

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded to, or transmitted in or into, any jurisdiction where to do so might violate the relevant laws and regulations in that jurisdiction. In particular, such documents should not be forwarded to, or transmitted in or into, the United States. If you have sold or otherwise transferred part only of your holding of Ordinary Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document should be read as a whole and in conjunction with the accompanying Form of Proxy and the Notice of General Meeting set out at the end of this document. You are recommended to read the whole of this document but your attention is drawn to the letter from the Non-Executive Chairman of the Company to Shareholders which is set out in this document and which recommends you vote in favour of the Resolutions to be proposed at the General Meeting.

The Company and the Directors, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares, including as regards the right to receive all dividends or other distributions declared, made or paid after Admission. The Placing Shares are expected to be admitted to AIM and to commence trading at 8 a.m. on 25 February 2016.

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## **IMMUPHARMA PLC**

(Incorporated and registered in England and Wales with registered no.03929567)

**Placing of not less than 11,824,877 new Ordinary Shares at a price of 26 pence per Ordinary Share,**

**Subscription of 17,021,277 new Ordinary Shares at a price of 26 pence per Ordinary Share**

**and**

### **Notice of General Meeting**

Nominated Adviser and Broker

*Panmure Gordon (UK) Limited*

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Panmure Gordon (UK) Limited, which is authorised and regulated by the Financial Conduct Authority and is a member firm of the London Stock Exchange, is acting exclusively for Immupharma plc and for no one else in relation to the matters described in this document and will not be responsible to anyone other than Immupharma plc for providing the protections afforded to clients of Panmure Gordon (UK) Limited or for providing advice on any other matter referred to herein. Panmure Gordon (UK) Limited has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Panmure Gordon (UK) Limited for the accuracy of any information or opinions contained in this document or for the omission of any information. Panmure Gordon (UK) Limited, as nominated adviser and broker to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors or any other person.

Notice of the General Meeting of Immupharma plc to be held at 10 a.m. on 22 February 2016 at the offices of Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL, is set out at the end of this document. To be valid, the Form of Proxy for use at the General Meeting, which accompanies this document, must be completed, signed and returned so as to be received by the Company's registrars, Computershare Investor Services plc by no later than 10 a.m. on 20 February 2016. The completion and return of the Form of Proxy will not prevent you from attending and voting at the General Meeting in person, if you so wish (and are so entitled). A summary of the action to be taken by Shareholders is set out in

paragraph 10 of the letter from the Non-Executive Chairman of the Company included in this document and in the Notice of General Meeting.

This document does not constitute a prospectus, neither does it constitute an admission document drawn up in accordance with the AIM Rules. This document does not constitute an offer to sell or the solicitation of an offer to buy any security. The distribution of this document in, into or within jurisdictions other than the United Kingdom may be restricted by law or regulation and, therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of the relevant jurisdiction.

The Placing Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. Accordingly, subject to certain exceptions, the Placing Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. Shareholders who are residents or citizens of any country other than the United Kingdom and any person (including, without limitation, custodians nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the United Kingdom should seek appropriate advice before taking any action.

This document includes “forward-looking statements” which include all statements other than statements of historical facts, including, without limitation, those regarding the Group’s financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. These forward looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

In accordance with the AIM Rules, this document will be available to Shareholders on the Company’s website [www.immupharma.org](http://www.immupharma.org) from the date of this document, free of charge.

## **DIRECTORS, SECRETARY AND ADVISERS**

**Directors:** Tim McCarthy (Non-Executive Chairman)  
Dimitri Dimitriou (Chief Executive Officer)  
Dr Robert Zimmer (President & Chief Scientific Officer)  
Dr Stephane Mery (Non-Executive Director)  
Dr Franco Di Muzio (Senior Non-Executive Director)

**Company Secretary:** Tracy Weimar

**Registered Office:** 50 Broadway  
London  
SW1H 0RG

**Nominated Adviser and Broker:** Panmure Gordon (UK) Limited  
One New Change  
London EC4M 9AF

**Solicitors to the Company:** Bircham Dyson Bell LLP  
50 Broadway  
London  
SW1H 0RG

**Legal advisers to the Nominated Adviser and Broker:** Travers Smith LLP  
10 Snow Hill  
London  
EC1A 2AL

**Registrars:** Computershare Investor Services plc  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZY

## PLACING STATISTICS

Placing Price	26p
Number of Ordinary Shares in issue at the date of this document	88,622,463
Minimum Number of Placing Shares to be issued pursuant to the Placing <sup>1</sup>	11,824,877
Number of Subscription Shares to be issued pursuant to the Subscription	17,021,277
Number of Ordinary Shares in issue following Admission <sup>1</sup>	118,319,681
Number of Ordinary Shares in issue following Admission if the Placing Shares are not issued	106,494,804
Minimum Number of Placing Shares expressed as a percentage of the Enlarged Share Capital following admission <sup>1</sup>	10.0%
Subscription Shares and Value Payment Shares, in aggregate, expressed as a percentage of the Enlarged Share Capital following admission <sup>1</sup>	15.1%
Minimum gross proceeds in respect of the Placing	£3,074,468
Gross proceeds in respect of the Subscription	£4,425,532 <sup>2</sup>

