THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or what action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser duly authorised under FSMA.

This Document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this Document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, and also to the section entitled "Risk Factors" in Part II of this Document.

Application will be made for all of the New Shares to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

No prospectus is required in accordance with the Prospectus Directive in connection with the Placing. The term "Prospectus Directive" means Directive 2003/71/EU as amended and includes any relevant implementing measures in each member state of the European Economic Area.

This Document does not comprise an admission document under the AIM Rules and the London Stock Exchange has not itself examined or approved the contents of this Document. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the New Shares to the Official List. The New Shares will not be traded on any recognised investment exchange and no other such application will be made. It is anticipated that Admission will become effective and that dealings in the Placing Shares will commence on AIM at 8.00 am on 10 October 2017. A block listing application will be made in respect of the maximum number of Warrant Shares permitted under the AIM Rules.

Realm Therapeutics plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05789798)

Proposed Placing of 66,396,485 Units at 29 pence per Unit

Adoption of New Articles

and

Notice of General Meeting

Nplus1 Singer Advisory LLP (together with its affiliates, "**N+1 Singer**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser and broker to the Company in connection with the matters described in this Document. Persons receiving this Document should note that N+1 Singer will not be responsible to anyone other than the Company for providing the protections afforded to clients of N+1 Singer or for advising any other person on the arrangements described in this Document. N+1 Singer has not authorised the contents of, or any part of, this Document and no liability whatsoever is accepted by N+1 Singer for the accuracy of any information or opinion contained in this Document or for the omission of any information.

The release, publication or distribution of this Document in jurisdictions other than the United Kingdom may be restricted by applicable laws or regulations and this Document does not form part of any offer or invitation to sell or issue or the solicitation of any offer to purchase Warrants or New Shares in any jurisdiction. Persons in jurisdictions other than the United Kingdom into whose possession this Document comes should inform themselves about and observe any such applicable legal or regulatory requirements in such jurisdiction. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction.

None of the New Shares have been, or, except as provided for in a registration rights agreement to be entered into by the Company and the US Purchasers, will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under the securities legislation of any state of the United States. The New Shares may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and any applicable state or local securities laws. The relevant clearances have not been, and will not be, obtained from the securities commission of any province or territory of Canada. No document in relation to the Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission or the South African Financial Services Board, and no

registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing or this Document. Accordingly, subject to certain exceptions the New Shares may not directly or indirectly be offered, sold, renounced, resold, taken up or delivered in or into the United States, Canada, Australia, Japan or South Africa or any other jurisdiction where it would be unlawful to do so (''**Restricted Jurisdiction**'') or offered to, sold to, renounced, taken up or delivered in favour of, or to, a person within the United States or a resident of Canada, Australia, Japan or South Africa or any other Restricted Jurisdiction. This Document is not for publication, release or distribution, directly or indirectly, in or into the United States or any Restricted Jurisdiction.

No person has been authorised to make any representations on behalf of the Company concerning the Placing which are inconsistent with the statements contained in this Document and any such representations, if made, may not be relied upon as having been authorised.

No person should construe the contents of this Document as legal, tax or financial advice and recipients of this Document should consult their own advisers as to the matters described in this Document.

Notice of a General Meeting of the Company, to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF at 10.00 am on 9 October 2017 is set out at the end of this Document.

The Form of Proxy for use at the General Meeting accompanies this Document and, to be valid, must be completed, signed and returned in accordance with the instructions printed thereon and either (a) deposited at the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, (b) lodged using the CREST Proxy Voting Service or (c) lodged electronically by visiting www.sharevote.co.uk, in each case so that it is received no later than 10.00 am on 5 October 2017. For further details please see the notes to the Notice of General Meeting set out at the end of this Document. The appointment of a proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so (and you are so entitled).

A copy of this Document will also be available on the Company's website, www.realmtx.com.

