THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek advice from your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are in the United Kingdom or, if not, from another appropriately authorised independent professional adviser.

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document, together with the accompanying Form of Proxy, 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 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 only some of your Ordinary Shares, you should retain this document and the Form of Proxy and consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document should be read 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 7 of this document, accept responsibility, both individually and collectively, for the information set out in this document and for compliance with the AIM Rules for Companies. 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 New Ordinary Shares to be admitted to trading on AIM. The New Ordinary 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 New Ordinary Shares are expected to be admitted to AIM and to commence trading at 8.00 a.m. on 2 September 2014.

RETROSCREEN VIROLOGY GROUP PLC

(Incorporated and registered in England and Wales with registered no. 08008725)

Placing of 12,923,077 New Ordinary Shares at a price of 260 pence per share

Proposed change of name to *h*VIVO plc

and

Notice of General Meeting

Numis Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as nominated adviser and broker to the Company and no one else in connection with the Placing. The responsibilities of Numis Securities Limited as the Company's nominated adviser and broker, under the AIM Rules for Nominated Advisers, are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person, in respect of his decision to acquire shares in the Company in reliance on any part of this document, or otherwise. Numis Securities Limited is not making any representation or warranty, express or implied, as to the contents or completeness of this document. Numis Securities Limited has not authorised the contents of this document for any purpose and, without limiting the statutory rights of any person to whom this document is issued, will not be offering advice and will not be responsible for providing customer protections to any other person (whether or not recipients of this document) in respect of any acquisition of shares.

The Notice of a General Meeting to be held at 10.00 a.m. on 1 September 2014 at Queen Mary Bio Enterprises Innovation Centre, 42 New Road, London E1 2AX is set out at the end of this document. The accompanying Form of Proxy for use in connection with the General Meeting should be completed by Shareholders and returned as soon as possible but, in any event, so as to be received by the Company's registrars, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, no later than 48 hours before the time appointed for the General Meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the General Meeting or adjourned meeting, not later than 48 hours before the time appointed for the taking of the poll at the meeting at which

it is to be used. **Whether or not you intend to be present at the General Meeting you are requested to complete and return the Form of Proxy as instructed above. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.**

This document does not constitute or form part of any offer or invitation to purchase, subscribe for or sell any shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefore. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this document is not for release, publication or distribution, directly or indirectly, in or into the United States, the Commonwealth of Australia, Canada, Japan or the Republic of South Africa or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

The New Ordinary Shares referred to in this document have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state. The New Ordinary Shares are only being offered and sold outside the United States in 'offshore transactions', as defined in, and in reliance on, Regulation S under the Securities Act. Subject to certain exceptions, the New Ordinary Shares may not be offered or sold within the United States. Accordingly, subject to certain exceptions, neither this document nor the accompanying Form of Proxy are being or may be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent, in whole or in part, in or into the United States, and persons receiving such documents must not, directly or indirectly, mail, transmit or otherwise forward, distribute or send such documents in or into the United States.

Copies of this document will be available free of charge during normal business hours on any week day (except public holidays) at the offices of Pinsent Masons LLP at 30 Crown Place, Earl Street, London EC2A 4ES and from the registered office of the Company from the date of this document and shall remain available for a period of one month from Admission. In accordance with AIM Rule 26 a copy of this document will also be available on the Company's website www.retroscreen.com from the date of this document.

FORWARD-LOOKING STATEMENTS

This document includes "forward-looking statements" which includes all statements other than statements of historical fact, 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 Group'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 and therefore undue reliance should not be placed on 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, the Directors and Numis expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group'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.

PLACING STATISTICS

Placing Price	260 pence per Ordinary Share
Number of Ordinary Shares in issue at the date of this document	54,723,821
Number of New Ordinary Shares to be issued	12,923,077
Number of Ordinary Shares in issue following Admission*	67,646,898
New Ordinary Shares expressed as a percentage of the enlarged share capital following Admission*	19.1 per cent.
Gross Placing proceeds	£33.6 million
Net Placing proceeds	c. £32.8 million

**Assuming that all of the New Ordinary Shares are issued and that no other Ordinary Shares are issued prior to Admission.*

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Circular and Form of Proxy posted	14 August 2014
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 30 August 2014
General Meeting	10.00 a.m. on 1 September 2014
Admission and dealings in the New Ordinary Shares expected to commence on AIM	2 September 2014
CREST stock accounts expected to be credited for the New Ordinary Shares	2 September 2014
Posting of share certificates for New Ordinary Shares (if required) by	10 September 2014

If any of the details contained in the timetable above should change, the revised time and dates will be notified to Shareholders by means of a Regulatory Information Service (as defined in the AIM Rules). All events listed in the above timetable following the General Meeting are conditional on the passing of the Resolutions at the General Meeting and assume that the General Meeting is not adjourned.

