issued subject to the terms of the Scheme and the original or any subsequent holder or holders of such ordinary shares shall be bound by the Scheme accordingly.
- (c) Notwithstanding any other provision of these articles, if, at any time on or after the Scheme Record Time (as defined in the Scheme), any ordinary shares (“**New Shares**”) are issued or are to be issued to any person (a “**New Member**”) other than Sherwood or any person identified by written notice to the Company by Sherwood as its nominee(s) or designated subsidiary, provided that the Scheme has become effective, such New Shares shall be transferred immediately after the time at which the Scheme becomes effective (“**Scheme Effective Time**”) or, if later, upon the issue of the New Shares, free of all encumbrances, to Sherwood (or as Sherwood may direct by notice in writing to the Company) in consideration for, and conditionally upon, the payment to the New Member (or any subsequent holder, as appropriate) of the same Cash Consideration per ordinary share as would have been payable to a holder of Scheme Shares at the Scheme Record Time under the Scheme.

- (d) To give effect to any such transfer required by article 36(c), the Company may appoint any person to execute and deliver a form of transfer on behalf of the New Member in favour of Sherwood (or as directed by Sherwood) and to agree for and on behalf of the New Member to become a member of Sherwood. Pending the registration of Sherwood (or its designated subsidiary or nominee(s)) as the holder of any share to be transferred pursuant to article 36(c), Sherwood shall be empowered to appoint a person nominated by the directors of Sherwood to act as attorney on behalf of the holder of such share in accordance with such directions as Sherwood may give in relation to any dealings with or disposal of such share (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and the registered holder of such share shall exercise all rights attaching thereto in accordance with the directions of Sherwood but not otherwise.
- (e) If the Scheme shall not have become effective by 16 October (or such later date (if any) as Source BioScience and Sherwood may agree) and the Court may approve, this article 36 shall be of no effect.

3. THAT:

- (a) subject to the Scheme becoming Effective, the Company be re-registered as a private limited company under the Companies Act 2006 by the name of Source BioScience Limited; and
- (b) with effect from the Company's re-registration as a private limited company, the regulations contained in the document submitted to the meeting and for the purposes of identification signed by the Chairman be approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association.

4. THAT:

- (a) the grant of options over a further 13,450,000 ordinary shares in the capital of the Company ("**Further Option Shares**") under The Medical Solutions plc 1999 Executive Share Option Scheme (the "**Unapproved Scheme**") after its expiry on 23 August 2009 ("**Expiry Date**") as specified under Rule 3.7 of the Unapproved Scheme; and
- (b) the extension of the Unapproved Scheme until 24 March 2014 (being the date of the last grant of options over Further Option Shares under the Unapproved Scheme),

be approved with effect from the Expiry Date as though such approval had been given prior to the Expiry Date pursuant to Rule 8 of the Unapproved Scheme and the directors be authorised to have taken all such actions as they have considered necessary or appropriate in connection with the grant of the options over the Further Option Shares since the Expiry Date.

17 August 2016

By Order of the Board

Dr Nick Ash

Company Secretary

Registered Office:

1 Orchard Place
Nottingham Business Park
Nottingham
Nottinghamshire NG8 6PX

Registered in England and Wales No. 00079136

Notes:

Defined Terms

Terms defined in the document of which this notice forms part shall have the same meaning when used in this notice.

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at 6.30 p.m. on 7 September 2016 (or if adjourned, at 6.30 p.m. on the day two Business Days prior to the adjourned meeting) shall be entitled to attend and vote at the General Meeting (the "**Meeting**").

Appointment of proxies

2. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a white proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the white proxy form, the white proxy form must be:
 - completed and signed;
 - sent or delivered to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; and
 - received by Equiniti Limited no later than 10.10 a.m. on 7 September 2016.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

7. Source BioScience Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the Meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service providers, who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the

instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar (ID RA19) not later than 10.10 a.m. on 7 September 2016, or if the meeting is adjourned, at least 48 hours before the start of the adjourned meeting (excluding any part of such 48-hour period falling on a weekend or a public holiday in the UK). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Regulations.

Appointment of proxy by joint members

10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Equiniti Limited no later than 10.10 a.m. on 7 September 2016.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.

Corporate representatives

12. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Communication

13. You may not use any electronic address provided either:
 - (a) in this notice of the Meeting; or
 - (b) any related documents (including the Chairman's letter and the proxy forms),to communicate with the Company for any purposes other than those expressly stated.

Total voting rights

14. As at the close of business on 16 August 2016 (being the latest practicable date prior to the publication of this notice), the Company's issued share capital comprised 349,292,449 ordinary shares of 2 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the close of business on 16 August 2016 is 349,292,449.