*1 Assuming that the minimum number of Placing Shares, Subscription Shares and Value Payment Shares are issued and that no other Ordinary Shares are issued prior to Admission,*

*2 Subject to the terms of the Sharing Agreement, the amount of proceeds actually received by the Company may be more or less, as described further in this document.*

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Circular and Form of Proxy posted	5 February 2016
Latest time and date for receipt of Forms of Proxy	10 a.m. on 20 February 2016
General Meeting	10 a.m. on 22 February 2016
Admission and dealings in the Placing Shares expected to commence on AIM	25 February 2016
CREST stock accounts expected to be credited for the Placing Shares	25 February 2016
Posting of share certificates for Placing Shares (if required) by	3 March 2016

### Notes:

- 1 The statistics above assume the passing at the General Meeting of the Resolutions and the Admission of the Placing Shares.
- 2 Some of the times and dates above are indicative only and if any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service.
- 3 All of the above times refer to London time.
- 4 Events listed in the above timetable following the General Meeting are conditional on the passing at the General Meeting of the Resolutions.

5 All references to legislation in this document are to the legislation of England and Wales, unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>Act</b>	the UK Companies Act 2006, as amended
<b>Admission</b>	admission of the Placing Shares, Subscription Shares and Value Payment Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>Advance Assurance</b>	receipt of advance assurance from HM Revenue & Customs that the Company is a qualifying holding for the purposes of the Venture Capital Trust rules ( <b>VCT Advance Assurance</b> ) and / or a qualifying company for the purposes of the Enterprise Investment Scheme ( <b>EIS Advance Assurance</b> )
<b>AIM</b>	the market of that name operated by the London Stock Exchange
<b>AIM Rules</b>	the AIM Rules for Companies, which sets out the rules and responsibilities for companies whose shares are admitted to trading on AIM, as amended from time to time
<b>Articles of Association</b>	the articles of association of the Company
<b>Benchmark Price</b>	34.667p per Ordinary Share
<b>Board or Directors</b>	the board of directors of the Company, whose names are listed on page 3 of this document
<b>Circular or this document</b>	this circular of the Company giving (amongst other things) details of the Placing and incorporating the Notice of General Meeting
<b>Company or Immupharma</b>	Immupharma plc, a public limited company incorporated in England and Wales under registered number 03929567
<b>CREST</b>	the relevant system (as defined in the Regulations) which enables title to units of relevant securities (as defined in the Regulations) to be evidenced and transferred without a written instrument and in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations)
<b>EIS Shares</b>	any Placing Shares whose issue pursuant to the Placing is, besides the other conditions in the Placing Agreement, also conditional on EIS Advance Assurance being obtained prior to 22 February 2016 (or such later date as Panmure Gordon and the Company may agree, being not later than 23 March 2016)
<b>Enlarged Share Capital</b>	the 118,319,681 Ordinary Shares in issue immediately following Admission assuming the Minimum Number of Placing Shares are issued pursuant to the Placing, and that the Subscription Shares and Value Payment Shares are issued pursuant to the Subscription Agreement and Sharing Agreement
<b>Existing Ordinary Shares</b>	the 88,622,463 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM
<b>Form of Proxy</b>	the accompanying form of proxy for use by Shareholders in relation to the General Meeting
<b>General Meeting</b>	the general meeting of the Company to be held at 10 a.m. on 22 February 2016, notice of which is set out at the end of this document
<b>Group</b>	the Company, its subsidiaries and subsidiary undertakings
<b>Lanstead</b>	Lanstead Capital L.P.
<b>London Stock Exchange</b>	London Stock Exchange plc