In this document, all references to times and dates are to those observed in London, United Kingdom.

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.

"**Act**"	the Companies Act 2006, as amended
"**Admission**"	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
"**AIM**"	the market of that name operated by the London Stock Exchange
"**AIM Rules**"	the AIM Rules for Companies, which set out the rules and responsibilities for companies listed on AIM, as amended from time to time
"**Board**" or "**Directors**"	the board of directors of the Company, whose names are listed on page 7 of this document
"**Company**" or "**Retroscreen**"	Retroscreen Virology Group plc, a public limited company incorporated in England & Wales under registered number 08008725
"**CREST**"	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)
"**Existing Ordinary Shares**"	the 54,723,821 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM
"**Form of Proxy**"	the accompanying form of proxy for use by Shareholders in relation to the General Meeting
"**General Meeting**"	the general meeting of the Company to be held at 10.00 a.m. on 1 September 2014, notice of which is set out at the end of this document
"**Group**"	the Company, its subsidiaries and subsidiary undertakings
"**Invesco**"	Invesco Asset Management Limited, together with Invesco Perpetual High Income Fund and Invesco Perpetual Income Fund
"**London Stock Exchange**"	London Stock Exchange plc
"**New Ordinary Shares**"	12,923,077 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, *inter alia*, on the passing of the Resolutions
"**Notice of General Meeting**"	the notice of General Meeting, set out at the end of this document
"**Numis**"	Numis Securities Limited, a private limited company incorporated in England & Wales under registered number 2285918 and having its registered office at 10 Paternoster Square, London EC4M 7LT
"**Ordinary Shares**"	ordinary shares of 5 pence each in the capital of the Company
"**Placing**"	the proposed conditional, non-pre-emptive placing by Numis of the New Ordinary Shares (on behalf of the Company) at the Placing Price

"**Placing Agreement**"	the conditional agreement dated 14 August 2014 relating to the Placing in respect of the New Ordinary Shares, between the Company and Numis
"**Placing Price**"	260 pence per Placing Share
"**Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
"**Resolutions**"	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
"**Shareholders**"	the holders of Ordinary Shares from time to time, each individually a "Shareholder"
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland
"**United States**"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

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 RETROSCREEN VIROLOGY GROUP PLC

Queen Mary Bio Enterprises Innovation Centre
42 New Road
London E1 2AX

Company number: 08008725

Directors:

Jaime Ellertson, *Non-Executive Chairman*
Kym Denny, *Chief Executive Officer*
Graham Yeatman, *Finance Director and Company Secretary*
David Norwood, *Non-Executive Director*
Trevor Nicholls, *Non-Executive Director*
Alison Fielding, *Non-Executive Director*

14 August 2014

Dear Shareholder

Placing of 12,923,077 New Ordinary Shares at a price of 260 pence per share

Proposed change of name to *h*VIVO plc

and

Notice of General Meeting

1. Introduction

The Board has announced today that the Company has raised, subject to certain conditions, £33.6 million, approximately £32.8 million net of expenses, by way of a placing of 12,923,077 New Ordinary Shares at a placing price of 260 pence per Ordinary Share.

The Placing 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 New Ordinary Shares for cash on a non-pre-emptive basis. A General Meeting is therefore being convened for the purpose of considering the Resolutions at 10.00 a.m. on 1 September 2014 at the registered office of the Company. 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 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 3,776,720 Ordinary Shares representing approximately 6.9 per cent. of the Existing Ordinary Shares.

2. Background to the Placing

Retroscreen is a rapidly growing life sciences company based in the UK pioneering a technology platform called *h*VIVO which uses human disease models to discover and study new drugs and diagnostic products.

