

Synairgen plc

('Synairgen' or the 'Company')

Placing of 5,555,556 new Ordinary Shares to raise approximately £2.5 million

Highlights

- £2.5 million before expenses raised by issue of shares at 45 pence per share
- Placing increased in response to demand
- Use of proceeds:
 - to enhance the Company's asthma and COPD inhaled interferon beta ('IFN-beta') programme for out-licensing;
 - to initiate interaction with the US government on the Company's third indication for IFN-beta as a broad spectrum antiviral for severe viral lung infections; and
 - to provide working capital

Richard Marsden, Chief Executive of Synairgen said:

"The Placing will enable Synairgen to progress our primary programme after the excellent clinical trial results achieved in our Phase II trial. We are delighted to have received the support of both new and existing investors as we progress our licensing options."

Placing

Synairgen (LSE: SNG), the respiratory drug development company developing inhaled IFN-beta as a broad spectrum antiviral for asthma, COPD and severe viral lung infections, is pleased to announce that it has raised £2.5 million before expenses, by a placing and subscription (the 'Placing') for cash of 5,555,556 new ordinary shares of one pence each ('Ordinary Shares') (the 'Placing Shares') at 45 pence per Placing Share (the 'Issue Price').

Use of Proceeds

On 19 April 2012, the Company announced positive data from its Phase II clinical trial, confirming clinically important and statistically significant differences in favour of inhaled interferon beta as compared to placebo for patients with "difficult to treat" asthma (estimated to be 10% -20% in the adult asthma population) across a number of recognised asthma trial endpoints such as asthma symptoms, lung function, and exacerbations. As a result of the positive data, the Company considers that it is in a strong position to partner the programme to progress inhaled IFN-beta for multiple indications.

As part of this process, and in order to ensure that Synairgen achieves the maximum value in any potential partnership deal, the Company now intends to use the proceeds of the Placing to bring forward a biomarker programme to support the development of inhaled IFN-beta and to further characterise the responder population. Funds will also be used to progress the Company's drug development plan to maintain momentum on the programme and to be ready to commence the next planned studies with a partner in asthma and COPD in 2013.

Certain funds from the Placing will be used to initiate interaction with the US government so that the Company is well positioned to explore the potential of inhaled IFN-beta as a broad spectrum antiviral for severe viral lung infections. The remainder of the funds will be applied towards the Company's working capital requirements.

Related Party Transaction

Lansdowne Partners ('Lansdowne') and IP Group plc (including the holding of IP Venture Fund LLP) (together 'IP Group') and are subscribing for 1,111,111 and 1,013,248 Placing Shares respectively in the Placing. Following admission of the Placing Shares to trading on AIM ('Admission'), Lansdowne and IP Group will have an interest in 15,023,111 and 13,699,941 Ordinary Shares, representing 20.00% and 18.24% of the Company's enlarged issued share capital, respectively.

The subscriptions for Placing Shares by Lansdowne and IP Group are considered related party transactions pursuant to the AIM Rules for Companies because they are each substantial shareholders in the Company.

The directors of Synairgen (the 'Directors'), having consulted with the Company's nominated adviser, finnCap, consider that the terms of the subscription for Placing Shares by Lansdowne and IP Group are fair and reasonable insofar as the Company's shareholders are concerned.

Directors' Shareholdings

Each of the Directors and certain of their related parties will be subscribing for Ordinary Shares in the Placing by way of direct subscription with the Company, at the Issue Price. The interests of the Directors following Admission will be as follows:

<i>Director</i>	<i>Number of Placing Shares subscribed for</i>	<i>Resulting number of Ordinary Shares held after Admission</i>	<i>Resulting holding as a percentage of the Ordinary Shares in issue immediately after Admission</i>
Simon Shaw	40,299	1,408,879 ¹	1.88%
Richard Marsden	15,112	110,972	0.15%
Dr. Phillip Monk	10,074	28,592	0.04%
John Ward	15,124	243,912	0.32%
Iain Buchanan	20,149	112,741	0.15%
Dr. Bruce Campbell	40,299	294,259	0.39%
Paul Clegg	20,149	204,244 ²	0.27%
Prof. Stephen Holgate	6,044	858,360 ³	1.14%

¹ 40,299 Ordinary Shares will be held in the name of Mr Shaw's pension fund.

² 100,149 Ordinary Shares will be held in the name of Mr Clegg's pension fund.

³ 1,923 Ordinary Shares are held in the name of Prof Holgate's wife.

Admission

Application will be made for Admission and it is expected that Admission will occur and that dealings in the Placing Shares will commence on AIM on 23 July 2012. The Placing Shares will rank pari passu with the existing Ordinary Shares currently traded on AIM. Following Admission, there will be 75,115,620 Ordinary Shares in issue.

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PLACING STATISTICS

Number of existing Ordinary Shares	69,560,064
Number of Placing Shares being placed on behalf of the Company	5,555,556
Number of Ordinary Shares in issue following Admission	75,115,620
Issue Price	45 p
Estimated net proceeds of the Placing receivable by the Company	£2.35 million
Number of Placing Shares as a percentage of the Enlarged Issued Share Capital	7.4 per cent.
Market capitalisation of the Company at Admission at the Issue Price	£33.8 million