<b>Measured Price</b>	the average volume weighted share price of the Company's Ordinary Shares over an agreed period prior to the monthly settlement date
<b>Minimum Number of Placing Shares</b>	11,824,877 Placing Shares
<b>Notice of General Meeting</b>	the notice of General Meeting, set out at the end of this document
<b>Ordinary Shares</b>	ordinary shares of 10 pence each in the capital of the Company
<b>Panmure Gordon</b>	Panmure Gordon (UK) Limited, a company incorporated in England and Wales with company number 4915201, authorised and regulated by the Financial Conduct Authority
<b>Placing</b>	the proposed conditional, non-pre-emptive placing by Panmure Gordon (on behalf of the Company) of the Placing Shares at the Placing Price
<b>Placing Agreement</b>	the conditional agreement dated 5 February 2016 relating to the Placing, between the Company and Panmure Gordon
<b>Placing Price</b>	26 pence per Placing Share
<b>Placing Proceeds</b>	the net proceeds of the issue of the Placing Shares pursuant to the Placing
<b>Placing Shares</b>	new Ordinary Shares which are to be conditionally placed for cash with investors in accordance with the terms of the Placing Agreement and whose allotment and issue is conditional (amongst other things) on the passing of the Resolutions and, in the case of the VCT Shares and the EIS Shares, the receipt of Advance Assurance
<b>Regulations</b>	the UK Uncertificated Securities Regulations 2001 (SI 2001 No.3755), as amended
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
<b>Subscription</b>	the conditional share subscription by Lanstead described in section 5 of the Chairman's letter in this Circular
<b>Shareholders</b>	the holders of Ordinary Shares from time to time, each individually a "Shareholder"
<b>Sharing Agreement</b>	the sharing agreement described in section 6 of the Chairman's letter in this Circular
<b>Subscription Agreement</b>	the subscription agreement described in section 5 of the Chairman's letter in this Circular
<b>Subscription Shares</b>	17,021,277 new Ordinary Shares to be issued to Lanstead pursuant to the Subscription
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>Value Payment Shares</b>	851,064 new Ordinary Shares issued to Lanstead, pursuant to the Sharing Agreement
<b>VCT Shares</b>	any Placing Shares whose issue pursuant to the Placing is, besides the other conditions in the Placing Agreement, also conditional on VCT Advance Assurance being obtained prior to 22 February 2016 (or such later date as Panmure Gordon and the Company may agree, being not later than 23 March 2016)

All references in this document to “**£**”, “**pence**” or “**p**” are to the lawful currency of the United Kingdom, all references to “US\$” or “\$” are to the lawful currency of the United States.



**LETTER FROM THE NON-EXECUTIVE CHAIRMAN OF IMMUPHARMA PLC**

**IMMUPHARMA PLC**

(Incorporated and registered in England and Wales with registered no. 03929567)

50 Broadway  
London  
SW1H 0RG

Directors:

Tim McCarthy (Non-Executive Chairman)  
Dimitri Dimitriou (Chief Executive Officer)  
Dr Robert Zimmer (President & Chief Scientific Officer)  
Dr Stephane Mery (Non-Executive Director)  
Dr Franco Di Muzio (Senior Non-Executive Director)

5 February 2016

Dear Shareholder

**Placing of not less than 11,824,877 new Ordinary Shares at a price of 26 pence per Ordinary Share,**

**Subscription of 17,021,277 new Ordinary Shares at a price of 26 pence per Ordinary Share**

**and**

**Notice of General Meeting**

**1 INTRODUCTION**

I am pleased to inform you that the Board announced today that the Company has raised in aggregate, subject to certain conditions, not less than £7,500,000 by way of a placing of 11,824,877 new Ordinary Shares at a placing price of 26 pence per Ordinary Share and by way of a subscription of 17,021,277 new Ordinary Shares at an issue price of 26 pence per Ordinary Share.

The Placing and Subscription is conditional (amongst other things) upon the passing of the Resolutions in order to ensure that the Directors have the necessary authorities and powers to allot the Placing Shares and Subscription Shares for cash on a non-pre-emptive basis. A General Meeting is therefore being convened for the purpose of considering the Resolutions at 10 a.m. on 22 February 2016 at the offices of Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL. The Notice of General Meeting is set out at the end of this document.

The purpose of this document is to provide you with details of, and the reasons for, the Placing and Subscription, and why the Directors believe it to be in the best interests of the Company and its Shareholders and, further, why they recommend that you vote in favour of the Resolutions. The Directors intend to vote in favour of the Resolutions in respect of their legal and/or beneficial shareholdings amounting, in aggregate, to 26,648,779 Ordinary Shares representing approximately 30.1 per cent. of the Existing Ordinary Shares.

## BACKGROUND TO, AND REASONS FOR THE PLACING

### Background

Immupharma is a drug development company headquartered in London and listed on the AIM market of the London Stock Exchange (LSE: IMM) with research operations in France. Immupharma is dedicated to the development of novel drugs, largely based on peptide therapeutics, to treat serious medical conditions such as autoimmune diseases. Immupharma has five drug candidates in development, two platform technologies and approximately 70 patents. Lupuzor™, a potential treatment for the autoimmune chronic inflammatory disease Lupus, is Immupharma's key product and most advanced drug, having commenced its pivotal Phase III trial in 2015, and which the Directors believe targets a highly unmet market due to the lack of safe and effective treatments currently available.

Immupharma's strategy and risk-averse business model is different from many of its peers, and its management team has extensive experience in senior positions in some of the world's leading pharmaceutical companies.

Immupharma has important collaboration arrangements with the Centre National de la Recherche Scientifique (CNRS), the French National Council for Scientific Research and the largest basic research organisation in Europe, relating to the therapeutic use of peptides and peptide derivatives. In collaboration with CNRS, Immupharma has adopted an outsourcing model where development activities are assigned to contract research organisations ("CROs"), maintaining low costs. Immupharma continues to manage the development of its own assets up to commercialisation, but will also seek collaborative agreements with larger pharmaceutical companies at an earlier stage, where viable.

