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*For immediate release 7.00 a.m: 26 November 2015*

**hVIVO PLC**  
("hVIVO" or "the Company")

**CONDITIONAL PLACING TO RAISE £20.5 MILLION**

hVIVO plc (AIM: HVO), the pioneer of human challenge models of disease, announces today that it has raised, subject to certain conditions, £20.5 million (before expenses) by way of a placing of 9,111,111 new Ordinary Shares (the "New Ordinary Shares") with existing institutional shareholders at a price of 225 pence per Ordinary Share.

The Placing Price is at a discount of 11.6 per cent. to the closing middle market price of 254.50 pence per Ordinary Share on 25 November 2015, the latest date prior to this Announcement.

The New Ordinary Shares will, upon Admission, rank *pari passu* in all respects with the Ordinary Shares in issue as at the date of this Announcement, including as regards the right to receive all dividends or other distributions declared, made or paid after Admission. The New Ordinary Shares will represent 11.7 per cent. of the Company's enlarged issued ordinary share capital immediately following completion of the Placing.

The net proceeds of the Placing are expected to be approximately £20.0 million and will be principally used by the Company to progress PrEP-001 to Phase IIb, commence the stratification of asthma and advance the flu pathomics outputs into product candidates.

A general meeting of the Company to approve the Placing will be held at the Group's registered office at Queen Mary BioEnterprises Innovation Centre, 42 New Road, London E1 2AX at 10.00 a.m. on 15 December 2015.

Kym Denny, Chief Executive Officer, commented: "We are delighted at the response and immense support we have received from our shareholders to raise these funds. This has been a remarkable year, one where the growing recognition regarding the value of the hVIVO platform culminated in our PrEP Biopharm announcement and we gained access to an innovative Phase IIa compound, PrEP-001. It heralds a transformational time for our organisation as we build upon our achievements in asthma and flu."

Further details of the Placing are below.

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**Notes to Editors:**

hVIVO is a life sciences company pioneering a technology platform of human disease models to accelerate drug discovery and development in respiratory and infectious diseases.

Through its illumination of the entire disease life cycle from healthy to sick and back to health, the hVIVO platform captures disease in motion and promotes rational selection of drug targets and biomarkers in respiratory and infectious diseases, such as flu and colds. It brings together a set of capabilities in product validation testing and the mining of biological insights, in order to tackle the long timeline, significant costs and high risks to market facing drug development and diagnostic organisations today.

A market leader in human disease models and challenge studies, hVIVO has commercialised four disease models, successfully enrolled over 2,000 subjects and conducted over 40 product validation studies for a wide range of industry, government and academia clients and collaborators.

## 1. BACKGROUND TO THE PLACING

hVIVO is a life sciences company pioneering a technology platform of human disease models to accelerate drug discovery and development in respiratory and infectious diseases.

The hVIVO business (formerly Retroscreen Virology) was established in 1989 and over the last 25 years has established itself as a market leader in providing clinical services to third party study sponsors using human disease models. To date, hVIVO has conducted more than 40 clinical studies, involving more than 2,000 volunteers for a range of leading industry, government and academic clients.

The hVIVO platform puts humans at the heart of disease modelling. It functions in the following way: volunteers are recruited for research studies in which a viral challenge agent is administered to elicit a self-limiting infection, such as 'flu', or to trigger a disease episode or exacerbation, such as in asthma patients. 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.

In recent years, it has become increasingly clear to the Directors that the hVIVO platform 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 the variable quality and limited availability of samples, including from tissue biobanks. The Directors believe that hVIVO'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, a process it calls 'Pathomics'. Armed with a full picture of the disease lifecycle, the Directors believe that hVIVO will be in a proprietary, informed position to select the right drug targets at which to aim compounds, select the right biomarkers in which to develop diagnostics, power consumer health products, and provide the biological evidence needed to simplify and streamline the clinical trial process itself.

By rationally selecting drug targets and leveraging hVIVO's biological insight to simplify and streamline the clinical trial process, the Directors believe that hVIVO can substantially reduce the cost, time and risks it takes to develop regulated medicinal products. The reason why can be found within the current limitations of the drug development process: traditional drug development typically relies on clinical development itself to provide a verified link to human biology. Given the challenges of learning about disease via traditional snapshot samples, the industry tends to go into drug development with a hypothesis, rather than verified fact, about the relevance of a given drug target to a disease. The process of drug development, in the human clinical stage, thus also becomes the process to 'prove' the biology, seeking to confirm both that the drug itself is functioning safely and is successful at hitting that target, and also showing that altering the target has a meaningful positive impact on the disease itself. Combining both objectives in a clinical programme of work requires enough subjects to come to a statistically meaningful conclusion. As such, the Directors believe that in areas of medicine where the biological mechanics of a disease are poorly understood, the cost, time and resources required are higher than they would be if the biology was verified and established at the start. Currently only about 8 per cent. of new molecular entities make it all the way through clinical trials, taking between 10 and 20 years with estimated costs of delivering a drug being more than \$2 billion, up from \$800 million just a few years ago.

