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10 March 2015

Allergy Therapeutics plc
("Allergy Therapeutics" or the "Company")

Proposed Placing and Notice of General Meeting

Placing to raise net proceeds of approximately £20 million to be used to fund the clinical development of Pollinex[®] Quattro Grass through to FDA regulatory approval

Allergy Therapeutics, the fully integrated specialty pharmaceutical company specialising in allergy vaccines, is pleased to announce a conditional placing of 94,117,650 Placing Shares at a price of 22.1 pence per Placing Share to raise up to approximately £20.0 million after expenses.

Highlights

- 94,117,650 new ordinary shares of 0.1 pence each in the capital of the Company (the "Placing Shares") conditionally placed with institutional and other investors to raise proceeds of £20.8 million before expenses (the "Placing")
- Placing price of 22.1 pence per Placing Share (the "Placing Price"), representing a discount of 10.0 per cent. to the average mid-market closing price over the previous 60 trading days up to and including 5 March 2015
- The net proceeds of the Placing will be used to fund the clinical development of lead product Pollinex[®] Quattro Grass through to a BLA to obtain FDA regulatory approval in the US
- Pollinex Quattro Grass could become the first licensed seasonal SCIT allergy vaccine authorised for marketing in the US, with an estimated \$2 billion market
- Current timetable earmarks US Pollinex Quattro Grass launch during 2019
- Panmure Gordon is acting as Financial Adviser, Nominated Adviser and sole bookrunner to the Placing

The Placing is conditional, *inter alia*, on the approval by Shareholders at a general meeting to be held at 9.30 a.m. on 30 March 2015 at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH (the "General Meeting") and on the Admission of the Placing Shares to trading on AIM.

The Circular to Shareholders, including a notice convening the General Meeting, will be dispatched shortly and will also be available on the Company's website at www.allergytherapeutics.com/.

Manuel Llobet, Chief Executive Officer, said:

"With the funds raised from the Placing, we are now focused on progressing the clinical development of Pollinex Quattro Grass through to FDA approval and planned launch in the US in 2019. We have

the opportunity to be the first FDA-licensed seasonal subcutaneous immunotherapy allergy vaccine, and so access an estimated \$2 billion market. We are confident that the potential benefits of our treatment, which should result in a safe and effective vaccine following only an ultra-short dosing schedule, will be a key differentiator when compared with other treatments available in the market. This would, in turn, allow us potentially to bring significant relief to the many moderate to severe grass allergy patients in the US and thereby enable us to generate significant value for our shareholders.”

Allergy Therapeutics

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All defined terms used in this announcement are defined in the appendix to this announcement.

Additional details of the Placing

Introduction

The Company is pleased to announce that it proposes to raise approximately £20.0 million (after expenses) by way of the Placing with existing and new institutional investors, conducted by Panmure Gordon. The Company will, pursuant to the Placing, issue 94,117,650 Placing Shares at a Placing Price of 22.1 pence per share. The Placing is conditional, among other things, upon the approval of the Resolutions by the Shareholders at the General Meeting for the purposes of authorising the Directors to allot the Placing Shares and to disapply statutory pre-emption rights in relation thereto. The formal Notice of General Meeting is set out at the end of the Circular.

Background to and reasons for the Placing

Overview

Allergy Therapeutics is a European-based, fully-integrated specialty pharmaceutical company with a global footprint focused on the treatment and prevention of allergic rhinitis with aluminium free immunotherapies. The Company’s core strategy is to create a sustainable, fast-growing and profitable global specialty pharmaceutical business with a substantial franchise in the allergy sector through the development of innovative, patented, registered therapies for both the treatment and prevention of allergy-related conditions.

Allergy Therapeutics’ products are sold into the immunotherapy sector of the allergy market, which is worth \$1.3bn worldwide (Europe and the US being the main markets), and is forecast to grow by approximately 90 per cent. between 2015 and 2020 (Visiongain, AR Forecast 2014), the fastest growth within the allergy market.