#### *Lupuzor™ (Forigerimod) – Treatment of Lupus*

Immupharma's lead product candidate, Lupuzor™, also known by its chemical name 'Forigerimod', targets Lupus, an autoimmune disease for which there is currently no cure or specific treatment. Lupuzor™ was successfully licensed to Cephalon, Inc in February 2009, in which Immupharma received \$45 million, with a \$500 million cash milestone payment structure plus high royalties on future sales. In late 2011, following the acquisition of Cephalon by Teva Pharmaceuticals, Immupharma regained all product rights to Lupuzor™.

Lupus (frequently manifested as Systemic Lupus Erythematosus) is a chronic, life-threatening autoimmune, inflammatory disease with a pattern of flares and remission. Lupus can affect multiple organs such as skin, joints, kidneys, blood cells, heart and lungs. It can appear in a multitude of forms, making diagnosis difficult with patients presenting to several different specialists (mainly dermatologists, rheumatologists and nephrologists). Awareness of the disease has steadily increased in recent years, and the Directors believe this will continue to do so due to well-organised patient groups and increased research and development activity into new treatments.

There are an estimated five million people globally suffering from Lupus, with approximately 1.5 million patients in the US, Europe and Japan (Source: Lupus Foundation of America). Current 'standard of care' treatments, including steroids and immunosuppressants, can potentially have either serious side effects for patients or limited effectiveness, with over 60 per cent. of patients not adequately treated. GSK's Benlysta is the first Lupus drug approved in over 50 years and paves the path to market for Lupuzor™. Based on conservative estimates, and taking into account that Benlysta is priced currently at approximately \$35,000 per patient per year, Lupuzor™ would be entering a market with the potential for multi-billion dollar sales.

The Directors believe that Lupuzor™, which was invented by Prof. Sylviane Muller, Chair of Therapeutic Immunology at CNRS, has the potential to be a novel specific first-line drug therapy for the treatment of Lupus by specifically modulating the immune system and halting disease progression in a substantial proportion of patients. Lupuzor™ has a unique mechanism of action that modulates the activity of CD4 T-cells which are involved in the cell-mediated immune response which leads to the Lupus disease. Lupuzor™, taken over the long term, is believed by the Directors, as indicated in earlier stage clinical trials, to prevent the progression of Lupus rather than just treating its symptoms, with the rest of the immune system retaining the ability to work normally.

There will be a number of routes to market Lupuzor™ which are open for consideration upon receipt of approval by the FDA, which the Directors believe could be: a global licensing deal, with the partner offering Immupharma royalties on sales; subject to further financing, Immupharma could partner with local distributors whilst controlling the manufacture of the drug through Polypeptide, a world-leader in peptide manufacturing and a longstanding partner of Immupharma, thus over the longer term, retaining a higher margin revenue stream; or the Directors could explore the sale of the asset or the Company, with cash returned to shareholders. The prime objective of any strategy would be to ensure long term shareholder value.

#### *Nucant platform*

The nucant platform is a specific family of peptides for cancer and ophthalmology, which contains IPP-204106, Immupharma's lead compound for cancer and other indications. The rights for this compound have been obtained through the Group's ongoing research collaboration with CNRS. The molecule is a nucleolin antagonist and has a promising and novel mechanism of action, acting on modulating angiogenesis as well as proliferation. Results from the initial Phase I/IIa trial in cancer patients demonstrated that it met its safety endpoints and showed stabilisation of the disease in 21% of patients. A further Phase I/IIa clinical trial, designed to assess the safety of increasing doses and to identify the optimal dose for treatment, has since been completed. There is the potential for phase II studies in cancer, age-related macular degeneration or diabetic retinopathy in 2016.

#### *Peptide platform*

Immupharma has also initiated the development of a novel and innovative peptide technology platform through the collaboration with CNRS, thereby gaining access to pioneering research centred on novel peptide drugs at the University of Bordeaux and the Institut Européen de Chimie et Biologie (IECB). Jointly, Immupharma and CNRS have filed a new co-owned patent controlling this breakthrough peptide technology. The first therapeutic area being targeted is diabetes with glucagon-like peptide -1 agonists, a class of drugs for the treatment of Type II diabetes, as well as initiating the development of novel peptides as glucagon antagonists - one of the novel approaches to treat Type I and Type II diabetes.

### **Reasons for the Placing and Subscription**

Lupuzor™ has completed Phase IIb clinical trials, demonstrating significant efficacy in the treatment of Lupus together with outstanding safety, and has commenced a pivotal Phase III trial. Lupuzor™ has been given a Special Protocol Assessment (SPA) from the US Food and Drug Administration (FDA) with Fast Track Designation, and Immupharma has commenced its pivotal Phase III trial, which Simbec-Orion, a full service international CRO specialising in rare and orphan conditions and which has previous direct experience of Lupus trials, is conducting.