In contrast to hypothesis-driven drug development, the Directors believe that hVIVO's revolutionary platform helps to remove the biological guesswork from drug development. By leveraging the hVIVO

platform to illuminate the biological pathways of disease, hVIVO seeks to position itself to select drug targets rationally, which the Directors believe can help de-risk product failure since hVIVO is able to validate assumptions about human biological activity. Through the same understanding of the disease, hVIVO is further positioned to leverage its intellectual property (IP) to positively impact the clinical trial process itself. Establishing disease process biomarkers early in drug development studies with the hVIVO platform could potentially translate into 15 per cent. to 20 per cent. higher transition success rates at each phase I, II and III for a typical influenza drug potentially saving between \$108 million in 12 months to \$361 million over 36 months whilst also potentially reducing the size and length of studies, de-risking the process and reducing the costs even more. The Company plans to enter co-development joint ventures for its consumer and regulatory product development and to license its clinical trial biomarker 'tool kits' to the research industry.

### ***Realising hVIVO***

hVIVO's recent investment in the newly formed biotech company, PrEP Biopharm Limited ("PrEP"), signals a transformational moment in the Company's growth and development. Over the last five years, data from hVIVO's platform has helped to underpin a number of M&A transactions in the infectious disease sector, totalling nearly \$2 billion in investments. Indeed, in a Johnson & Johnson (J&J) press release in May 2015, the company cited two of hVIVO's client products, claiming that, "... Late stage products expected to drive growth in the next several years, following regulatory approvals, include AL 8176 for respiratory syncytial virus (RSV); ... JNJ-872 (VX-787) for influenza A." To reflect the value of hVIVO's contribution to the products that go through its platform, to pave the way for co-development opportunities with hVIVO's R&D products down the road, and ultimately to realise shareholder value, hVIVO took the strategic decision to expand its services and licensing options to include a variety of collaborative joint ventures with select customers and products. Capitalising on a growing trend to leverage off-balance sheet R&D, the Directors believe that hVIVO is well positioned to explore equity sharing arrangements in lieu of service fees, particularly in light of the Company's status as the only commercial provider of multiple human disease models, of which the Directors are aware. In structuring the Group's work in this way, the Directors believe that hVIVO will be able to position itself to share in the significant upside value that it may be instrumental in making.

The prophylactic compound, PrEP-001 (previously known as JNJ-43260295) serves as an example of the potential this collaborative approach is expected to provide to the Company. hVIVO conducted a proof of concept study for the compound on behalf of Janssen in 2013-14, with encouraging data showing the product achieved a threefold reduction in clinical illness and an eightfold reduction in common cold symptoms compared to placebo. To complete the Phase IIa programme, additional challenge studies were envisioned, involving multiple virus types and patient populations, a combination of capabilities that hVIVO, as a market leader, could deliver. The resulting UK-based start-up company, PrEP, provides hVIVO the opportunity to continue to play an integral role in the compound's further clinical development, as well as to take a significant stake in a potentially ground-breaking new drug that the Company has already helped to advance and is well placed to transition into later phase trials in at-risk patient groups.

In addition to hVIVO, other lead investors in PrEP include Johnson & Johnson Innovation – JJDC, Inc. and US-based angel investors. hVIVO holds two out of the current four PrEP Board positions. Janssen has granted a worldwide license of PrEP-001 to PrEP in exchange for equity in PrEP, together with downstream milestones and royalties. hVIVO has acquired equity in PrEP for £14.0 million cash consideration and PrEP has contracted with hVIVO Services Limited to conduct a £10.0 million Phase IIa clinical programme of work in 2015 and 2016. hVIVO's investment will be accounted for as an investment in an associate in its balance sheet and, in the application of the equity method as an associate, the £10.0 million Phase IIa clinical programme of work will be recognised as revenue. hVIVO commenced the Phase IIa work in September 2015 and the programme is expected to be significantly progressed by the 2015 year end. As a consequence of this work now being a part of a licence arrangement, the Company has been advised that, due to accounting technicalities of IFRS, the revenue and costs attributable to this work will most likely have to be accounted for on a "completed" basis in 2016, rather than on a "work done" basis as is currently the case for the revenue recognition of hVIVO's standard clinical trials agreements with clients. The Phase IIa clinical programme of work for PrEP is forecast to complete during 2016 and revenue of £10.0 million recognised in full by the 2016 year end.

The Phase IIa programme will investigate whether PrEP-001 is effective against the flu virus, how long the product's protection lasts, and if it is effective in preventing colds in asthma patients. The Directors believe that these studies will further leverage the hVIVO platform's speed of trial conduct and ability to generate clear efficacy signals, and will benefit from the Company's pathomics insights to reduce the size, cost and complexity of the compound's later phase field trials. When the key factors of the platform's success rate, and its time and cost savings are applied to PrEP-001, the Directors estimate that the hVIVO platform could potentially boost the risk-adjusted net present value of PrEP-001 by approximately 230 per cent. – further highlighting the advantage that hVIVO could provide in de-risking and in accelerating drug development.

### ***Introducing PrEP-001***

#### *The Market*

On average, each year worldwide, people suffer between 5 and 10 billion cold and flu infections, called upper respiratory viral infections (URVI). Even though on average a person will typically have one to three URVIs per year, there is little relief today from these diseases. There is no cure for the common cold, flu vaccines have limited efficacy (10 per cent. to 60 per cent. average effectiveness over the last 10 years) and current flu therapies require administration within a two-day window to be effective. Direct costs from URVIs are \$27 billion in the US and more than 189 million school days and approximately 200 million work days are missed in the US each year due to colds and other non-influenza related URVIs. While URVIs are typically self-limiting, they can be life-threatening for high risk groups such as those 40 million people suffering from asthma, chronic obstructive pulmonary disease (COPD) and congestive heart failure (CHF). URVIs are the predominant trigger of exacerbations in asthma patients and those suffering from COPD, with asthma patients alone accounting for 10 per cent. to 20 per cent. of the total URVI direct costs, including 15 million health care provider visits and 1.4 million emergency room visits annually.