Allergy Therapeutics sells an established range of diagnostics and aluminium-free allergy immunotherapy vaccines primarily in injectable (subcutaneous) plus oral (sublingual) formats. The Company's key products include Pollinex Quattro, a proven and highly differentiated ultrashort SCIT for grass, ragweed and tree allergy, which accounted for approximately 51 per cent. of the Group's reported revenues in the year ended 30 June 2014. Pollinex Quattro was launched in 1999, transforming immunotherapy by introducing an allergy vaccination with a short treatment period of only four injections per course. The short treatment period is due to the use of an improved extract allergen, modified in order to lower its allergenicity while keeping its immunogenicity, and the innovative adjuvant MPL, a substance which has been documented to improve the immune response to an antigen or allergen and to which Allergy Therapeutics has certain exclusive rights.

The Company has undertaken clinical studies on Pollinex Quattro Grass, Ragweed and Tree respectively in the US which, in 2007, were put on clinical hold by the FDA. The clinical hold for Pollinex Quattro Grass was lifted in August 2012. The FDA has since confirmed that data from the Phase I, Phase II and Phase III studies remain valid and sufficient for the purposes of a BLA for regulatory approval of the product in the US, subject to completion of the further studies required, as discussed below.

Growth Strategy

The Company's business plan is to build a strong, sound and profitable European base as the platform for global expansion, in particular into the US. The Board's strategy to achieve this objective includes:

- Accelerating organic growth by leveraging the Company's infrastructure, for example by:
 - increasing product penetration and market share in existing geographies;
 - launching existing products into new European markets and through distribution into selected emerging markets;
 - product registration using a mutual recognition process in new European markets;
 - developing enhanced allergy vaccines with improved dosing characteristics and new delivery formulations; and
 - launching new products in areas such as probiotics.
- As they arise, reviewing inorganic growth opportunities:
 - that would augment the Company's existing product portfolio through new product acquisitions and/or entry into further in-licensing agreements leveraging the Company's existing routes to market;
 - that would improve margins through synergistic acquisitions, extending Allergy Therapeutics' vertical integration; and
 - that would diversify the Company's activities in the specialty pharmaceuticals field.
- Undertaking clinical trials and seeking FDA regulatory approval for a number of existing products, with primary initial focus on Pollinex Quattro Grass, to capitalise on opportunities in the US market, leveraging the significant investment the Company has already made in research and development to date.

The US Opportunity

It is estimated that US allergy immunotherapy total spend, including preparation and administration costs, was \$2 billion in 2008 (Piper Jaffrey Investment Research), with over 80 million people in the US having some type of allergy. The main pollen allergens – grass, ragweed and trees – have prevalence on the population of approximately 50 per cent., 30 per cent. and 26 per cent. respectively. The US market, like Germany, is predominately SCIT focused, but currently has no registered SCIT products.

Following FDA approval, Pollinex Quattro Grass would be the first licensed seasonal SCIT allergy vaccine authorised for marketing in the US. The Board believes that the availability of FDA-approved standard vaccines could potentially grow this market further due to increasing treatment penetration rates and the introduction of short course treatments.

The Board is therefore of the view that prospects for Pollinex Quattro could be significant and transformational for the Company and, following the anticipated launch in 2019, the Board will set a target of a substantial share of the estimated \$2 billion market over a four to five year period. To capitalise on the opportunity in the US market, the Company intends to progress the clinical development of Pollinex Quattro Grass by way of a further Phase III study and other related studies. Once complete, this will enable the submission of a BLA to gain FDA regulatory approval for the product in the US.

The FDA has agreed in principle the synopses and is now reviewing the full protocol and statistical analysis to allow the clinical development to start; this permission is expected to be granted during March 2015. Based on the clinical development programme remaining on the Company's anticipated timeline and subject to the FDA's permission, the Company is seeking to launch Pollinex Quattro Grass in the US during 2019.

Use of proceeds

The Directors intend that the net proceeds of the Placing, being approximately £20.0 million, will be used by the Company principally to fund the clinical development of Pollinex Quattro Grass through to FDA approval by way of a BLA. In particular, the net proceeds will fund the following key stages of the programme:

- undertaking a Safety Study on the planned dosage of Pollinex Quattro Grass;
- performance of a Pilot Study to select the best cumulative dosage;
- undertaking an Environmental Exposure Chamber Phase III Efficacy Study, as required for the BLA; and
- performance of a Patient Registry Study to provide a safety data set, as currently required for the BLA.

Following the BLA submission, the Board anticipates that the remainder of the programme financing requirement will be funded by the Company's future cash generation.