The Phase III trial is a double-blind, randomised, placebo-controlled trial in 200 patients. The study will involve patients dosing for one year, receiving 0.2mg once every month subcutaneously. The study is anticipated to occur in up to 45 investigator sites, 10 sites in the United States and 35 in

Europe, screening approximately 270 patients in order to achieve the 200 required for the trial. The recruitment phase is expected to be completed by mid-2016, with the trial completing 12 months later. The European sites will be open by end of Q1 2016 with dosing having commenced, and the Directors believe top-line data is expected to be announced in the second-half of 2017.

### **Use of Proceeds**

Net proceeds of the Placing and the Subscription will be used by Immupharma principally to fund the pivotal Phase III trial of Lupuzor™. The trial has commenced with patients being recruited within 10 centres in the US. 35 European centres will also be open for recruitment over the next few months. Immupharma will also use the proceeds to fund working capital requirements through to 2018.

## **3 CURRENT TRADING AND OUTLOOK**

Immupharma announced its interim results for the six months to 30 June 2015 on 30 September 2015. Please refer to Immupharma's announcement as notified through the Regulatory Information Service and made available on Immupharma's website at: [www.immupharma.org](http://www.immupharma.org).

Financial highlights for the period included:

- Cash position as at 30 June 2015 of £3.29m (H1 2014: £5.18m)
- Loss for the Period of £1.54m (H1 2014: £1.83m)
- Basic and diluted loss per share of 1.74p (H1 2014: 2.23p)

Immupharma is focused on ensuring the successful progress of the late stage clinical development of Lupuzor™ through its pivotal Phase III trial. Key future milestones include first dosing and completion of the recruitment of 200 patients in 2016. Immupharma will also be progressing its other earlier stage pipeline candidates through clinical development whilst exploring other opportunities around Lupuzor™'s mechanism of action and its applicability to other autoimmune conditions. Following the Placing and Subscription, the Directors remain excited for the prospects for the future of Immupharma, particularly in progressing Lupuzor™ through its Phase III trial.

## **4 DETAILS OF THE PLACING**

The Company proposes to raise not less than £3,074,468, by way of a conditional, non-pre-emptive placing of not less than 11,824,877 new Ordinary Shares at the Placing Price pursuant to the Placing Agreement. Not less than the Minimum Number of Placing Shares will, pursuant to the Placing Agreement, be placed by Panmure Gordon, as agent for the Company, with institutional and other investors.

The Placing Price represents a discount of approximately 10.3 per cent. to the closing mid-market price of the Ordinary Shares of 29 pence on 4 February 2013 (being the last practicable dealing day prior to the date of this document). The Minimum Number of Placing Shares will represent approximately 10.0 per cent. of the ordinary share capital as enlarged by the Placing and will, when issued, rank *pari passu* in all respects with the other Ordinary Shares then in issue, including all rights to all dividends and other distributions declared, made or paid following Admission.

The Directors had considered whether the Company would be able to extend the offer of Placing Shares to all existing Shareholders but, having discussed this with its professional advisers, decided

that the time and expense of doing so could not be justified and would not be in the best interests of the Company at this time. The Placing Shares are not being made available to the public.

The Placing Agreement is conditional upon (amongst other things) the Placing Agreement not having been terminated, the passing of the Resolutions at the General Meeting and Admission occurring on or before 8 a.m. on 22 February 2016 (or such later date as Panmure Gordon and the Company may agree, being not later than 8 a.m. on 24 March 2016).

Furthermore, the issue of any EIS Shares and the VCT Shares is conditional upon EIS Advance Assurance and VCT Advance Assurance respectively being obtained prior to 22 February 2016 (or such later date as Panmure Gordon and the Company may agree, being not later than 23 March 2016). Despite EIS Advance Assurance having previously been obtained by the Company, a further application has been submitted following the change to the rules applying to the Enterprise Investment Schemes. There can be no certainty that either VCT Advance Assurance or EIS Advance Assurance will be granted by H M Revenue and Customs, or that either VCT Advance Assurance or EIS Advance Assurance will be forthcoming in advance of the General Meeting. The Placing will nonetheless proceed (subject to the other conditions of the Placing Agreement) for the Placing Shares which are not EIS Shares or VCT Shares even if Advance Assurances are not obtained so long as they constitute not less than the Minimum Number of Placing Shares.

The Placing Agreement contains warranties from the Company in favour of Panmure Gordon in relation to (amongst other things) the Company and its business. In addition, the Company has agreed to indemnify Panmure Gordon in relation to certain liabilities it may incur in undertaking the Placing. Panmure Gordon has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, it may terminate in the event that there has been a material breach of any of the warranties or for force majeure.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. Subject to the passing of the Resolutions at the General Meeting, it is expected that Admission will become effective in respect of, and that dealings will commence on AIM in, the Placing Shares on 25 February 2016 (or such later date as Panmure Gordon and the Company may agree, being not later than 8 a.m. on 24 March 2016).