Nominated persons

15. The statement of rights of Source BioScience Shareholders in relation to the appointment of proxies described in these notes does not apply to nominated persons. Such rights can only be exercised by Source BioScience Shareholders.
16. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a “**nominated person**”) may, under an agreement between him/her and the member by whom he/she was nominated have a right to be appointed (or to have someone else appointed) as a proxy for the general meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting right.

Admission Card
Source BioScience plc General Meeting
 1 Orchard Place, Nottingham Business Park, Nottingham,
 Nottinghamshire, NG8 6PX
 on 9 September 2016 at 10.10 a.m.

Notes:

1. If you hold ordinary shares in the capital of Source BioScience plc and you are entitled to attend and vote at the General Meeting but you do not wish to attend, or are unable to attend, you may appoint one or more persons, known as a Proxy or Proxies, who can attend and, on a poll, vote instead of you. If you wish to appoint a Proxy or Proxies but do not wish to appoint the Chairman of the General Meeting as your Proxy or one of your Proxies, you must delete the words "the Chairman of the General Meeting", initial this deletion and insert the full name of each person whom you wish to appoint as your Proxy in the box provided. You may appoint a proxy in respect of some or all of your Source BioScience Shares and are entitled to appoint more than one proxy. Please contact the Company's registrars, Equiniti Limited via telephone on the number set out in the scheme document if you wish to appoint more than one proxy. A Proxy need not be a member of the Company, but must attend the General Meeting in person to represent you. Completion and return of a Proxy Form will not preclude Source BioScience Shareholders from attending and voting in person or on a poll at the General Meeting or any adjournment of the General Meeting.
2. Indicate whether your Proxy should vote for, against or abstain from voting on the resolutions set out in the notice of the General Meeting by marking a cross in the appropriate box. In the absence of any instructions the Proxy will vote or abstain as he thinks fit. An abstention will not be counted in the calculation of votes for and against the resolution. On any other business before the General Meeting, the Proxy will vote or abstain at his discretion.
3. To be valid this Form of Proxy (if completed and returned in hard copy form) and the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be sent by post to the Company's registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA using the reply-paid envelope provided (if posted in the UK) or deposited by hand with Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by 10.10 a.m. on 7 September 2016 (or if the meeting is adjourned, 48 hours (excluding any part of such 48 hour period falling on a weekend or a public holiday in the UK) before the time fixed for the holding of the adjourned meeting).
4. If you wish, you may register the appointment of a proxy for this meeting electronically, by contacting the website www.sharevote.co.uk and following the on-screen instructions. You will need your Voting ID, Task ID and Shareholder Reference Number shown on this form of proxy.

If you come to the meeting please bring this card with you. It is evidence of your right to attend and vote at the meeting and will help you gain admission as quickly as possible.

Perivan Financial Print 241923

SOURCE BIOSCIENCE PLC GENERAL MEETING

PROXY FORM FOR THE GENERAL MEETING TO BE HELD ON 9 SEPTEMBER 2016
 Please read the explanatory notes below before completing this form. For use by holders of ordinary shares in the capital of Source BioScience plc entitled to vote at the General Meeting

VOTING ID

TASK ID

SHAREHOLDER REFERENCE NUMBER

PRODUCT ID 0316-006-S

I/We being a member/members of Source BioScience plc (the "Company") entitled to attend and vote at general meetings of the Company hereby appoint the Chairman of the General Meeting or¹

¹NOTE: If you do not want to appoint the Chairman of the General Meeting as your Proxy, strike out the words "the Chairman of the General Meeting", initial this deletion and add in BLOCK CAPITALS the name and address of your chosen Proxy or Proxies in the empty box above. A Proxy need not be a member of the Company.

as my/our proxy/proxies to attend and, on a poll, vote, for me/us on my/our behalf in respect of _____ ordinary shares held by me/us at the General Meeting of the Company to be held at the offices of 1 Orchard Place, Nottingham Business Park, Nottingham, Nottinghamshire, NG8 6PX on 9 September 2016 at 10.10 a.m. (or, if later, as soon as the Court Meeting, as defined in the scheme document containing the notice of this meeting, has concluded or been adjourned) and at any adjournment thereof. The Proxy is to vote as instructed in respect of the resolutions set out below. In the absence of instructions, the proxy may vote, or abstain from voting, as he thinks fit in respect of the resolutions set out below and, unless otherwise instructed, also on any other business (including amendments to the resolutions set out below) which may properly come before the meeting or any adjournment thereof.

IMPORTANT: Please indicate with an "X" in the appropriate box below how you wish the Proxy to vote. If you mark more than one of the boxes below, this Form of Proxy will be invalid.