Cautionary note regarding forward-looking statements: This Document contains statements about the Company that are or may be ''forward-looking statements''. All statements, other than statements of historical facts, included in this Document may be forward-looking statements and are subject to, *inter alia*, the risk factors described in Part II of this Document. Without limitation, any statements preceded or followed by, or that include, the words ''targets'', ''plans'', ''believes'', ''expects'', ''aims'', ''intends'', ''will'', ''may'', ''should'', ''anticipates'', ''estimates'', ''projects'' or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditure, expenses, revenues, earnings, economic performance, indebtedness, financial condition, losses and future prospects and (ii) business and management strategies and the expansion and growth of the operations of the Company. These forward-looking statements are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different to future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Save as is required by law or regulation (including to meet the requirements of the AIM Rules and the Market Abuse Regulation), the Company does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All forward-looking statements contained in this Document are based on information available to the Directors of the Company at the date of this Document, unless some other time is specified in relation to them, and the posting or receipt of this Document shall not give rise to any implication that there has been no change in the facts set forth in this Document since such date.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Placing and publication of this Document	21 September 2017
Latest time and date for receipt of completed Forms of Proxy to be valid at the General Meeting	10.00 am on 5 October 2017
General Meeting	10.00 am on 9 October 2017
Announcement of results of General Meeting	9 October 2017
Admission and commencement of dealings in the Placing Shares on AIM	8.00 am on 10 October 2017
Placing Shares in uncertificated form to be credited to accounts in CREST	10 October 2017
Despatch of definitive share certificates for Placing Shares in certificated form (if required)	by 17 October 2017
Despatch of definitive certificates for Warrants	by 17 October 2017

NOTES

(1) References to time in this Document are to London time unless otherwise stated.

(2) Each of the times and dates in the above timetable are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.

(3) All of the events listed in the above timetable subsequent to the General Meeting are conditional on the approval of the Resolutions at the General Meeting.

(4) The Warrants will not be separately admitted to trading on AIM, but the Warrant Shares which will arise following any valid exercise of Warrants will be admitted to trading as part of the Company's single class of shares admitted to trading on AIM or the relevant exchange on which the Company's shares are traded at the time the Warrants are exercised.

KEY STATISTICS

Number of Ordinary Shares in issue[(1)]	50,165,432
Number of Placing Shares	66,396,485
Proceeds of the Placing (before expenses)	£19.3 million ($26 million)
Net proceeds of the Placing receivable by the Company[(2)]	£17.6 million
Percentage of Enlarged Share Capital represented by the Placing Shares	57.0%
Maximum number of Warrant Shares arising from potential exercise of the Warrants[(3)]	26,558,600
Maximum number of Ordinary Shares in issue following the Placing and maximum potential exercise of all Warrants	143,120,517
Maximum percentage of Enlarged Share Capital, inclusive of maximum number of Warrant Shares, represented by the Warrant Shares[(3)]	18.6%
Maximum percentage of Enlarged Share Capital, inclusive of maximum number of Warrant Shares, represented by the New Shares[(3)]	64.9%
Number of Ordinary Shares in issue immediately following the Placing	116,561,917
Market capitalisation of the Company immediately following the Placing at the Issue Price	£33.8 million

NOTES

(1) As at 20 September 2017, being the latest practicable date prior to the publication of this Document.

(2) Net proceeds are stated after deduction of estimated total expenses of approximately £1.6 million.

(3) Assumes all Warrants are exercised and no further issue of shares between Admission and the date of exercise. The percentage of the Enlarged Share Capital represented by the Warrant Shares arising will be lower than the maximum to the extent that the Company issues additional Ordinary Shares in the future and to the extent that the Warrants are not exercised.

EXCHANGE RATES

The rates of exchange used throughout this Document, unless otherwise stated, are US$1.35: £1.00 and £0.74: US$1.00 being the closing rates on 19 September 2017, the latest practicable date prior to the publication of this Document.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Joseph William Birkett, Non-Executive Director Dr. Ivan Gergel, Non-Executive Director Dr. Balkrishan Gill, Non-Executive Director Matthew Hammond, Non-Executive Director Daniel Hegglin, Non-Executive Director Alex Martin, Chief Executive Officer Charles Spicer, Non-Executive Chairman Marella Thorell, Chief Financial Officer and Chief Operating Officer
Company Secretary	Marella Thorell c/o CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF United Kingdom
Registered office	c/o CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF United Kingdom
Nominated adviser and UK broker	N+1 Singer One Bartholomew Lane London EC2N 2AX United Kingdom
US placement agent	MTS Securities, LLC 623 Fifth Avenue 14th Floor New York, NY10022 United States of America
UK legal adviser to the Company	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF United Kingdom
US legal adviser to the Company	Cooley LLP 1114 Avenue of the Americas New York, NY 10036-7798 United States of America
Legal adviser to N+1 Singer	Brown Rudnick LLP 8 Clifford Street London W1S 2LQ United Kingdom
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA United Kingdom

PART I

LETTER FROM THE CHAIRMAN

REALM THERAEUTICS PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05789798)

Directors:
Joseph William Birkett, Non-Executive Director
Dr. Ivan Gergel, Non-Executive Director
Dr. Balkrishan Gill, Non-Executive Director
Matthew Hammond, Non-Executive Director
Daniel Hegglin, Non-Executive Director
Alex Martin, Chief Executive Officer
Charles Spicer, Non-Executive Chairman
Marella Thorell, Chief Financial Officer and Chief Operating Officer

Registered Office:
c/o CMS Cameron McKenna
Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London EC4N 6AF

21 September 2017

Dear Shareholder,

Proposed Placing of 66,396,485 Units at 29 pence per Unit

Adoption of New Articles
and
Notice of General Meeting

1. INTRODUCTION

The Company announced today that it has raised, subject to certain conditions, £19.3 million ($26 million) (before expenses), by way of a placing of 66,396,485 Units at a placing price of 29 pence per Unit. Each Unit comprises one Placing Share and one Warrant.