The Placing Shares will be issued credited as fully paid and will be identical to and rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all future distributions declared, paid or made in respect of the Existing Ordinary Shares following the date of Admission.

## 5 THE SUBSCRIPTION

Pursuant to a proposed conditional subscription agreement between the Company and Lanstead (the "**Subscription Agreement**"), 17,021,277 new Ordinary Shares (the "**Subscription Shares**") will be issued to Lanstead at a price of 26p per Ordinary Share for an aggregate subscription price of £4,425,532 before expenses (the "**Subscription**"). The Subscription is conditional, amongst other things, on the approval of the Company's shareholders at the General Meeting of resolutions granting the directors of the Company authority to allot the Subscription Shares and dis-applying statutory pre-emption rights in relation to such allotment. Further details of the General Meeting are set out below.

Conditional on the passing of the resolutions to be put to shareholders at the General Meeting, £663,820 of the Subscription proceeds (being 15 per cent. of the Subscription) will be retained by the Company and £3,761,702 will be pledged to Lanstead under the Sharing Agreement under which

Lanstead will then make, subject to the terms and conditions of that Sharing Agreement, monthly settlements (subject to adjustment upwards or downwards) to the Company over 18 months, as detailed below. As a result of entering into the Sharing Agreement the aggregate amount received by the Company under the Subscription and the related Sharing Agreement may be more or less than £4,425,532, as further explained below.

The Subscription is conditional upon there being: (i) no breach of certain customary warranties given by the Company to Lanstead at any time prior to admission to trading on AIM of the Subscription Shares; and (ii) no force majeure event occurring prior to admission to trading on AIM of the Subscription Shares.

## 6 THE SHARING AGREEMENT

As part of the Subscription, the Company will enter into the Sharing Agreement, pursuant to which Immupharma will return an amount equal to 85 per cent. of the gross proceeds of the Subscription to Lanstead. The Sharing Agreement will enable the Company to share in any share price appreciation over the Benchmark Price (as defined below). However, if the Company's share price remains less than the Benchmark Price then the amount received by the Company under the Sharing Agreement will be less than the 85 per cent. of the gross proceeds of the Subscription which were pledged by the Company to Lanstead at the outset.

The Sharing Agreement provides that the Company will receive 18 equal monthly settlement amounts as measured against a benchmark share price of 34.6667 pence per Ordinary Share (the "**Benchmark Price**"). The monthly settlement amounts for the Sharing Agreement are structured to commence two months following the admission to AIM of the Subscription Shares under the Sharing Agreement.

If the measured share price (the "**Measured Price**"), calculated as the average volume weighted share price of the Company's Ordinary Shares over an agreed period prior to the monthly settlement date, exceeds the Benchmark Price, the Company will receive more than 100 per cent. of that monthly settlement due on a pro rata basis according to the excess of the Measured Price over the Benchmark Price. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements and the amount available in subsequent months is not affected. Should the Measured Price be below the Benchmark Price, the Company will receive less than 100 per cent. of the monthly settlement calculated on a pro rata basis and the Company will not be entitled to receive the shortfall at any later date.

For example, if on a monthly settlement date the calculated Measured Price exceeds the Benchmark Price by 10 per cent., the settlement on that monthly settlement date will be 110 per cent. of the amount due from Lanstead on that date. If on the monthly settlement date the calculated Measured Price is below the Benchmark Price by 10 per cent., the settlement on the monthly settlement date will be 90 per cent. of the amount due on that date. Each settlement as so calculated will be in final settlement of Lanstead's obligation on that settlement date.

Assuming the Measured Price equals the Benchmark Price on the date of each and every monthly settlement, Immupharma would receive aggregate proceeds of £4,425,532 (before expenses) from the Subscription and Sharing Agreement, made up of the £663,830 of the Subscription initially retained by the Company and 18 monthly settlements of approximately £208,983.

The Company will pay Lanstead's legal costs incurred in the Subscription and in entering into the Sharing Agreement and, in addition, has agreed to issue to Lanstead 851,064 ordinary shares of 10 pence each in the Company (the "**Value Payment Shares**"). The issue of the 851,064 Value Payment Shares is, like the Subscription Shares, subject to approval at the General Meeting.

In no event will fluctuations in the Company's share price result in any increase in the number of Subscription Shares issued by the Company or received by Lanstead. The Directors believe that a decline in the Company's share price would not result in any advantage accruing to Lanstead and the Sharing Agreement allows both Lanstead and the Company to benefit from future share price appreciation.

## 7 **SIMBEC ORION**

In January 2015, Simbec-Orion Group Limited entered into a collaboration agreement with the Company under which, amongst other things, it agreed to reinvest a proportion of the fees which its group generated in acting as CRO on the Lupuzor Phase III clinical study. This reinvestment was to be by way of subscription in the Company's Ordinary Shares. Simbec-Orion has now agreed to subscribe for 1,538,462 Placing Shares in the Placing and, conditional on completion of the Placing, its reinvestment obligation under the collaboration agreement will lapse.