#### *PrEP-001: a novel paradigm in the prevention of colds and flu*

PrEP-001 (poly I:C) is a nasally administered, broad-spectrum agent that leverages the innate immune system to prevent upper respiratory tract viral infections (colds and flus). Poly I:C acts as a benign viral surrogate. During a typical upper respiratory infection, the virus enters into the nasal epithelium and replicates rapidly, spreading throughout the upper respiratory system in 24 to 72 hours. When poly I:C is administered, the body recognises it as a virus, activating the receptors that release interferon and affecting the innate immune response. This host response pre-arms the immune system so that during a real infection the immune system can react quickly and slow down the viral replication, enabling the adaptive immune system to destroy the virus. It creates a protective layer, preventing the viral infection and acting as a prophylactic therapy.

The Director's believe that PrEP-001 (poly I:C) is a prophylactic therapy with significant potential for addressing this critical unmet need surrounding upper respiratory viral infections. It would entail weekly dosing during the cold and flu season, envisioned to last 12 weeks, and is designed to help the large number of patients that suffer substantial morbidity and mortality as a result of URVIs.

### ***hVIVO Discovery and Development***

With hVIVO's significant investment in PrEP, hVIVO gains an exciting Phase IIa product in PrEP-001 to add value to the Company's developing IP and emerging product pipeline. Fundamental to the hVIVO premise of accelerating drug and diagnostic development is the importance of establishing the biological relevance of targets and biomarkers to the disease process before product testing in humans commence. The Directors believe that, through this proprietary vantage point, hVIVO can change the time, cost and risk profile of clinical development, bringing forwards the disease-relevance question out of later stage development and into the hVIVO-created early development step of pathomics. The Directors believe that 'taking the guess work out of the biology' will yield investigational products with better risk profiles, lower costs and shorter timelines to market.

hVIVO has significantly advanced two of its pathomics programmes with funds raised by the Company since 2013. The first pathomics programme is in flu. As flu was an established human

disease model for the Company, work commenced in 2014 to collect samples and produce the first ever 'map' of the human host response to flu infection. This map was a significant achievement for the Company, which completed in the first half of 2015. At present, hVIVO is in the drug target and biomarker qualification stage, with outputs expected in the first half of 2016. The Company aims to advance these discoveries to candidate status during 2016, which could include drug candidates to treat flu, biomarker tests (trial tool kits) to guide clinical product development, and predictive tests to identify susceptibility and patients at risk of severe flu illness.

The second of the Company's pathomics programmes is in asthma. hVIVO developed and tested a new human disease model in asthma exacerbation in 2014 and early 2015. While the new model provides a much needed clinical testing tool in early stage asthma drug development, where exacerbations can be examined in laboratory-like conditions, the Directors believe that the platform has further potential to revolutionise our understanding and categorisation of asthma disease, and aims to commence this work in 2016.

Asthma is a complex disease that affects over 300 million people and, like colds and flu, still has no effective cure. Experts in the field have hypothesised that asthma is not one homogeneous disease but rather consists of different phenotypes, each with differing characteristics and potentially different therapeutic demands. By watching asthma exacerbation 'in motion' (i.e., as an asthma patient goes from their baseline state to an exacerbation state), the Directors believe that the hVIVO platform is well positioned to classify these subtypes by molecular, clinical and cellular criteria to arrive at the specific endotypes (phenotypes plus specific pathophysiological mechanisms) for stratifying asthma patients. Doing so would yield, for the first time, a way to differentiate asthma patients (stratification tools) and create the biological insights to select the right drug targets for each asthma subtype, allowing hVIVO subsequently to develop new drugs and to test existing ones for sub-type effectiveness.

In order to undertake the stratification of asthma, hVIVO intends to expand its disease model reach into the community, with two new model versions being developed in 2016. In addition to the Company's current fully controlled in-patient facility asthma model, hVIVO plans to launch an out-patient model, where subjects are inoculated by hVIVO and then released to their home environment for remote monitoring while they recover. The second new version, aimed at securing samples from the most severe asthma patients, entails the severe asthma patients registering their baseline data with hVIVO, and then returning to hVIVO's quarantine unit if and when they contract a cold or flu naturally. All of these scenarios enable continuous monitoring through the combination of sample collection plus digital data and/or patient reported information. The Directors believe that as diagnostic markers become available, they will enable more targeted recruitment in product validation studies, both quarantine and field-based, and promote further evolution of the hVIVO platform – establishing the hVIVO platform as the definitive clinical development benchmark for developing new asthma therapies.

In addition to hVIVO's pathomics programmes in flu and asthma, work has commenced to define and calibrate the Company's second new respiratory model in COPD. The Company also intends to progress the creation of a human host response map for respiratory syncytial virus (RSV) in 2016.