The Retroscreen business was established in 1989 and over the last 25 years it has established itself as a market leader in providing clinical services to third party study sponsors using human disease models involving volunteers. To date, Retroscreen has conducted 37 clinical studies, involving more than 1,800 volunteers for a range of leading industry, government and academic clients. The Directors consider Retroscreen to be the only business built to deliver a range of human disease models on an industrial scale. The Group is now expanding the use of its platform to include the discovery and development of its own proprietary therapeutic and diagnostic products.

Drug discovery and development: a process that is fundamentally flawed

Many industry commentators have highlighted the failings of the pharmaceutical R&D process. It typically takes more than a decade and often hundreds of millions of dollars to bring a pharmaceutical drug to market. In addition, it is estimated that only one in every fifty preclinical compounds enter clinical testing, while less than one in five investigational new drugs in clinical development succeed in reaching the market. A primary reason for the high attrition rate is a fundamental lack of efficacy, or at least the lack of demonstration of clinical efficacy in late stage development. This high failure rate is compounded by the fact that it can take more than five years for a new drug candidate to progress to clinical testing, where it is evaluated in human subjects for the first time.

The Directors believe there are three main reasons behind this high failure rate:

1. The mechanisms of many diseases are insufficiently understood to choose valid drug targets

It is generally accepted by the industry that selection of the wrong drug target is usually the main reason behind a failure to demonstrate clinical efficacy. This is a result of the fundamental lack of understanding of human biology, despite many technological advances over the last few decades. The pharmaceutical industry continues to use published literature in its search for new drug targets. However, a publication in the Nature Reviews Drug Discovery in 2011 indicated that there were inconsistencies in 65 per cent. of the published experimental data that were repeated, with only 21 per cent. proving to be reproducible.

2. *In vitro* and *in vivo* preclinical models often poorly predict clinical efficacy

The industry relies on non-human preclinical models to discover and validate new drug candidates before they enter clinical testing. These models act as key gate points in the decision making process for progressing a new drug candidate through early stage development. However, the relevance of preclinical models to the complex human biological system is limited such that drugs that show preclinical promise are more likely than not to fail in humans. Leading industry commentators, including the FDA, believe that the majority of these preclinical models have low predictive ability and the results from such models do not translate to the humans. In particular, one report has claimed that the mouse model has been totally misleading and years and billions of dollars have been wasted following false leads as a result.

3. Failure to identify the correct target patient population for drug treatment

A third common reason for drugs failing to show efficacy in clinical studies is in the design of the studies themselves, including inappropriate patient selection. In most disease areas, patients are recruited for clinical studies based on a phenotypic classification of disease, which often includes a range of criteria including symptom type and severity. However, because these selection criteria do not differentiate patient types at the molecular level, a range of inappropriate patient types can be included in a clinical study due to the lack of appropriate stratification of the disease. For a drug that targets a specific subset of patients, this is likely to mean that a clinical study will be underpowered and therefore unlikely to detect an efficacy signal on an all-comers basis. This is commonly described as the one-size fits all approach to drug development although diseases are increasingly being recognised as syndromes, consisting of a range of disease types. For drugs that fail to hit efficacy endpoints, a retrospective analysis may identify a specific subset of patients that responded in the study and this can help guide its future development but for some drugs, this is too late in the process.

hVIVO has the potential to transform pharmaceutical R&D productivity

The Directors believe that the best way to address this high attrition rate and to shorten product development time is to (a) accelerate the demonstration of proof of concept for new drugs and diagnostics and (b) identify more appropriate biomarkers to enable next generation drug and diagnostic products to be developed. In the Directors' opinion, *h*VIVO is ideally placed to address both of these fundamental challenges.

Retroscreen's *h*VIVO platform puts humans at the heart of the modelling of disease. The platform functions in the following way: volunteers are recruited for research studies in which a safe challenge agent is administered to elicit a self-limiting infection, such as 'flu', or to trigger a disease episode or exacerbation,

such as in asthmatic subjects. The studies are conducted under tightly controlled, quarantine conditions with full medical supervision. The benefits of this approach, compared to field-based studies where patients are only recruited when they become symptomatic, are that (a) the healthy or pre-challenge subject acts as an internal control by providing a pre-disease baseline; (b) the laboratory like conditions means the presentation of symptoms together with cellular and molecular changes in response to the challenge agent can be tightly correlated; and (c) multiple, high quality samples can be taken from a range of body compartments throughout the course of the disease, or disease episode. The Directors believe that combining these benefits in one platform creates a powerful R&D tool for product discovery and development.