## 8 **US INVESTOR TERM SHEET**

On 27 July 2015, the Company announced that it had signed a term sheet with a US investor for up to \$14 million of funding. In view of the Placing which is being undertaken, the Company has no current intention of formalising or utilising such funding.

## 9 **RESOLUTIONS**

The Company currently does not have sufficient authority to allot Ordinary Shares under the Act to effect the Placing and Subscription. Accordingly the Resolutions, summarised below, are being proposed at the General Meeting to ensure that the Directors have sufficient authority to allot the Placing Shares and Subscription Shares on a non-pre-emptive basis. These authorities are in addition to those given to the Directors at the Company's last AGM.

### **Resolution 1: Specific authority to allot shares**

Resolution 1 is an ordinary resolution to grant authority to the Directors under section 551 of the Act to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £4,615,385, such authority expiring on the earliest to occur of 31 December 2017 and the date of the Company's next Annual General Meeting.

### **Resolution 2: Removal of restriction on authorised share capital**

The Companies Act 2006 abolished the concept of authorised share capital, but with any existing limitations in a company's constitution remaining in place. We are therefore proposing Resolution 2 as an ordinary resolution to remove the legacy restriction on the authorised share capital of the Company set out in the Articles of Association.

### **Resolution 3: Specific disapplication of pre-emption rights**

Resolution 3 is a special resolution which, if passed, will empower the Directors, pursuant to section 570(1) of the Act, to allot equity securities for cash pursuant to the authority conferred by Resolution 1 up to an aggregate nominal amount of £4,615,385 on a non-pre-emptive basis, such authority expiring on the earliest to occur of 31 December 2017 and the date of the Company's next Annual General Meeting.

The amount proposed to be raised pursuant to the allotment is 26p per share, representing a discount of approximately 10.3 per cent. to the closing mid-market price of the Ordinary Shares of 29 pence on 4 February 2013 (being the last practicable dealing day prior to the date of this document). The Directors believe that this is an acceptable level of discount at which to conduct a non-pre-emptive placing as the costs of undertaking a pre-emptive fundraising would be significant.

If passed, this authority, in conjunction with the authority proposed pursuant to Resolution 1, will enable the Directors to effect the Placing and the Subscription on a non-pre-emptive basis.

Resolutions 1 and 2 are ordinary resolutions and require a majority of more than 50 per cent. of the votes cast to be passed. Resolution 3 is a special resolution and requires the approval of not less than 75 per cent. of the votes cast to be passed. If Resolutions 1 and 3 are not passed by the requisite majority, the Placing and the Subscription will not proceed.

The Notice of General Meeting is contained at the end of this document and sets out the Resolutions in full. The General Meeting is to be held at the offices of Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL at 10 a.m. on 22 February 2016.

## 10 **ACTION TO BE TAKEN**

Enclosed with this document is a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return the Form of Proxy to the Company's registrars, Computershare Investor Services plc, so as to be received as soon as possible and, in any event, not later than 10 a.m. on 20 February 2016.

If you complete and return the Form of Proxy, you may still attend and vote at the General Meeting should you wish to do so. Shareholders who hold their Ordinary Shares through a nominee should instruct their nominees to submit a Form of Proxy on their behalf.

## 11 **DIRECTORS' DEALINGS**

All the Directors of the Company will be participating in the Placing, as set out in the table below.

<i><b>Director</b></i>	<i><b>Number of Ordinary Shares Currently Held</b></i>	<i><b>% of Existing Ordinary Shares</b></i>	<i><b>Subscription of Placing Shares</b></i>	<i><b>Number of Ordinary Shares held post subscription</b></i>	<i><b>% of Enlarged Share Capital</b></i>
Robert Zimmer	23,056,602	26.0%	1,230,769	24,287,371	20.5%



Tim McCarthy	0	0%	38,462	38,462	0.03%
Dimitri Dimitriou	3,528,968	3.98%	38,462	3,567,430	3.0%
Franco Di Muzio	60,950	0.07%	38,462	99,412	0.08%
Stephane Mery	2,259	0.0025%	19,231	21,490	0.02%

Immediately following Admission (assuming the Minimum Number of Placing Shares are subscribed), the Directors will together hold 28,014,165 Ordinary Shares, representing 23.7 per cent. of the Enlarged Share Capital.

## 12 RELATED PARTY TRANSACTION

Where a company enters into a related party transaction, under the AIM Rules the independent directors of the company are required, after consulting with the company's nominated adviser, to state whether, in their opinion, the transaction is fair and reasonable in so far as its shareholders are concerned.