The Placing comprises a UK Placing and a US Placing. The US Placing is being directed primarily at US Purchasers but also includes some non-US participants, and the Placing Shares to be issued thereunder will be admitted to trading on AIM on Admission. N+1 Singer is acting as UK broker for the Company and MTS Securities, LLC is acting as US placement agent. Charles Spicer, Non-Executive Chairman of the Company, and Alex Martin, CEO of the Company, are both participating in the Placing, which is not underwritten.

The net proceeds of the Placing will be used primarily to advance the Company's drug development programmes and for general corporate purposes. The Company's initial development focus is on PR022 for Atopic Dermatitis (AD) and PR013 for Allergic Conjunctivitis (AC). The intent is to utilise the proceeds to enter the next stage clinical trial for AD (a Phase IIb trial) and to complete a Phase II proof of concept study in Acne Vulgaris, with PR023, a topical formulation in early development. A portion of the proceeds is also expected to be utilised to further evaluate the Company's high concentration hypochlorous acid formulation for application in potential pipeline candidates, which may include psoriasis and dry eye.

Each Warrant will be exercisable into 0.40 of a Warrant Share (rounded up to the nearest whole share for the purposes of determining the number of Warrant Shares issuable upon exercise), at an exercise price per Warrant Share of 58 pence, being 200% of the Issue Price. Further particulars of the Warrants including the conditions under which they may be exercised are provided at paragraph 5 of this Part I and in paragraph 5 of Part III of this Document. The Warrants will not be separately admitted to trading on AIM, but the new Warrant Shares will, following valid exercise of the Warrants in accordance with the terms of the Warrant Instrument, be admitted to trading as part of the single class of shares admitted to trading on AIM or the relevant exchange on which the Company's shares are traded at the time of issuance.

The UK Placing and the US Placing are conditional, *inter alia*, upon the passing by the Shareholders of the Resolutions at the General Meeting, including special resolutions which will give the Company the required authority to dis-apply statutory pre-emption rights in respect of the allotment of the New Shares and to authorise the adoption of the New Articles, conditional on Admission. Subject to

all relevant conditions being satisfied (or, if applicable, waived), it is expected that the Placing Shares will be admitted to trading on AIM on or around 10 October 2017 (with Warrant certificates delivered on or around 17 October 2017).

The purpose of this letter is to outline the reasons for the Placing and to explain why the Board considers the proposals described in this Document to be in the best interests of the Company and Shareholders as a whole, and why the Directors recommend that you vote in favour of the Resolutions, as they intend to do in respect of the Ordinary Shares owned by them, in order to give effect to the Placing.

2. BACKGROUND TO AND REASONS FOR THE PLACING

As part of a comprehensive strategic review, the Company worked with a leading pharmaceutical consulting firm and influential key opinion leaders to assess unmet medical needs with considerable commercial value suitable for the development of a product pipeline based on its proprietary immunomodulatory technology. This review led to the Company embarking on a new strategic focus, repositioning itself as a biopharmaceutical company. In early 2016, the Group confirmed its drug development programmes, based on its proprietary technology for generating hypochlorous acid at high concentrations, were initially focused in Dermatology and Ophthalmology. Realm's two lead candidates are PR022, for the treatment of Atopic Dermatitis (AD), and PR013, for the treatment of Allergic Conjunctivitis (AC). The development programme for each lead candidate is reviewed below.

Atopic Dermatitis

In early 2017, the Company filed an Investigational New Drug (IND) application with the US Food and Drug Administration (FDA) for PR022. PR022 is the first candidate in a new class of anti-inflammatory / immunomodulatory topical gels for the treatment of AD, containing a high, stable concentration of hypochlorous acid as the active ingredient.

The FDA has allowed the Company's IND application for a Phase II clinical trial with PR022 for AD to proceed. The trial will be a randomised, double-blind, vehicle-controlled, multicentre, parallel-group study to assess the safety and efficacy of multiple doses of PR022 in 120 adult patients with mild-to-moderate AD and will be conducted in the US. The Company expects to begin the trial in Q4 of this year, with the high-level readout on the study expected in mid-2018.