SPECIAL RESOLUTIONS:

- | | For | Against | Abstain |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| 1. to authorise the directors of the Company to take all actions as they may consider necessary or appropriate for carrying the Scheme into effect; | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. the articles of association of the Company be amended to permit any shares issued after the Scheme Record Time to be transferred to Sherwood Holdings Limited; | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. the Company be re-registered as a private limited company under the Companies Act 2006 by the name of Source BioScience Limited; and | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. to authorise the grant of options pursuant to the Medical Solutions plc 1999 Executive Share Option Scheme | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Signature Dated 2016

If signing on behalf of a company, please enter the company (in BLOCK CAPITALS) and state your official capacity:
 For and on behalf of:

Company name	Official Capacity
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Notes continued:

5. If you are a CREST member and wish to submit your Form of Proxy electronically through CREST, to be valid the appropriate CREST message must be transmitted so as to be received by Equiniti Limited (ID RA19) by 10.10 a.m. on 7 September 2016 (or if the meeting is adjourned, 48 hours (excluding any part of such 48 hour period falling on a weekend or a public holiday in the UK) before the time fixed for the holding of the adjourned meeting) together with any power of attorney or other authority under which it is signed, in each case in accordance with note 6 of the notice of the General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Equiniti Limited is able to retrieve the message. The Company may treat as invalid a Proxy appointment sent by CREST in the circumstances set out in regulation 35(6)(ka) of the Uncertificated Securities Regulations 2001. For further information relating to the CREST Proxy System, please refer to the CREST Manual and the notice of the Source BioScience General Meeting at the back of the scheme document to holders of Scheme Shares which accompanies this Proxy Form (the "Scheme Document").
6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only Source BioScience Shareholders whose names are registered on the register of members of the Company at 6.30 p.m. on 7 September 2016 or in the event that the meeting is adjourned, at 6.30 p.m. two Business Days prior to the day of the adjourned General Meeting, shall be entitled to attend and vote, or appoint a Proxy or Proxies to vote on their behalf, at the General Meeting in respect of the number of Source BioScience Shares registered in their name at that time. Changes to entries on the register of members after the time referred to above shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
7. If the holder of Source BioScience Shares is a corporation, this Form of Proxy must be executed either under its common seal or signed by its attorney or by a duly authorised officer or corporate representative.
8. In the case of joint holders of Source BioScience Shares, the vote of the senior holder who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
9. If this Form of Proxy is returned duly executed but the space in which to specify the number of shares is left blank, you will be deemed to have appointed the Proxy in respect of all of your Source BioScience Shares.
10. Any alterations made on this Form of Proxy must be initiated by the person who signs it.
11. Full details of the business to be considered at the General Meeting, with explanatory notes, are set out in the notice of General Meeting at the back of the Scheme Document.
12. Terms defined in the Scheme Document shall have the same respective meanings when used in this Form of Proxy, unless the context requires otherwise.



Freeport RTHJ-CLLL-KBKU
Equiniti
Aspect House
Spencer Road
LANCING
BN99 8LU



Notes continued:

5. If you are a CREST member and wish to submit your Form of Proxy electronically through CREST, to be valid the appropriate CREST message must be transmitted so as to be received by Equiniti Limited (ID RA19) by 10.00 a.m. on 7 September 2016 (or if the meeting is adjourned, 48 hours (excluding any part of such 48 hour period falling on a weekend or a public holiday in the UK) before the time fixed for the holding of the adjourned meeting) together with any power of attorney or other authority under which it is signed, in each case in accordance with note 6 of the notice of Court Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Equiniti Limited is able to retrieve the message. The Company may treat as invalid a Proxy appointment sent by CREST in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. For further information relating to the CREST Proxy System, please refer to the CREST Manual and the notice of the Court Meeting at the back of the scheme document to holders of Scheme Shares which accompanies this Form of Proxy (the "Scheme Document").
6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only Source BioScience Shareholders whose names are registered on the register of members of the Company at 6.30 p.m. on 7 September 2016 or, in the event that the meeting is adjourned, at 6.30 p.m. two Business Days prior to the day of the adjourned Court Meeting, shall be entitled to attend and vote, or appoint a Proxy or Proxies to vote on their behalf, at the Court Meeting in respect of the number of Source BioScience Shares registered in their name at that time. Changes to entries on the register of members after the time referred to above shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting.
7. If the holder of Source BioScience Shares is a corporation, this Form of Proxy must be executed either under its common seal or signed by its attorney or by a duly authorised officer or corporate representative.
8. In the case of joint holders of Source BioScience Shares, the vote of the senior holder who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
9. If this Form of Proxy is returned duly executed but the space in which to specify the number of shares is left blank, you will be deemed to have appointed the Proxy in respect of all of your Source BioScience Shares.
10. Any alterations made on this Form of Proxy must be initiated by the person who signs it.
11. Full details of the business to be considered at the Court Meeting, with explanatory notes, are set out in the notice of Court Meeting at the back of the Scheme Document. Further instructions on how to complete this Form of Proxy are contained in the "Action to be Taken by Shareholders" section in the Scheme Document.
12. Terms defined in the Scheme Document shall have the same respective meanings when used in this Form of Proxy, unless the content otherwise requires.



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