## **2. CURRENT TRADING AND OUTLOOK**

The PrEP transaction signals that the hVIVO platform has successfully evolved from a services delivery only application to a comprehensive drug discovery and development platform with both services and product development engine capabilities, enabling the Company to exploit the power and value generation of its human disease models. Key to this ambition is the Company's strategy to differentiate itself from other drug and diagnostic groups by turning biological verification on its head and positioning it early on in a product's lifecycle, rather than waiting until the final human testing phase (Phase III) to confirm the right targets and biomarkers have been selected.

The goal of the Company is to 'get the biology right from the start', leveraging its insight to produce the right drugs and to reduce the time, cost and complexity of clinical development itself. As a Phase IIa product, the Directors believe PrEP-001 will benefit from the emerging biological insights that the Company is pioneering in flu and in asthma, and will potentially increase the product's value

substantially over what it might otherwise have achieved from using traditional clinical testing methods alone.

As such, the Directors believe that during the remainder of 2015, the PrEP programme is expected to advance significantly in hVIVO's quarantine unit, followed by the Company's first flu client since the stalling of flu programmes in late 2014. Quarantines are planned right up to the Christmas period with the intention of pushing hVIVO's quarantine unit utilisation to its maximum. Small variances in the expected number of volunteers inoculated during this time could have a small reduction in the Company's forecasts for 2015 revenue of "not less than £8.0 million", which is also subject, as always, to the December client meeting its overall trial timelines this year. For 2016 the focus will be on progressing PrEP-001 to Phase IIb, commencing the stratification of asthma and advancing the flu pathomics outputs into product candidates, whilst also delivering against a building client engagement pipeline of work.

The Directors believe that the Company has reached the next chapter in the evolution of the hVIVO platform, where it now seeks to achieve a best balance of client engagements (generating revenue, gross profit and contribution to cash flow) with collaboration engagements such as PrEP and the Group's own internal R&D engagements, to maximise the utilisation and investment of its resources and drive value creation for Shareholders.

### **3. USE OF PROCEEDS**

The Placing is intended to allow hVIVO to further utilise the skills, resources and expertise that it has developed over the last three years, to build out bioinformatics analysis and disease stratification capabilities as hVIVO works 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 £20.0 million, will be used by the Company principally for the following:

- Complete Phase IIa clinical programme of work for PrEP
- Initiate asthma stratification
- Complete flu target qualification and define a lead compound
- The Company's general working capital requirements.

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

### **4. DETAILS OF THE PLACING**

The Company proposes to raise £20.5 million, approximately £20.0 million net of expenses, by way of a conditional, non-pre-emptive placing of 9,111,111 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 approximately 11.6 per cent. to the closing mid-market price of the Ordinary Shares of 254.50 pence on 25 November 2015 (being the last practicable dealing day prior to the date of this document). The New Ordinary Shares will represent approximately 11.7 per cent. of the Ordinary Share capital as enlarged by the Placing (assuming no other Ordinary Shares are issued) 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) the Placing Agreement not having been terminated, the passing of the Resolutions at the General Meeting and Admission occurring on or before 8.00 a.m. on 16 December 2015 (or such later date as Numis and the Company may agree, being not later than 8.30 a.m. on 31 December 2015).

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 at 8:00 a.m. on 16 December 2015.

## **5. 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 £455,556, such authority expiring on 15 January 2016.

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 £455,556 (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 2015.

### ***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 £455,556 on a non-preemptive basis, such authority expiring on 15 January 2016. This is in addition to the authority granted by the Company at its annual general meeting held on 21 May 2015.

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 BioEnterprises Innovation Centre, 42 New Road, London E1 2AX at 10.00 a.m. on 15 December 2015.

## **6. ACTION TO BE TAKEN**

Enclosed with the Circular is a Form of Proxy for use at the General Meeting. Whether or not Shareholders intend to be present at the General Meeting, they 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 13 December 2015.

Shareholders that do complete and return the Form of Proxy, may still attend and vote at the General Meeting should 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.

## **7. 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 3,828,298 Ordinary Shares (representing approximately 5.6 per cent. of the Existing Ordinary Shares).

## **8. CIRCULAR TO SHAREHOLDERS**

The Circular is being sent to Shareholders today and will be available on the Investor Relations section of the Company's website at [www.hvivo.com](http://www.hvivo.com).

## **APPENDIX**

### **TERMS AND CONDITIONS OF THE PLACING**

#### **IMPORTANT INFORMATION FOR PLACEES ONLY REGARDING THE PLACING**

THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX (TOGETHER, THE "ANNOUNCEMENT") AND THE INFORMATION IN IT, IS RESTRICTED, AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, NEW ZEALAND, JAPAN, THE REPUBLIC OF IRELAND OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

#### **IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEES ONLY.**

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EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE PRICE OF SHARES IN THE COMPANY AND THE INCOME FROM THEM (IF ANY) MAY GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED ON DISPOSAL OF SHARES.

Persons who are invited to and who choose to participate in the Placing, by making (or on whose behalf there is made) an oral or written offer to subscribe for Placing Shares (the "Placees"), will be deemed to have read and understood this Announcement, including this Appendix, in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements, and undertakings contained in this Appendix. In particular, each such Placee represents, warrants and acknowledges that:

1. it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
2. in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Placing Shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the European Economic Area ("**EEA**") which has implemented the Prospectus Directive other than Qualified Investors or in circumstances in which the prior consent of Numis has been given to the offer or resale; or (ii) where Placing Shares have been acquired by it on behalf of persons in any Member State of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons; and/or
3. (a) (i) it is not in the United States and (ii) it is not acting for the account or benefit of a person in the United States, (b) it is a dealer or other professional fiduciary in the United States acting on a discretionary basis for a non-US person (other than an estate or trust) in reliance on Regulation S under the Securities Act; or (c) it is otherwise acquiring the Placing Shares in an "offshore transaction" meeting the requirements of Regulation S under the Securities Act.

