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Details are given below of an analyst meeting and webcast at 10.00 a.m. this morning



10 July 2015

AIM: RENE

ReNeuron Group plc
("ReNeuron" or the "Company")

ReNeuron announces proposed Placing to raise £68.4 million and Notice of General Meeting

Guildford, UK, 10 July 2015: ReNeuron Group plc, a leading UK-based cell therapy company, is pleased to announce that it has raised a total of £68.4 million, before expenses, through a conditional placing (the "Placing") that will enable the Company to build on the considerable recent progress achieved across its therapeutic programmes.

Highlights

- £68.4 million (before expenses) of firm commitments to be raised through an oversubscribed Placing of 1,367,411,939 new ordinary shares ("Placing Shares") at a price of 5p per share (the "Issue Price")
- Placing proceeds to provide working capital for core cell-based therapeutic programmes and new exosome nanomedicine programme in oncology through to first half of 2019

- Placing provides funding for stroke and retinitis pigmentosa programmes through to market authorisation application based on existing clinical development plans
- Placing supported by major new and existing institutional investors
- Issue Price represents a 2.5 per cent premium to the closing mid-market price of an existing ordinary share of 4.88p on 9 July 2015, being the last business day prior to this announcement

Completion of the proposed Placing is subject *inter alia* to shareholder approval, which will be sought at a General Meeting of the Company expected to be held at the offices of Covington & Burling LLP, 265 Strand, London, WC2R 1BH, at 10.30 a.m. on 21 August 2015. Dealings in the New Ordinary Shares issued in the firm Placing are expected to commence on 24 August 2015.

A circular providing further details of the Placing (the "Circular") will be posted to Shareholders, together with a Notice of General Meeting as soon as reasonably practicable and its provision will be notified to the market at that time. Once it has been posted, a copy of the Circular will be available on the Company's website at www.reneuron.com.

Olav Hellebø, Chief Executive Officer of ReNeuron, said:

"We are delighted to have raised £68.4m in this Placing, which we believe represents the largest funding round undertaken in the cell therapy sector globally this year and underlines ReNeuron's leading position in this field. The proceeds will enable us to rapidly exploit the potential of our CTX, hRPC and exosome nanomedicine therapeutic platforms, providing multiple opportunities to build value for our shareholders. In the case of our lead programmes in stroke and retinitis pigmentosa, the funding should provide sufficient financial resources to drive these programmes through to market authorisation application stage."

Additional Important Information

Woodford Investment Management LLP ("Woodford") is currently a beneficial holder of approximately 26.23 per cent. of the Company's current issued share capital. Woodford has agreed to subscribe for 650,750,000 Placing Shares, being an amount that would increase its percentage holding of the Company following the Placing to over 30 per cent. which, without a waiver of the obligations under Rule 9 of the City Code on Takeovers and Mergers (the "Code"), would oblige Woodford (and any persons acting in concert with it) to make a general offer to ReNeuron shareholders under Rule 9 of the Code (a "Rule 9 Offer").

Following Admission, it is expected that Woodford will have a shareholding of approximately 35.5 per cent of the Company's enlarged share capital.

The Company has applied for a waiver of the requirement for Woodford to make a Rule 9 Offer under Note 1 to the Notes on Dispensations from Rule 9 of the Code, which states that when the issue of new securities in consideration for an acquisition or a cash subscription

would otherwise result in an obligation to make a Rule 9 Offer, the Takeover Panel (the "Panel") will normally grant a waiver if, inter alia, the shareholders of a company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him or her (the "Independent Shareholders") pass an ordinary resolution on a poll at a general meeting (a "Whitewash Resolution") approving the proposals giving rise to the obligation to make a Rule 9 Offer and the Panel has agreed to such a waiver being sought.

There can be no guarantee that the Independent Shareholders will pass the Whitewash Resolution or that the Panel will grant the waiver of the requirement for Woodford to make a Rule 9 Offer in connection with the Placing. If the waiver is not granted or the Whitewash Resolution not passed, the Placing will not be able to proceed in its current form and the Company will seek to pursue a different funding structure not requiring a whitewash in order to pursue its development strategy.

Irrevocable undertakings have been entered into between the Company and each of the Directors who hold existing ordinary shares pursuant to which each Director has agreed, inter alia, to vote in favour of the Resolutions in respect of the existing ordinary shares held by them and which represent, in aggregate, approximately 1.75 per cent. of the Company's current issued share capital.

Irrevocable undertakings have been entered into between the Company and each of Invesco Asset Management Limited, Abingworth, Woodford and Arthurian Life Sciences Limited pursuant to which each of such shareholders has agreed, inter alia, to vote or procure to vote in favour of the Resolutions in respect of the existing ordinary shares held or managed by them and which represent, in aggregate, approximately 47.6 per cent. of the Company's current issued share capital (save that Woodford cannot and will not vote on the Whitewash Resolution).

The Circular convening the General Meeting will contain additional information on the Code matters relevant to the Placing as well as giving further background to and reasons for the Placing.