The Group has shown that *h*VIVO has a proven utility in validating new investigational drugs, through the ability to demonstrate proof of concept rapidly and to investigate suitable doses using its human disease models. This is supported by recent announcements of two landmark studies conducted by Retroscreen for Alios BioPharma Inc. and Gilead Sciences Inc. of their antiviral products in the Group's RSV disease model. Retroscreen was able to deliver dose ranging and proof of concept results for both products in only approximately six months and ten months respectively.

Development of hVIVO platform to better understand disease mechanics

In recent years, it has become increasingly clear to the Directors that *h*VIVO has the potential to become a powerful tool for understanding human disease itself. Research into the mechanisms of disease at present relies heavily on analysing individual tissue samples taken from patients in an attempt to understand the pathways involved. These samples are typically obtained from hospitals or tissue biobanks that have been assembled by academics and organisations over many years. However, these heterogeneous samples provide only isolated cellular snapshots and do not provide the biological context of the disease or information on what the cell looked like prior to the disease. Efforts are additionally hampered by variable sample quality and also the limited availability of samples, including from tissue biobanks.

The Directors believe that *h*VIVO's ability to generate a range of high quality samples over the course of a disease or exacerbation will help to capture a full picture of the continuum of the disease. Using modern analytical techniques, the Directors expect that the bioanalysis of these samples will lead to an understanding of the molecular basis of disease and how this correlates with the presentation and resolution of physical responses and their associated clinical symptoms. Furthermore, the Directors believe that compiling such rich, contextual data from a broad range of subjects will enable Retroscreen to determine how disease is manifest across a population and the underlying pathways involved. The Directors believe that the critical points in these pathways will provide biomarkers of disease, providing new diagnostic and drug target opportunities. In essence, the Directors believe that *h*VIVO will enable the stratification of disease, such that different patient types can be identified and thus treated in a more tailored way either with existing or investigational drugs. The Directors believe that this will then enable the evolution of the *h*VIVO platform, as diagnostic biomarkers become available to allow more targeted patient recruitment in product validation and clinical trial studies, both quarantine-based and field-based.

Delivering hVIVO

Retroscreen's focus since it listed on AIM has been scaling the Group's operations and exploring the wider commercial opportunity for *h*VIVO, including expanding its range of disease models from healthy volunteers to patient populations.

As a measure of the Group's progress, Retroscreen had conducted a total of 37 studies involving more than 1,800 volunteers by July 2014, almost double the number of volunteers that the Group had achieved by the end of 2012. In addition, the utility of the *h*VIVO platform in unravelling complex biological systems is reflected in two key publications: (a) the novel findings relating to T-cell epitopes in 'flu' that was published in Nature Medicine in 2012 and (b) a publication in 2013 regarding the use of the Group's platform by Duke University that led to the identification of a novel molecular fingerprint for determining whether an infection is bacterial or viral in origin.

In July 2013, the Company raised an additional £25.5 million before expenses from existing and new shareholders as it sought to pursue its broader strategic vision, and to leverage the platform to extend beyond

its product validation roots and springboard into use as a discovery engine. These funds largely enabled the start of its airways disease programme and the broadening of the Group's in-house research and development capabilities. To this end, Retroscreen announced in June 2014 that it had commenced its first new model development study in asthma to develop a model to support drug discovery and to accelerate development by reducing the requirement for large-scale field-based studies. The Group also announced that it had achieved the First Subject, First Sample (FSFS) in an Over 45's study designed to establish safety in an older population as a precursor to developing a COPD model.

Retroscreen has also been building its dedicated in-house discovery team and investing in the bioinformatics infrastructure required to mine its samples, including (a) proteomics, gained through the acquisition of Activiomics in March 2014; (b) TranSMART, which is a state of the art data handling and mining tool; and (c) Alphadas, which is an integrated clinical e-source system. The Group has also commissioned a state of the art new biomedical facility at Chesterford Research Park, near Cambridge, which will be operational in summer 2015. This bespoke facility will house the R&D team together with a 40 bed en-suite quarantine unit and a bronchoscopy suite to enable lung samples to be collected in support of Retroscreen's studies in airways disease.