Results and current trading

The Company announced its unaudited half yearly results for the six month period ended 31 December 2014 on 2 March 2015 available on the Company's website at <http://www.allergytherapeutics.com/investor-relations.aspx>. As in previous years, owing to the seasonality of the pollen allergy market, approximately 60 to 70 per cent. of the Company's revenues are generated in the first half of the financial year and, as a consequence, the Company typically records profits in the first half of the year and losses in the second half. While markets in Europe are expected to remain flat in the near future, the Company will continue to drive further market penetration with a portfolio of short and ultrashort course aluminium free allergy vaccines, which are increasingly becoming the treatment of choice with prescribers. The Directors believe that this should allow the Company to improve margins through leveraging the improved manufacturing facilities that the Company has put in place, and remain excited about the prospects for the future.

Details of the Placing

The Company is proposing to raise approximately £20.0 million (after fees and expenses) by way of a conditional, non-pre-emptive placing of 94,117,650 new Ordinary Shares at the Placing Price. The Placing Price represents a discount of approximately 10.0 per cent. to the closing mid-market price over the previous 60 trading days up to and including 5 March 2015. The Placing Shares will represent approximately 17.2 per cent. of the Enlarged Issued Share Capital.

In order to broaden the Company's institutional shareholder base and to minimise the time and transaction costs of the Placing, the Placing Shares are only being placed by Panmure Gordon with a limited number of existing and new institutional shareholders. The Placing Shares are not being made available to the public.

The Board believes that raising equity finance using the flexibility provided by a non-pre-emptive placing is the most appropriate and optimal structure for the Company at this time. This allows both existing institutional holders and new institutional investors the opportunity to participate in the Placing and avoids the requirement for a prospectus, which is a costly and time-consuming process.

The Placing Agreement

In connection with the Placing, the Company has entered into a Placing Agreement pursuant to which Panmure Gordon has agreed, in accordance with its terms, to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing is not underwritten. In accordance with the terms of the Placing Agreement, the Placing is conditional upon, amongst other things, the passing of the Resolutions, Admission occurring on 1 April 2015 (or such later date as the Company and Panmure Gordon may agree, not being later than 15 April 2015). The Placing Agreement is terminable by Panmure Gordon in certain circumstances up until the time of Admission

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. Subject to the passing of the Resolutions at the General Meeting, it is expected that admission to AIM will become effective in respect of, and that dealings on AIM will commence in, the Placing Shares, on or around 1 April 2015.

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

Related Party Transaction

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

As at the date of the Circular, Beagle Partners LLP ("Beagle Partners") has an interest in 112,289,283 Ordinary Shares (on behalf of Southern Fox Investments Limited as its investment manager), representing 27.4 per cent. of the issued share capital of the Company. Beagle Partners has subscribed £2.8 million for 12,669,500 Ordinary Shares in the Placing. The issue of Ordinary Shares to Beagle Partners constitutes a related party transaction under Rule 13 of the AIM Rules for Companies.

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

Convertible Loan Notes

The Convertible Loan Notes are repayable in accordance with their terms on 31 March 2015. On repayment, CFR International is required to apply the principal sum repaid of £4,042,489 in subscribing for 41,674,938 Conversion Shares at 9.7 pence per share. CFR International and Yissum Holding are direct and indirect wholly owned subsidiaries respectively of CFR Pharmaceuticals. On 26 September 2014, Abbott Laboratories, through a series of controlled undertakings, acquired a 99.9 per cent. interest in the shares of CFR Pharmaceuticals. The interests of Abbott Laboratories (the ultimate owner of CFR International and Yissum Holding) in the Existing Ordinary Shares and the Enlarged Issued Share Capital are set out below:

	No. Ordinary Shares currently held	% of Existing Ordinary Shares	No. Placing Shares issued	No. Conversion Shares issued	No. Ordinary Shares held on Admission	% of Enlarged Issued Share Capital
CFR International	61,417,845	14.98%	-	41,674,938	103,092,783	18.89%
Yissum Holding	137,491,788	33.54%	-	-	137,491,788	25.19%
Total:	198,909,633	48.51%	-	41,674,938	240,584,571	44.08%

On 30 March 2012, Allergy Therapeutics published a circular (the “2012 Circular”) convening a general meeting held on 19 April 2012 in which Shareholders approved the issue of the Convertible Loan Notes and a waiver of the obligation that would otherwise arise on CFR International, pursuant to Rule 9 of the Takeover Code, to make a general offer to the shareholders of the Company at such time as the Conversion Shares are issued to CFR International.