Analyst meeting and webcast

A meeting for analysts will be held at 10.00am today at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN. The analyst meeting will discuss the Placing and the Company's preliminary results for the year ended 31 March 2015, which were announced separately this morning.

For a webcast of the analyst presentation, please log on to the following web address about 10 minutes before 10.00am:

<http://vm.buchanan.uk.com/2015/reneuron100715/registration.htm>

For further details please contact Buchanan on 020 7466 5000.

A recording of the webcast will be made available on ReNeuron's and Buchanan's websites, www.reneuron.com and www.buchanan.uk.com.

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Introduction

The Company today announces that it proposes to raise a total of approximately £68.4 million (before expenses) by means of a Placing with certain new and existing investors in the UK, of 1,367,411,939 Placing Shares at a price of 5 pence per new ordinary share (the "Issue Price"); and

The Issue Price represents a premium of approximately 2.5 per cent. to the mid-market closing price of the Company's Ordinary Shares on 9 July 2015.

The Placing is subject to, *inter alia*, the granting of a Rule 9 Waiver in respect of Woodford, a substantial shareholder in the Company. Further details relating to the Rule 9 Waiver and the Takeover Code will be contained in the Circular, to be posted to shareholders as soon as is practicable.

Information on ReNeuron

ReNeuron is a leading, clinical-stage stem cell therapy company. Its primary objective is the development of novel stem cell therapies targeting areas of significant unmet or poorly met medical need.

ReNeuron has used its proprietary allogeneic stem cell technologies to develop cell-based therapies for significant disease conditions where the cells can be readily administered "off-the-shelf" to any eligible patient without the need for additional immunosuppressive drug treatments. ReNeuron's cryopreserved cells offer significant shelf life advantages over competing advanced cell-based technologies. The Company has a Phase II programme in stroke; a Phase I programme in critical limb ischaemia, a serious and common side-effect of

diabetes; and approval to commence a Phase I/II study in the US in retinitis pigmentosa, a blindness-causing disease of the retina.

The Company has today separately announced the preliminary unaudited financial statements of the Group for the year ended 31 March 2015 and provided in such announcement an update regarding its therapeutic programmes and other activities.

The Company has made considerable progress across its therapeutic programmes. The Phase I clinical trial of the Company's stem cell therapy candidate for stroke has continued to yield encouraging data confirming a good safety profile and sustained improvements in neurological status and limb function. The ongoing Phase II clinical trial for stroke continues to enrol patients. Following a recent change to the study protocol and discussions with key opinion leaders in the field, the Company intends to curtail the Phase II study after the first patient cohort, where dosing is expected to have completed by the end of the year with a read out in the first half of 2016. At this point, the Company intends to file an application to commence a controlled, pivotal Phase II/III clinical trial in the target stroke patient population.

The Company's Phase I critical limb ischaemia clinical trial also continues to enrol patients. Based on a recent review of the clinical development strategy for this indication, the Company intends to curtail this study at the middle dose level of 50 million cells and focus resources on initiating a Phase II placebo-controlled clinical trial. The Phase I study is expected to have completed dosing by the end of the year and the Company expects to have commenced the Phase II study in the middle of 2016.

The Company's stem cell therapy candidate for the blindness causing disease, retinitis pigmentosa, has received Orphan Drug Designation in the US and Europe, providing the potential for 7 and 10 years of post-approval market exclusivity, respectively. This programme was also recently granted Fast Track status in the US. Fast Track designation is an FDA programme intended to expedite the development and review of new drugs or biological products targeting unmet medical need where the diseases concerned are serious or life threatening. Following encouraging results from IND-enabling pre-clinical studies, where a significant improvement in visual function was observed at six months post treatment, the Company filed an application with the US FDA to commence a Phase I/II clinical trial in the US in retinitis pigmentosa patients. This application has since been approved by the FDA and the Company expects to be able to commence the study before the end of this year. Subject to the outcome of the Phase I/II study, a pivotal Phase II/III clinical trial is planned to commence in 2017.

The Company also continues to advance its exosome nanomedicine programme. The Company is a first-mover in the field of exosome-based therapeutics and has filed multiple patent applications covering the composition, manufacture and therapeutic use of its exosome nanomedicine platform.

The Directors believe that Company has identified a novel mechanism by which exosomes from its CTX stem cells may inhibit the growth and migration of cancer cells in pre-clinical models of the disease. Subject to further success with the pre-clinical development of this new therapeutic platform, the Company expects to be able to submit an application to

commence an initial clinical trial with its first exosome nanomedicine candidate towards the end of 2016. The Company recently extended its research collaboration with Australia-based Benitec Pharma, a leader in the field of therapeutics focused on gene silencing. Following positive results in early studies, the collaboration is investigating the potential of ReNeuron's CTX-derived exosomes as a delivery system for Benitec's proprietary gene silencing technology, targeting lung cancer and other drug resistant cancers.

In 2013, the Company was awarded a non-dilutive grant package and further funding commitments from the Welsh Government totalling at least £8 million, to establish a cell manufacturing and development laboratory facility in South Wales for late stage clinical and commercial product requirements. This new, state of the art facility will give the Company control over its CTX cell and exosome manufacturing activities, a key value driver for the business. The fit out of the facility is progressing and the Company intends to commence a phased relocation of staff to the new facility early next year. The Company's current outsourced cell manufacturing capacity remains sufficient for its clinical trial requirements until the Welsh facility comes on-stream.