Pathomics encapsulates a proven approach

Having built the capability and capacity to generate multiple human challenge studies in both patients and in healthy volunteers, Retroscreen intends to begin leveraging *h*VIVO as a powerful tool in biomarker discovery in the second half of 2014. The Group has coined the term 'Pathomics' to describe the concept of using environmental challenges – called 'insults', such as viruses and allergens – to understand the biological pathways, or 'circuits', involved in modulating the human response and how this differs by disease. In essence, *h*VIVO allows the human biological system to be perturbed under tightly controlled, safe conditions and the resulting changes to be measured at the cellular and molecular level. The Directors anticipate that novel insights into human disease pathways will lead to new understandings of other diseases which share similar pathways, enabling new treatment and diagnostic options to be developed. Furthermore, the Directors believe that *h*VIVO can be applied to a broad range of patient populations with chronic diseases that are exacerbated by, or which have prolonged recovery from, infections. To this end, the Group is evaluating a range of other new disease models beyond those currently planned, including in obesity and diabetes.

The Pathomics methodology that Retroscreen is following has its roots in other disease areas, particularly cancer, where disease is becoming stratified at the molecular level. As a result, patients are increasingly diagnosed according to their underlying pattern of genetic mutations rather than simply where the disease, or tumour is located. The mapping of the different pathways, or circuits, involved in cancer and how these mechanisms vary between different cancers and even individuals has led to the identification of new drug targets for specific cancer types and subsets of patients. For example, amplification of the human epidermal growth factor receptor 2 (HER2) gene has been found to occur in approximately 20-30 per cent. of patients with breast cancer. Roche/Genentech's Herceptin® was developed to target this subset of HER2 positive breast cancer patients and generated sales of more than $6 billion in 2013. Furthermore Companion Diagnostics (CDx) have been developed to identify patients who will respond to specific therapies. Cancer has proven particularly amenable to this approach due to the relative availability of tissue samples, through the use of biopsy during diagnosis and resection during treatment.

However, in many, if not most diseases, this molecular approach has yet to be adopted, at least routinely. Airways disease is one such area due to the difficulties in obtaining lung samples from patients and the lack of suitable preclinical models due to fundamental differences in physiology. As a result, the Directors understand that only two new drug classes have been approved for the treatment of asthma in the last 30 years despite the considerable unmet need and sizeable market opportunity that remains untapped.

Targeting high value markets

The Group's initial discovery focus is in 'flu' and airways disease, principally asthma and COPD. The Directors believe the total addressable market for new drugs and diagnostics in asthma could be more than

$75 billion and for 'flu' more than $10 billion per annum. However, the platform has the potential to be extended to a wide range of diseases in due course.

Once a new drug target has been identified, the Group can look to initiate *de novo* drug development programmes or reposition existing drugs and resurrect failed drugs for use in new target indications. The potential rewards for a successful drug, however, are considerable, particularly in the respiratory field due to the large patient numbers and the overall burden on the healthcare system. As a result, the leading drugs in this market have multi-billion dollar sales, most notably Advair® which has global sales of over $8 billion per annum.

The Directors also believe there is an opportunity for the Group to develop CDx products for use with its proprietary or third party therapeutic products, utilising predictive biomarkers which indicate which patients are likely to respond to a particular therapy. In addition, diagnostics incorporating prognostic biomarkers could indicate a patient's disease state, including risk of disease progression or an episode, such as an asthma exacerbation, and likely patient outcome.

Once new predictive and prognostic biomarkers and drug targets have been identified, the Directors believe that a range of commercialisation and partnering options are available to Retroscreen to realise shareholder value. These include research collaborations, co-development agreements and out-licensing deals, at different stages of development. The *h*VIVO platform provides an ideal opportunity for the Group to demonstrate proof of concept for a new product, and to build-out a licensing package with additional supportive data on dose selection and mechanism of action, prior to partnering and subsequent commercialisation to drive deal value. However, the Directors believe that the preferred partnering strategy will depend both on the disease area, the product development and expertise requirements and the probability, costs and timelines involved.