The Company and Numis will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This Announcement does not constitute an offer, and may not be used in connection with an offer, to sell or issue or the solicitation of an offer to buy or subscribe for Placing Shares in any jurisdiction in which such offer or solicitation is or may be unlawful. This Announcement and the information contained herein is not for publication or distribution, directly or indirectly, to persons in the United States, Canada, Australia, New Zealand, Japan or the Republic of South Africa or in any jurisdiction in which such publication or distribution is unlawful. Persons into whose possession this Announcement may come are required by the Company to inform themselves about and to observe any restrictions of transfer of this Announcement. No public offer of securities of the Company is being made in the United Kingdom, the United States or elsewhere.

In particular, the Placing Shares referred to in this Announcement have not been and will not be registered under the Securities Act or any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States, and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any state or other jurisdiction of the United States. The Placing Shares are being offered and sold outside the United States in accordance with Regulation S under the Securities Act.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States.

The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance; and the Placing Shares have not been, nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Canada, Australia, New Zealand, Japan, the Republic of Ireland or the Republic of South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Canada, Australia, New Zealand, Japan, the Republic of Ireland or the Republic of South Africa or any other jurisdiction outside the United Kingdom.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the Announcement of which it forms part should seek appropriate advice before taking any action.

In this Appendix, unless the context otherwise requires, "Placee" means a Relevant Person (including individuals, funds or otherwise) by whom or on whose behalf a commitment to subscribe for Placing Shares has been given.

### **Details of the Placing**

Numis has entered into the Placing Agreement with the Company under which Numis has, on the terms and subject to the conditions set out therein, undertaken to use its reasonable endeavours to procure, as agent for the Company, subscribers for the Placing Shares at the Placing Price.

The Placing Agreement contains customary warranties given by the Company to Numis as to matters relating to the Company and its business and a customary indemnity given by the Company to Numis in respect of liabilities arising out of or in connection with the Placing. The Placing is conditional upon, amongst other things, the Resolutions being passed by the requisite majorities.

A circular explaining the background to and reasons for the Placing, and containing the Notice of General Meeting will be sent to Shareholders. A copy of the Circular and the Notice of General Meeting will also be available from the Company's website at: [www.hvivo.com](http://www.hvivo.com).

The Placing is also conditional upon Admission becoming effective and the Placing Agreement not being terminated in accordance with its terms.

The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid on or in respect of the Ordinary Shares after the date of issue of the Placing Shares.

The Company, subject to certain exceptions, has agreed not to allot, issue or grant any rights in respect of its Ordinary Shares in the period of 180 days from the date of Admission without the prior written consent of Numis (such consent not to be unreasonably withheld or delayed).

### **Application for admission to trading**

Application will be made to the London Stock Exchange for Admission. Subject to, amongst other things, the Resolutions being passed by the requisite majorities at the General Meeting, it is expected that settlement of any such shares and Admission will become effective on or around 16 December 2015 and that dealings in the Placing Shares will commence at that time.

### **Participation in, and principal terms of, the Placing**

1. Numis (whether through itself or any of its affiliates) is arranging the Placing as placing agent of the Company for the purpose of using reasonable endeavours to procure Placees at the Placing Price for the Placing Shares.

2. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by Numis. Numis and its affiliates may participate in the Placing as principal.
3. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.
4. The Placing Price will be a fixed price of 225 pence per new Ordinary Share.
5. An offer to take up Placing Shares which has been communicated by a prospective Placee to Numis which has not been withdrawn or revoked prior to publication of this Announcement will not be capable of variation or revocation following the publication of this Announcement.
6. Each Placee's allocation will be confirmed to Placees orally by Numis, and evidenced by a trade confirmation or contract note which will be dispatched as soon as practicable thereafter. The terms of this Appendix will be deemed incorporated by reference therein. The oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person (who will at that point become a Placee) in favour of Numis and the Company, under which it agrees to acquire the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix and in accordance with the Company's Articles of Association.
7. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to Numis, to pay in cleared funds immediately on the settlement date, in accordance with the registration and settlement requirements set out below, an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to take up and the Company has agreed to allot.
8. Except as required by law or regulation, no press release or other announcement will be made by Numis or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
9. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and settlement".
10. All obligations under the Placing will be subject to fulfilment or (where applicable) waiver of, amongst other things, the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".
11. By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
12. To the fullest extent permissible by law, none of the Company, Numis or any of their respective affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of the Company, Numis or any of their respective affiliates shall have any liability (including to the fullest extent permissible by law, any fiduciary duties) in respect of Numis' conduct of the Placing. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the Placing Shares to the Placees and Numis shall have no liability to the Placees for the failure of the Company to fulfil those obligations.