Reasons for the Placing

The net proceeds of the Placing together with the Company's existing cash resources will, in the opinion of the Directors, provide the Company with sufficient working capital out to the first half of 2019, sufficient to fund the following milestones (subject to final protocol designs and regulatory approvals not already received):

- Phase II/III data with stroke programme
- Phase I/II and Phase II/III data with retinitis pigmentosa programme
- Phase I and Phase II data with critical limb ischaemia programme
- Phase I data with exosome programme
- Welsh facility on-stream as cell manufacturing/exosome centre of excellence
- Sufficient clinical data and financial resources to provide the business with the option to pursue high value partnering deals or to take its core cell-based programmes through to clinical proof of-concept stage and, in the case of the stroke and retinitis pigmentosa programmes, through to market authorisation application stage.

Details of the Placing Agreement

The Company has conditionally placed 1,367,411,939 new Ordinary Shares at 5 pence per share with existing and new investors to raise approximately £68.4 million before expenses.

In connection with the Placing, the Company and Cenkos have entered into a placing agreement (the "Placing Agreement") pursuant to which and conditional upon, *inter alia*, Admission of the Placing Shares taking place on or before 24 August 2015 (or such later time and date as the Company and Cenkos may agree, being no later than 11 September 2015).

Cenkos has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. The Placing is not underwritten.

The Placing Agreement contains customary warranties and an indemnity from the Company in favour of Cenkos together with provisions which enable Cenkos to terminate the Placing Agreement in certain circumstances prior to Admission (as applicable), including where any warranties are found to be untrue, inaccurate or misleading in a material respect and also in the event of a material adverse change in the financial position or prospects of the Group or in national or international financial, market, economic or political conditions.

Under the Placing Agreement, the Company has agreed to pay Cenkos commission on the value of the New Ordinary Shares issued as part of the Placing and a corporate finance fee. The Company has also agreed to pay all other costs, charges and expenses of the Placing and Admission.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. Assuming that the Resolutions are passed, it is expected that Admission of the Placing Shares will become effective and dealings in the Placing Shares will commence at 8.00 a.m. on 24 August 2015.

Related Party Transactions

The participation of Woodford and Arthurian Life Sciences Limited (“Arthurian”) in the Placing of 650,750,000 new Ordinary Shares and 100,000,000 new Ordinary Shares respectively constitute related party transactions under the AIM Rules for Companies by virtue of Woodford and Arthurian being substantial shareholders in the Company. The Directors consider, having consulted with Cenkos, its nominated adviser, that the terms of the transaction are fair and reasonable in so far as its Shareholders are concerned.

Enterprise Investment Scheme and Venture Capital Trusts

As part of the Placing, the Company is offering up to £2 million worth of Placing Shares (“VCT/EIS Placing Shares”) which the Company believes should qualify as VCT/EIS investments.

The Directors believe that the VCT/EIS Placing Shares should be eligible (subject to the circumstances of investors) for tax reliefs under EIS and for investment by VCTs.

The Company has applied for, but not, as at the date of this announcement, received, advance assurance from HM Revenue & Customs.

Although the Company currently expects to satisfy the relevant conditions for EIS and VCT investment, and the Directors are not aware of any subsequent change in the qualifying conditions or the Company’s circumstances that would prevent the VCT/EIS Placing Shares from being eligible EIS and VCT investments on this occasion, neither the Directors nor the Company give any warranty or undertaking that relief will be available in respect of any investment in the VCT/EIS Placing Shares pursuant to this announcement, nor do they

warrant or undertake that the Company will conduct its activities in a way that qualifies for or preserves its status.

Companies can raise up to £5 million from State Aid investment sources, including under the combined EIS and from VCTs, in any 12 month period. As the rules governing EIS and VCT reliefs are complex and interrelated with other legislation, if Shareholders, or any potential investors are in any doubt as to their tax position, require more detailed information than the general outline above, or are subject to tax in a jurisdiction other than the United Kingdom, they should consult their professional adviser.

No US Registration

The New Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, or under the securities laws of any state or other jurisdiction of the United States and, unless so registered, may not be offered, sold, resold, taken up, delivered or distributed, directly or indirectly, within, into or in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act of 1933 and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Action to be taken

A notice convening the General Meeting, expected to be held at the offices of Covington & Burling LLP, 265 Strand, London, WC2R 1BH at 10.30 a.m. on 21 August 2015, will be posted to shareholders in due course, providing further instructions on voting at the General Meeting. An announcement will be made once the Circular and notice of General Meeting have been posted to Shareholders.

Recommendation

The Board believes that the Placing, the Rule 9 Waiver and the Resolutions are fair and reasonable as far as the Shareholders are concerned and are in the best interests of the Company, its employees and the Shareholders as a whole.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do so in respect of their own holdings of Ordinary Shares (save that Woodford cannot and will not vote on the Whitewash Resolution).