At the time of the issue of the Convertible Loan Notes, Manuel Llobet and Alejandro Weinstein Jr, (Allergy Therapeutics’ Chief Executive Officer and a former non-executive Director of the Company respectively) were, as described in the 2012 Circular, deemed to be acting in concert with CFR International, CFR Pharmaceuticals, Yissum Holding and certain other parties. Following the sale of the Weinstein Family’s controlling interest in CFR Pharmaceuticals to Abbott Laboratories in September 2014, Alejandro Weinstein Jr stepped down from the Board on 8 October 2014. As such, Mr Llobet and his associates, being Natacha Olarte, Joshua Llobet, Antua Llobet and Wild Indigo, are no longer deemed to be acting in concert with CFR International, CFR Pharmaceuticals and Yissum Holding.

CFR International and Yissum Holding will, on Admission, be interested in 240,584,571 Ordinary Shares, representing 44.1 per cent. of the Company’s Enlarged Issued Share Capital. Rule 9 of the Takeover Code provides that, among other things, where any person who, together with persons acting in concert with him, is interested in securities which in aggregate carry not less than 30 per cent. but do not hold shares carrying more than 50 per cent. of the voting rights of a company which is subject to the Takeover Code, and such person, or any person acting in concert with him, acquires an additional interest in securities which increases the percentage of securities carrying voting rights in which he is interested, then such person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company. An offer under Rule 9 of the Takeover Code must be in cash (or with a cash alternative) and at the highest price paid within the

preceding 12 months for any shares. On issue of the Conversion Shares, no such obligations under Rule 9 shall become due.

Application will be made to the London Stock Exchange for the Conversion Shares to be admitted to trading on AIM and it is expected that admission will become effective in respect of, and that dealings on AIM will commence in, the Conversion Shares, on 1 April 2015. The Conversion Shares will be issued credited as fully paid and will be identical to and rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all future distributions declared, paid or made in respect of the Ordinary Shares following the date of Admission.

General Meeting

A notice convening a General Meeting of Allergy Therapeutics plc, to be held at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH on 30 March 2015 at 9.30 a.m., for the purpose of considering and, if thought fit, passing the proposed resolutions, will be set out at the end of the Circular. At this meeting, an ordinary resolution will be proposed to authorise the Directors under section 551 of the Companies Act 2006 to allot 94,117,650 Ordinary Shares and a special resolution will be proposed to authorise the Directors under section 570 of the Companies Act 2006 to allot 94,117,650 Ordinary Shares pursuant to the Placing on a non-pre-emptive basis.

Action to be taken

Shareholders will find enclosed with the Circular a form of proxy for use at the General Meeting. It is important that you complete and sign the enclosed form of proxy in accordance with the instructions printed thereon.

Recommendation by the Directors and Irrevocable Undertakings

The Directors believe that the Placing is in the best interest of the Company and its 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 the Directors have irrevocably undertaken to do in respect of their own beneficial holdings amounting to, in aggregate, 5,381,513 Ordinary Shares, representing approximately 1.3 per cent. of the Existing Ordinary Shares.

In addition to the Directors, Abbott Laboratories (on behalf of CFR International and Yissum Holding) and Beagle Partners (on behalf of Southern Fox Investments Limited as its investment manager) have irrevocably undertaken to vote in favour, or procure the vote in favour, of the Resolutions in respect of the Existing Ordinary Shares in which they are interested, amounting to 61,417,845 Ordinary Shares, 137,491,788 Ordinary Shares and 112,289,283 Ordinary Shares respectively, representing, in aggregate, approximately 75.9 per cent. of the Existing Ordinary Shares.