### **Conditions of the Placing**

Numis' obligations under the Placing Agreement in respect of the Placing Shares are conditional on, inter alia:

- (a) the Company allotting, subject only to Admission, the Placing Shares in accordance with the Placing Agreement;
- (b) Admission taking place not later than 8.00 a.m. on 16 December 2015; and
- (c) the passing (without any amendment, save as agreed by Numis) of the Resolutions at the General Meeting.

If (i) any of the conditions contained in the Placing Agreement in relation to the Placing Shares are not fulfilled or waived by Numis by the respective time or date where specified (or such later time or date as the Company and Numis may agree not being later than 8.30 a.m. on 31 December 2015 (the "**Final Date**"), or (ii) the Placing Agreement is terminated as described below, the Placing in relation to the Placing Shares will lapse and the Placee's rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

Numis may, at its absolute discretion and upon such terms as it thinks fit, waive, or extend the period (up to the Final Date) for, compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement, save that the condition relating to the passing of the Resolutions and the condition relating to Admission taking place may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

Neither Numis nor the Company shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of Numis.

#### **Right to terminate under the Placing Agreement**

Numis is entitled, at any time before Admission, to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, inter alia:

- (a) in the opinion of Numis (acting in good faith), the warranties given by the Company to Numis are not true and accurate or have become misleading (or would not be true and accurate or would be misleading if they were repeated at any time before Admission) by reference to the facts subsisting at the time when the notice referred to above is given, in each case in a way that is material in the context of the Placing; or
- (b) in the opinion of Numis (acting in good faith), the Company fails to comply with any of its obligations under the Placing Agreement and that failure is material in the context of the Placing; or
- (c) in the opinion of Numis (acting in good faith), there has been a development or event (or any development or event involving a prospective change of which the Company is, or might reasonably be expected to be, aware) which will or is reasonably likely to have a material adverse effect on or affecting the operations, the condition (financial or otherwise), prospects, management, results of operations, financial position, business or general affairs of the Company or of the Company's group (taken as a whole) respectively whether or not foreseeable and whether or not arising in the ordinary course of business, which in each case is material in the context of the Placing; or
- (d) there has been a change in national or international financial, political, economic or stock market conditions (primary or secondary); an incident of terrorism, outbreak or escalation of hostilities, war, declaration of martial law or any other calamity or crisis; a suspension or material limitation in trading of securities generally on any stock exchange; any change in

currency exchange rates or exchange controls or a disruption of settlement systems or a material disruption in commercial banking, in each case as would be likely in the opinion of Numis (acting in good faith) to materially prejudice the success of the Placing.

Following Admission, the Placing Agreement is not capable of termination to the extent that it relates to the Placing of the Placing Shares.

The rights and obligations of the Placees shall terminate only in the circumstances described in these terms and conditions and in the Placing Agreement and will not be subject to termination by the Placee or any prospective Placee at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by Numis of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of Numis, and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or decision not to exercise. Placees will have no rights against Numis, the Company or any of their respective directors or employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 (as amended).

### **No Admission Document or Prospectus**

The Placing Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require an admission document or prospectus in the United Kingdom or in any other jurisdiction. No offering document, admission document or prospectus has been or will be submitted to be approved by the FCA or submitted to the London Stock Exchange in relation to the Placing, and Placees' commitments will be made solely on the basis of the information contained in the Announcement (including this Appendix) and the Exchange Information (as defined further below). Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information (other than the Exchange Information), representation, warranty, or statement made by or on behalf of the Company or Numis or any other person and neither Numis nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received and, if given or made, such information, representation, warranty or statement must not be relied upon as having been authorised by Numis, the Company, or their respective officers, directors, employees or agents. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Neither the Company, nor Numis are making any undertaking or warranty to any Placee regarding the legality of an investment in the Placing Shares by such Placee under any legal, investment or similar laws or regulations. Each Placee should not consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own solicitor, tax adviser and financial adviser for independent legal, tax and financial advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation or fraud.

### **Registration and settlement**

Settlement of transactions in the Placing Shares (ISIN: GB00B6ZM0X53) following Admission will take place within CREST provided that, subject to certain exceptions, Numis reserves the right to require settlement for, and delivery of, the Placing Shares (or a portion thereof) to Placees by such other means that it deems necessary if delivery or settlement is not possible or practicable within CREST within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

Each Placee allocated Placing Shares in the Placing will be sent a trade confirmation or contract note stating the number of Placing Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee to Numis (as agent for the Company) and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the CREST or certificated settlement instructions that it has in place with Numis.

It is expected that settlement in respect of the Placing Shares will be on 16 December 2015 in accordance with the instructions set out in the trade confirmation.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by Numis.

Each Placee is deemed to agree that, if it does not comply with these obligations, Numis may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for Numis' account and benefit (as agent for the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable and shall indemnify Numis on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf. By communicating a bid for Placing Shares, each Placee confers on Numis all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which Numis lawfully takes in pursuance of such sale.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation or contract note is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax or securities transfer tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

### **Representations, warranties and further terms**

By participating in the Placing each Placee (and any person acting on such Placee's behalf) makes the following representations, warranties, acknowledgements, agreements and undertakings (as the case may be) to the Company and Numis, namely that, each Placee (and any person acting on such Placee's behalf):