The Group could expect to receive a combination of upfront, milestone and sales performance payments from a licensing and commercialisation partner, together with royalties on product sales. Market research indicates that the average headline deal value for a therapeutic product out-licensed at Phase II of a clinical trial is $170 million, excluding royalties, while for breakthrough products, the Directors point to industry precedents for headline deals of even higher value for both biomarker and product based licensing deals.

3. Current trading and outlook

Increasing industry adoption of the *h*VIVO platform has resulted in Retroscreen being able to achieve two and a half years of exceptional growth. As a result, the majority of Retroscreen's workload to-date, reflected in utilisation of staff and quarantine facilities, has been employed for external client engagements, generating revenue and gross profit. The Directors expect to report revenue for the six months ended 30 June 2014 in excess of £14.0 million (H1'13, £12.0 million; 2013, £27.5 million) when the Company announces its half-year results in September 2014. This strong performance is due to a busy schedule of client engagements across two quarantine facilities, with the Group continuing to achieve improvements in gross profit margin (H1'13, 28.3 per cent; 2013, 30.2 per cent). The Company will also report an increased R&D expense as the Group continues to build its in-house R&D capability and preparations are made to implement the Group's R&D plan. Cash as at 30 June 2014 was £31.6 million (H1'13, £13.2 million; 2013, £35.8 million).

Retroscreen has reached an inflection point where it now needs to achieve a balance of external client revenue engagements with internal R&D studies. In order to accelerate the R&D programme, the Directors are targeting a 70:30 balance of external client revenue engagements to internal R&D studies, which in time is expected to become an equal 50:50 balance as overall workload increases. This will be a significant transition for Retroscreen, such that in the next twelve months there may be lumpiness in balancing the prioritisation and timing of client revenue engagements and internal R&D studies. Accordingly, in the short term this is expected to lead to lower revenue for the second half of 2014. However, longer term, as the Company diversifies its workload and expands its capacity, including the introduction of Chesterford Research Park in summer 2015, the Directors believe that the balancing of client revenue engagements and internal R&D studies should increase Retroscreen's overall utilisation of staff and facilities. The Directors believe this will drive cost efficiencies and gross profit margin improvement, which will in part contribute to the Company's increasing investment in R&D expense and requirement for cash.

In July 2014, Kym Denny and members of the senior management team completed an extensive client roadshow to announce the Group's broadening strategy and begin to explore potential collaborations with existing and new customers. The Company is delighted to report that it received very positive feedback on the client roadshow, particularly regarding the development of the new disease models.

The Directors anticipate strong progress with the new model development programme and in-house R&D programme over the next 24 months. The Group plans to calibrate *h*VIVO in both asthma and COPD models, while elucidating a circuit plan for at least one target disease with the subsequent discovery of a first candidate biomarker. Once identified, the Group intends to meet with the regulators including the FDA to determine the most appropriate development pathway. This will allow the Group to start the clinical validation of the biomarker while seeking a collaboration or partnership for product development and commercialisation.

4. Use of proceeds

The Placing is intended to allow Retroscreen to further utilise the skills, resources and expertise that it has developed over the last two years, to accelerate sample generation and subsequent bioinformatics work in the race to identify novel biomarkers and drug targets in areas of high unmet medical need.

The Directors intend that the net proceeds of the Placing, being approximately £32.8 million, will be used by the Group principally for the following:

- Accelerate biomarker discovery programme in 'flu' and asthma;
- Refine asthma model for product validation use;
- Initiate COPD model development as the second airways disease opportunity; and
- Broaden the Group's Challenge Agent repertoire.

The Company anticipates that the proceeds will be invested in these R&D programmes over the next 24 months.

5. Details of the Placing

The Company proposes to raise £33.6 million, approximately £32.8 million net of expenses, by way of a conditional, non-pre-emptive placing of 12,923,077 New Ordinary Shares at the Placing Price. The New Ordinary Shares have been placed by Numis as agent for the Company pursuant to the Placing Agreement with institutional and other professional investors. The Directors had considered whether the Company would be able to extend the offer of new Ordinary Shares to all existing Shareholders but, having discussed this with its professional advisers, decided that the expense of doing so could not be justified and would not be in the best interests of the Company.