Panmure Gordon (UK) Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Allergy Therapeutics plc in relation to the transaction referred to in this announcement. Panmure Gordon (UK) Limited is not acting for, and will not be responsible to, any person other than Allergy Therapeutics plc for providing the protections afforded to customers of Panmure Gordon (UK) Limited or for advising any other person on the contents of this announcement or any transaction or arrangement referred to herein. Panmure Gordon (UK) Limited has not authorised the contents of any part of this announcement and neither accepts liability whatsoever for the accuracy of any information or opinion contained in this announcement or for the omission of any material information from this announcement for which the Company is responsible. No representation or warranty,

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The distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this announcement should not be distributed, forwarded to or transmitted in or into the United States (as defined in Regulation S of the United States Securities Act of 1933, as amended (“Regulation S”) or Australia, Canada, Japan, the Republic of South Africa and New Zealand (the “Excluded Jurisdictions”). None of the Placing Shares have been, nor will they be, registered in the United States under the United States Securities Act of 1933 (the “Securities Act”), as amended, or under the securities laws of any of the Excluded Jurisdictions and, subject to certain exceptions, they may not be offered or sold directly or indirectly within or into the Excluded Jurisdictions or to, or for the account or benefit of, any national, citizen or resident of the Excluded Jurisdictions. Subject to certain exceptions, none of the Placing Shares may be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S under the Securities Act). This announcement does not constitute 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 unlawful.

DEFINITIONS

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

Abbott Laboratories	Abbott Laboratories
Admission	the admission of the Placing Shares and the Conversion Shares to trading on AIM becoming effective in accordance with the AIM Rules
AIM	the AIM market operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies published by the London Stock Exchange
BLA	biological licence application
CFR International	CFR International SpA, incorporated in Chile and whose registered number is 76116262-4 and whose registered office address is Pedro de Valdivia Av. Number 295, Providencia, city of Santiago, Chile
CFR Pharmaceuticals	CFR Pharmaceuticals S.A., incorporated in Chile and whose registered office address is de Valdina Av. Number 295, Providencia, city of Santiago, Chile
Circular	a circular to Shareholders to be sent on 10 March 2015, including a notice convening the General Meeting
Company or Allergy Therapeutics	Allergy Therapeutics plc whose registered number is 05141592 and whose registered office address is Dominion Way, Worthing, West Sussex BN14 8SA
Conversion Shares	the 41,674,938 new Ordinary Shares to be issued to CFR International at the issue price of 9.7 pence per share on redemption of the Convertible Loan Notes

Convertible Loan Notes	the 4,042,469 convertible loan notes of £1 each issued pursuant to the Convertible Loan Note Instrument and held by CFR International
Convertible Loan Note Instrument	the convertible loan note instrument executed by the Company on 30 March 2012, as amended
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in those regulations)
Directors or the Board	the board of directors of the Company as at the date of this announcement
Enlarged Issued Share Capital	the issued ordinary share capital of the Company immediately following Admission
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Existing Ordinary Shares	the 410,055,331 Ordinary Shares in issue at the date of this announcement, all of which are admitted to trading on AIM
FCA	the Financial Conduct Authority
FDA	Food and Drug Administration, the US governmental agency responsible for the evaluation of medicines
General Meeting	the general meeting of the Company convened for 9.30 a.m. on 30 March 2015 (or any adjournment thereof), pursuant to the Notice of Meeting
Group	the Company and its Subsidiaries
London Stock Exchange	London Stock Exchange plc
MPL	monophosphoryl-lipid A
Notice of Meeting	the notice of the General Meeting
Ordinary Shares	ordinary shares of 0.1 pence per share each in the capital of the Company
Panmure Gordon	Panmure Gordon (UK) Limited
Placing	the placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
Placing Agreement	the conditional agreement dated 9 March 2015 and made between Panmure Gordon and the Company in relation to the Placing
Placing Price	22.1 pence per Placing Share
Placing Shares	the 94,117,650 new Ordinary Shares to be issued pursuant to the Placing
£ and pence	respectively pounds and pence sterling, the lawful currency of the United Kingdom
Resolutions	the resolutions set out in the Notice of Meeting
SCIT	subcutaneous immunotherapy
Shareholder	a holder of Ordinary Shares
Subsidiaries	the subsidiaries of the Company

Takeover Code	the City Code on Takeovers and Mergers
United Kingdom	the United Kingdom of Great Britain and Northern Ireland
US or United States	the United States of America, each state thereof, its territories and possessions, and all areas subject to its jurisdiction
Yissum Holding	Yissum Holding Limited, incorporated in Malta and whose registered number is C50641 and whose registered office address is Tower Business Centre, Level 1, Suite 5, Tower Street, Swatar, Birkirkara BKR 4013, Malta