1. represents and warrants that it has read and understood the Announcement, including this Appendix, in its entirety and that its subscription of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and undertakes not to redistribute or duplicate this Announcement, including this Appendix;
2. acknowledges that no offering document, admission document or prospectus has been prepared in connection with the Placing and represents and warrants that it has not received and will not receive a prospectus, admission document or other offering document in connection therewith;
3. acknowledges that the Ordinary Shares are admitted to trading on AIM, and the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules (collectively "**Exchange Information**"), which includes the Company's most recent balance sheet and profit and loss account and the Company's announcements and circulars published in the past 12 months and that it is able to obtain or access such information without undue difficulty;
4. acknowledges that none of Numis, the Company, any of their respective affiliates or any person acting on behalf of any of them has provided it, and will not provide it, with any material regarding the Placing Shares or the Company other than this Announcement; nor has it requested any of Numis, the Company, their respective affiliates or any person acting on behalf of any of them to provide it with any such information and has read and understood the Exchange Information;



5. acknowledges that the content of this Announcement is exclusively the responsibility of the Company, and that none of Numis, its affiliates or any person acting on its or their behalf has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously or concurrently published by or on behalf of the Company, and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire the Placing Shares is contained in this Announcement and any Exchange Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by Numis, the Company or any of their respective directors, officers or employees or any person acting on behalf of any of them, or, if received, it has not relied upon any such information, representations, warranties or statements (including any management presentation that may have been received by any prospective Placee or any material prepared by the Research Department of Numis (the views of such Research Department not representing and being independent from those of the Company and the Corporate Finance Department of Numis and not being attributable to the same)), and neither Numis nor the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it may not place the same degree of reliance on this Announcement as it may otherwise place on a prospectus or admission document. Each Placee further acknowledges and agrees that it has relied solely on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing and it will not rely on any investigation that Numis, its affiliates or any other person acting on its or their behalf has or may have conducted;
6. represents and warrants that it has neither received nor relied on any confidential price sensitive information concerning the Company in accepting this invitation to participate in the Placing;
7. acknowledges that Numis does not have any duties or responsibilities to it, or its clients, similar or comparable to the duties of "best execution" and "suitability" imposed by the Conduct of Business Sourcebook in the FCA's Handbook of Rules and Guidance and that Numis is not acting for it or its clients and that Numis will not be responsible for providing protections to it or its clients;
8. acknowledges that none of Numis, any of its affiliates or any person acting on behalf of it or them has or shall have any liability for the Exchange Information, any publicly available or filed information or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraud or fraudulent misrepresentation made by that person;
9. that, save in the event of fraud on the part of Numis (and to the extent permitted by the Rules of the FCA), neither Numis, its ultimate holding company nor any direct or indirect subsidiary undertakings of that holding company, nor any of their respective directors and employees shall be liable to Placees for any matter arising out of Numis' role as placing agent or otherwise in connection with the Placing and that where any such liability nevertheless arises as a matter of law Placees will immediately waive any claim against any of such persons which they may have in respect thereof;
10. represents and warrants that (i) it is not in the United States and (ii) it is not acting for the account or benefit of a person in the United States;
11. acknowledges that the Placing Shares are being offered and sold only pursuant to Regulation S under the Securities Act in a transaction not involving a public offering of securities in the United States and the Placing Shares have not been and will not be registered under the Securities Act or with any state or other jurisdiction of the United States, nor approved or

disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, and that the offer and sale of the Placing Shares to it has been made outside of the United States in an 'offshore transaction' (as such term is defined in Regulation S under the Securities Act) and agrees not to reoffer, resell, pledge or otherwise transfer the Placing Shares except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and otherwise in accordance with any applicable securities laws of any state or jurisdiction of the United States;

12. unless otherwise specifically agreed in writing with Numis, represents and warrants that neither it nor the beneficial owner of such Placing Shares will be a resident of Canada, Australia, New Zealand, Japan, the Republic of Ireland or the Republic of South Africa;
13. acknowledges that the Placing Shares have not been and will not be registered under the securities legislation of Canada, Australia, New Zealand, Japan, the Republic of Ireland or the Republic of South Africa and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions;
14. represents and warrants that the issue to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to transfer Placing Shares into a clearance system;
15. represents and warrants that: (i) it has complied with its obligations under the Criminal Justice Act 1993 and Part VIII of FSMA; (ii) in connection with money laundering and terrorist financing, it has complied with its obligations under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000 (as amended), the Terrorism Act 2006 and the Money Laundering Regulations 2007; and (iii) it is not a person: (a) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations (together, the "**Regulations**"); and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to Numis such evidence, if any, as to the identity or location or legal status of any person which Numis may request from it in connection with the Placing (for the purpose of complying with such Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by Numis on the basis that any failure by it to do so may result in the number of Placing Shares that are to be purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as Numis may decide at its sole discretion;
16. if a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, represents and warrants that the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a Member State of the European Economic Area which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the prior consent of Numis has been given to the offer or resale;
17. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in

any member state of the European Economic Area within the meaning of the Prospectus Directive (including any relevant implementing measure in any member state);

18. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
19. represents and warrants that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
20. if in a Member State of the European Economic Area, unless otherwise specifically agreed with Numis in writing, represents and warrants that it is a Qualified Investor within the meaning of the Prospectus Directive;
21. if in the United Kingdom, represents and warrants that it is a person (i) who has professional experience in matters relating to investments falling within Article 19(1) of the Order; (ii) falling within Article 49(2)(A) to (D) ("High Net Worth Companies, Unincorporated Associations, etc") of the Order; or (iii) to whom this Announcement may otherwise be lawfully communicated;
22. represents and warrants that it and any person acting on its behalf is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities and taken any other necessary actions to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement) and will honour such obligations;
23. where it is acquiring Placing Shares for one or more managed accounts, represents and warrants that it is authorised in writing by each managed account: (a) to acquire the Placing Shares for each managed account; (b) to make on its behalf the representations, warranties, acknowledgements, undertakings and agreements in this Appendix and the Announcement of which it forms part; and (c) to receive on its behalf any investment letter relating to the Placing in the form provided to it by Numis;
24. undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as Numis may in its sole discretion determine and without liability to such Placee and it will remain liable and will indemnify Numis and the Company on demand for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear the liability for any stamp duty or stamp duty reserve tax or security transfer tax (together with any interest or penalties due pursuant to or referred to in these terms and conditions) which may arise upon the placing or sale of such Placee's Placing Shares on its behalf;
25. acknowledges that none of Numis, any of its affiliates, or any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be treated for these purposes as a client of Numis and that Numis has no duties or responsibilities to it for providing the protections afforded to their respective clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of their rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;

26. undertakes that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. Neither Numis nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company and Numis in respect of the same on the basis that the Placing Shares will be allotted to the CREST stock account of Numis who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
27. acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreement shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter (including non-contractual matters) arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or Numis in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
28. acknowledges that time shall be of the essence as regards to obligations pursuant to this Appendix;
29. agrees that the Company, Numis and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to Numis on its own behalf and on behalf of the Company and are irrevocable and are irrevocably authorised to produce this Announcement, including this Appendix, or a copy thereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby;
30. agrees to indemnify on an after-tax basis and hold the Company, Numis and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing;
31. acknowledges that no action has been or will be taken by any of the Company, Numis or any person acting on behalf of the Company or Numis that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;
32. acknowledges that it is an institution that has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and in this sector and is aware that it may be required to bear, and it, and any accounts for which it may be acting, are able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its associates taken as a whole, and the terms of the Placing, including the merits and risks involved;
33. acknowledges that its commitment to subscribe for Placing Shares on the terms set out herein and in the trade confirmation or contract note will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing;
34. acknowledges that Numis or any of its affiliates acting as an investor for its own account may take up shares in the Company and in that capacity may retain, purchase or sell for its own

account such shares and may offer or sell such shares other than in connection with the Placing;

35. represents and warrants that, if it is a pension fund or investment company, its purchase of Placing Shares is in full compliance with all applicable laws and regulation; and
36. to the fullest extent permitted by law, it acknowledges and agrees to the disclaimers contained in the Announcement including this Appendix.

The representations, warranties, acknowledgments and undertakings contained in this Appendix are given to Numis and the Company and are irrevocable and shall not be capable of termination in any circumstances.

The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes that the Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other subsequent dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor Numis will be responsible, and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and Numis in the event that any of the Company and/or Numis has incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify Numis accordingly.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares.

Each Placee, and any person acting on behalf of the Placee, acknowledges that Numis does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that Numis or any of its affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with Numis, any money held in an account with Numis on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from Numis' money in accordance with the client money rules and will be used by Numis in the course of its own business and the Placee will rank only as a general creditor of Numis.

All times and dates in this Announcement, including this Appendix, may be subject to amendment. Numis shall notify the Placees and any person acting on behalf of the Placees of any changes.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

## Definitions

The following definitions apply throughout this Announcement, 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 sets out the rules and responsibilities for companies listed on AIM, as amended from time to time
"Announcement"	this announcement (including the appendix to this announcement)
"Board" or "Directors"	the board of directors of the Company from time to time
"Circular"	the circular of the Company dated 26 November 2015 giving (amongst other things) details of the Placing and incorporating the Notice of General Meeting
"Company" or "hVIVO"	hVIVO plc, a public limited company incorporated in England & Wales under registered number 08008725
"CREST"	the relevant system (as defined in the Uncertificated 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 Uncertificated Regulations)
"Existing Ordinary Shares"	the 68,941,673 Ordinary Shares in issue at the date of this document all of which are admitted to trading on AIM
"FCA"	the Financial Conduct Authority of the United Kingdom
"FDA"	the US Food and Drug Administration
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"General Meeting"	the general meeting of the Company to be held at 10.00 a.m. on 15 December 2015, notice of which is set out in the Circular
"Group"	the Company, its subsidiaries and subsidiary undertakings
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	9,111,111 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 the Circular
"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

<b>"Ordinary Shares"</b>	ordinary shares of five pence each in the capital of the Company
<b>"Placee"</b>	any person (including individuals, funds or otherwise) by whom or on whose behalf a commitment to acquire Placing Shares has been given
<b>"Placing"</b>	the proposed conditional, non-pre-emptive placing by Numis of the New Ordinary Shares (on behalf of the Company) at the Placing Price
<b>"Placing Agreement"</b>	the conditional agreement dated 26 November 2015 relating to the Placing in respect of the New Ordinary Shares, between the Company and Numis
<b>"Placing Price"</b>	225 pence per New Ordinary Share
<b>"Resolutions"</b>	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
<b>"Shareholders"</b>	the holders of Ordinary Shares from time to time, each individually a "Shareholder"
<b>"Uncertificated Regulations"</b>	the UK Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
<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

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.