The Placing Price represents a discount of 18.8 per cent. to the closing mid-market price of the Ordinary Shares of 320 pence on 13 August 2014 (being the last practicable dealing day prior to the date of this document). The New Ordinary Shares will represent approximately 19.1 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 Placing Agreement is conditional upon (amongst other things) it not having been terminated, the passing of the Resolutions at the General Meeting and Admission occurring on or before 8.00 a.m. on 2 September 2014 (or such later date as Numis and the Company may agree, being not later than 8.30 a.m. on 16 September 2014).

The Placing Agreement contains warranties from the Company in favour of Numis in relation to (amongst other things) the Group and its business. In addition, the Company has agreed to indemnify Numis in relation to certain liabilities it may incur in undertaking the Placing. Numis 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 for the New Ordinary Shares to be admitted to trading on AIM. It is expected that dealings in the New Ordinary Shares will commence on AIM on 2 September 2014.

6. Change of name

The Directors consider that the company name, Retroscreen Virology Group, which is a legacy of the Group's origins in the field of retroviruses, along with the strap line 'Conquering Viral Disease' is no longer appropriate to describe the business.

The Directors' expanded vision for the Group provides an ideal opportunity to change the company name and introduce more appropriate, forward looking branding. The Directors intend to adopt the name *h*VIVO, which is currently the Group's proprietary name for its technology platform, as the new company name. The new name will be implemented in the last quarter of 2014 and shareholder approval is not required for this name change under the Company's articles of association.

*h*VIVO provides the Company with a bold new name which encapsulates its pioneering vision of fundamentally understanding human biology and disease by working in partnership with human volunteers. In essence, *h*VIVO enables human biology to be studied in human volunteers, with the aim of conquering human disease, not just viral disease.

7. Related party transaction

As part of the Placing, Invesco, which is a related party for the purpose of the AIM Rules by virtue of it being a "substantial shareholder", has agreed to subscribe for 4,230,769 New Ordinary Shares.

As at 13 August 2014 (being the last practicable date prior to publication of this document), Invesco held approximately 24.4 per cent. of the voting rights attached to the issued share capital of the Company. Upon Admission, Invesco is expected to hold 17,569,338 Ordinary Shares representing 26.0 per cent. of the issued share capital as enlarged by the Placing.

The Directors consider, having consulted with the Company's nominated adviser, Numis, that the participation by Invesco in the Placing is fair and reasonable in so far as its Shareholders are concerned.

The AIM Rules do not prohibit Invesco from exercising the voting rights attached to its holding of Ordinary Shares at the General Meeting.

8. Resolutions

The Company currently does not have sufficient authority to allot the New Ordinary Shares pursuant to the Placing. Accordingly the Resolutions, summarised below, are being proposed at the General Meeting to ensure that the Directors have sufficient authority to allot the New Ordinary Shares on a non-pre-emptive basis.

Resolution 1

Resolution 1 is an ordinary resolution to grant authority to the Directors under section 551 of the Act to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £646,155, such authority expiring on 1 December 2014.

If Resolution 1 is passed the Directors will have the authority, under the Act, to allot Ordinary Shares up to the maximum aggregate nominal amount of £646,155 (being the maximum required for the purposes of issuing the New Ordinary Shares). This is in addition to the authority granted by the Company at its annual general meeting held on 21 May 2014.

Resolution 2

Resolution 2 is a special resolution, conditional upon the passing of Resolution 1, 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 £646,155 on a non-preemptive basis, such authority expiring on 1 December 2014. This is in addition to the authority granted by the Company at its annual general meeting held on 21 May 2014.

If passed, these authorities will enable the Directors to effect the Placing in respect of the New Ordinary Shares on a non-pre-emptive basis.

Resolution 1 is an ordinary resolution and requires a majority of more than 50 per cent. of the Shareholders voting to be passed. Resolution 2 is a special resolution and requires the approval of not less than 75 per cent. of the Shareholders voting to be passed. If the Resolutions are not passed by the requisite majority, the Placing 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 registered office of the Company at Queen Mary Bio Enterprises Innovation Centre, 42 New Road, London E1 2AX at 10.00 a.m. on 1 September 2014.

9. 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, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received as soon as possible and, in any event, not later than 10.00 a.m. on Saturday 30 August 2014.

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.