As at the date of this Circular and as detailed above, Robert Zimmer has an interest in approximately 23,056,602 Existing Ordinary Shares (representing an interest of approximately 26 per cent. of the issued share capital). By virtue of Robert Zimmer's current interests in the Company, he is considered to be a "related party" as defined under the AIM Rules, and accordingly his participation in the Placing constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules.

The independent Directors, consider, having consulted with the Company's nominated adviser, Panmure Gordon, that the terms of Robert Zimmer's participation in the Placing are fair and reasonable insofar as the Company's Shareholders are concerned.

## 13 RECOMMENDATION

**The Directors consider that the Placing, the Subscription and the Resolutions are in the best interests of the Company and its Shareholders as a whole and accordingly recommend that Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own legal and/or beneficial shareholdings, amounting, in aggregate, to 26,648,779 Ordinary Shares (representing approximately 30 per cent., of the Existing Ordinary Shares).**

Yours faithfully

**Tim McCarthy**  
**Non-Executive Chairman**



## NOTICE OF GENERAL MEETING

### IMMUPHARMA PLC

(Incorporated and registered in England and Wales with registered number 03929567)

**Notice is hereby given that a General Meeting of Immupharma plc (the “Company”) will be held at 10 a.m. on 22 February 2016 at the offices of Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 and 2 will be proposed as ordinary resolutions and Resolution 3 will be proposed as a special resolution.**

#### ORDINARY RESOLUTIONS

- 1 That in accordance with section 551 of the Companies Act 2006 the directors be and they are hereby unconditionally authorised to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Companies Act 2006) provided that such authority:
  - 1.1 shall be limited to the allotment of up to 46,153,850 ordinary shares of 10 pence each in the capital of the Company; and
  - 1.2 shall (unless previously revoked, varied or renewed) expire on the earliest to occur of 31 December 2017 and the date of the Company’s next Annual General Meeting, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Such authority is in addition to the authority to allot equity securities granted by the Company at its annual general meeting held on 29 May 2015.

- 2 That in accordance with paragraph 42(2)(b) of Schedule 2 of the Companies Act 2006 (Commencement No. 8, Transitional Provisions and Savings) Order 2008, the restriction on the authorised share capital of the Company set out in article 4 of the Company’s articles of association is hereby revoked and deleted together with any restriction in the Company’s memorandum of association which, by virtue of section 28 of the Companies Act 2006, forms part of the Company’s articles of association.

#### SPECIAL RESOLUTION

- 3 That in accordance with section 571 of the Companies Act 2006, the directors be and they are hereby given power to allot equity securities (as defined in section 560 of the Companies Act 2006) pursuant to the authority conferred by Resolution 1 above as if section 561 of the Companies Act 2006 did not apply to such allotment, provided that the power granted by this resolution shall (unless previously revoked, varied or renewed) expire when the authority conferred by Resolution 1 above shall expire, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

**By Order of the Board**

**Tracy Weimar**

*Company Secretary*

5 February 2016

*Registered Office*

50 Broadway

London

SW1H 0RG

## NOTES TO THE NOTICE OF GENERAL MEETING

### **Entitlement to vote**

1. Only those members registered on the Company's register of members at 6.00 pm on the day falling two days prior to the date of the Meeting (or if this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting) shall be entitled to attend and vote at the Meeting.

### **Appointment of proxies**

2 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the Meeting. You should have received a 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. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

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. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Registrars helpline on 0370 707 1014 or (from overseas) +44 (0) 370 703 6101 or you may photocopy the proxy you received. Please mark (and initial) each proxy form clearly with the number of Ordinary Shares held by you in relation to which each proxy is appointed.

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 you either select the 'Discretionary' option or 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.

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 proxy form, the form and any authority under which it is executed (or a duly certified copy of such authority) must be:

- completed and signed;
- deposited at the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY; and
- received by Computershare Investor Services plc no later than 48 hours before the time fixed for the Meeting (or any adjourned meeting as the case may be).

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.

### **Appointment of proxy by joint members**

7. 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).

### **Changing proxy instructions**

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointments**

9. In order to revoke a proxy instruction you will need to inform Computershare Investor Services plc by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. 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. In either case, the revocation notice must be received by Computershare Investor Services plc no later than 48 hours before the time fixed for the Meeting (or any adjourned meeting as the case may be).

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

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**

10. In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:

(i) if a corporate member has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Meeting,

then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and

(ii) if more than one corporate representative for the same corporate member attends the Meeting but the corporate member has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – [www.icsa.org.uk](http://www.icsa.org.uk) – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (i) above.

**Issued share capital and voting rights**

11. On 4 February 2016, the Company's authorised issued share capital comprised 88,622,463 ordinary shares of 10p each. Each ordinary share carries the right to one vote at the Meeting and, therefore, the total number of voting rights in the Company on 4 February 2016 is 88,622,463.

**Electronic communication**

13. You may not use any electronic address provided either in this notice of Meeting or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated. If you have any general queries about the Meeting please send all communications by post to the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY and no other methods of communication will be accepted.