10. Recommendation

The Directors consider that the Placing 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 3,776,720 Ordinary Shares (representing approximately 6.9 per cent. of the Existing Ordinary Shares).

Yours faithfully

Jaime Ellertson

Non-Executive Chairman

NOTICE OF GENERAL MEETING
RETROSCREEN VIROLOGY GROUP PLC

(Incorporated and registered in England and Wales with registered number 08008725)

Notice is hereby given that a General Meeting of Retroscreen Virology Group plc (the "Company") will be held at 10.00 a.m. on 1 September 2014 at Queen Mary Bio Enterprises Innovation Centre, 42 New Road, London E1 2AX for the following purposes:

ORDINARY RESOLUTION

To consider, and if thought fit, pass Resolution 1 as an ordinary resolution:

1. **THAT**, the directors of the Company (the "**Directors**") be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to allot shares in the Company ("**Shares**") or to grant rights to subscribe for, or to convert any security into, Shares up to an aggregate nominal amount of £646,155 and that the authority conferred on the Directors by this Resolution shall expire on 1 December 2014, save that under this authority the Company may, before such expiry, make an offer or agreement which would or might require Shares to be allotted or rights to subscribe for, or to convert any security into, Shares to be granted after such expiry and the Directors may allot Shares or grant rights to subscribe for, or to convert any security into, Shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

   The authority referred to in Resolution 1 is in addition to the authority to allot shares and grant rights to subscribe for or to convert any security into shares granted by the Company at its annual general meeting held on 21 May 2014.

SPECIAL RESOLUTION

To consider, and if thought fit, pass Resolution 2 as a special resolution:

2. **THAT**, subject to the passing of Resolution 1 above, the Directors be and they are hereby empowered pursuant to section 570(1) of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 1, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £646,155 and shall expire on 1 December 2014, except 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 offer or agreement as if the power conferred hereby had not expired.

   The authority referred to in Resolution 2 is in addition to the authority granted by the Company at its annual general meeting held on 21 May 2014.

By Order of the Board

Graham Yeatman
Company Secretary

14 August 2014

Registered Office

Queen Mary Bio Enterprises Innovation Centre
42 New Road
London E1 2AX

Notes:

1. A member entitled to attend and vote at the Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him/her. A member may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The proxy need not to be a member of the Company. Please refer to the notes to the Form of Proxy for further information on appointing a proxy, including how to appoint multiple proxies (as the case may be).

2. In the absence of instructions, the person appointed proxy may vote or abstain from voting as he/she thinks fit on the specified Resolutions and, unless otherwise instructed, may also vote or abstain from voting on any other matter (including amendments to the Resolutions) which may properly come before the Meeting.

3. Members may appoint a proxy or proxies by completing and returning a Form of Proxy by post or by hand to the offices of the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

4. To be effective, the appointment of a proxy, or the amendment to the instructions given for a previously appointed proxy, must be received by the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by the method outlined in note 3 above not less than 48 hours before the time for holding the Meeting. In addition, any power of attorney or other authority under which the proxy is appointed (or a notarially certified copy of such power or authority) must be deposited at the offices of the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not less than 48 hours before the time for holding the Meeting. Any such power of attorney or other authority cannot be submitted electronically.

5. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Meeting.

6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (as amended) the Company specifies that only those shareholders registered on the Register of Members at 6.00 p.m. on the day, two days before the date of the meeting (the "**Specified Time**") (or if the meeting is adjourned to a time more than 48 hours after the Specified Time, by 6.00 p.m. on the day which is two days prior to the time of the adjourned meeting) shall be entitled to attend and vote thereat in respect of the number of shares registered in their name at that time. If the meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purposes of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the Register after the relevant deadline shall be disregarded in determining rights to attend and vote.

7. Any corporation which is a member can appoint in accordance with the Company's articles of association one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

8. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names of the holders stand in the Company's register of members in respect of the joint holding.

9. As at 13 August 2014, being the latest practicable date prior to the printing of this Notice, the Company's issued capital consisted of 54,723,821 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 13 August 2014 are 54,723,821.

10. This Notice, together with information about the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 13 August 2014, being the latest practicable date prior to the printing of this Notice, will be available on the Company's website www.retroscreen.com.

11. Any electronic address provided either in this Notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.