Based on current timelines and plans, the Company has sufficient cash to fund the initial Phase II study in AD. Pending results of this study, the clinical development plan involves a Phase IIb study similar in size and scope to the initial Phase II study to include adolescents, which is expected to be funded with a portion of the proceeds of the Placing.

The Company has demonstrated that PR022 is associated with a statistically significant therapeutic effect in pre-clinical models of AD, including down modulation of key pro-inflammatory cytokines and reduced expression of Th2 cytokines, IL-4, IL-13 and IL-31, as well as TARC (thymus and activation regulated chemokine) and TSLP (thymic stromal lymphopoietin), which are all linked to the signs and symptoms of the disease. Importantly, these results are delivered without the typical negative effects of commonly used AD immunomodulatory or immunosuppressant drugs, including corticosteroids, suggesting an advantageous safety profile for PR022. Another study addressed the significant anti-itch properties of PR022, including a possible neuronal effect, as demonstrated in pre-clinical models of AD through research conducted by Dr. Wolfgang Bäumer at North Carolina State University. Another study further elucidates the molecule's unique mechanism of action as an NF-κB inhibitor via IκBα as shown by in vitro studies conducted by Realm's scientific team.

If successful in subsequent Phase II and pivotal clinical trials, and subject to receiving regulatory approval, Realm believes that peak year sales for PR022 could potentially reach or exceed $1.0 billion in the US market alone, based on market analysis and Company estimates. This includes use of the product in the treatment of both adult and paediatric patients with mild-to-moderate disease.

Allergic Conjunctivitis

In August of this year, the Company submitted an IND application to the FDA for PR013, a novel potential treatment for AC. In September, the Company announced that the FDA had permitted Realm's IND application for PR013 to proceed into a Phase II clinical trial for patients aged 10 years and older with AC. Based on current timelines and plans, the Company has sufficient cash to fund this initial Phase II study. The Phase II AC trial will be a multi-centre, double-blind, randomised evaluation of the effectiveness of PR013 topical ophthalmic drops compared to vehicle for the treatment of AC using a modified Conjunctival Allergen Challenge Model (Ora-CAC®) in

approximately 90 patients conducted in the US. For the past three decades, the Ora-CAC® model has been the accepted standard for the successful development of novel treatments for AC in the US. The majority of FDA approved treatments for AC used the Ora-CAC® model as the basis for their approval. If a certain level of clinical efficacy is demonstrated in the Phase II trial, it could become one of the Company's two pivotal trials needed for approval. Estimated peak annual sales potential in this indication is approximately $400 million in the US, based on market analysis and data from pre-clinical models.

PR013 is a proprietary topical formulation, in which the active moiety is a patented high concentration of hypochlorous acid, offering a differentiated mechanism of action for the treatment of a significant disease. As previously announced, the Company has shown that PR013 is associated with a statistically significant therapeutic effect on hyperemia (ocular redness) in pre-clinical models of AC, superior to olopatadine (0.1%) and similar to prednisolone (1%). The Company has also shown that the active moiety in PR013 (which is the same active moiety in PR022) is associated with a statistically significant down modulation of key pro-inflammatory cytokines and reduced expression of Th2 cytokines, IL-4, IL-13, as well as IL-31 and TSLP, which are associated with itch as AC and AD have similar etiology.

Acne Vulgaris and Other Pipeline Candidates

In addition to AD and AC, the Company believes there may be potential application for its high-concentration hypochlorous acid formulations in other areas of Dermatology and Ophthalmology. While current resources are focused on the AD and AC programmes, a portion of the Placing net proceeds would be used to further elucidate these potential pipeline applications.

Pending the completion of the Placing, an initial proof of concept trial is planned in Acne Vulgaris. Acne Vulgaris is the most common chronic skin condition in the US, affecting approximately 45 million people, or 14% of the population. The disease can range from mild to severe cystic acne and is associated with significant physical and psychosocial effects on quality of life, including permanent scarring, depression and anxiety. The two main factors involved in the development of Acne Vulgaris are clogged pores and/or the presence of bacteria, leading to irritation, lesions and inflammation. As a result of the anti-inflammatory and anti-bacterial elements of hypocholorus acid, the Company believes it may offer a promising treatment for Acne Vulgaris. PR023, a topical formulation intended for the Acne Vulgaris trial, is in early development. It is expected that the PR022 IND, which has been cleared by the FDA to enter the clinic in Phase II, can be leveraged and therefore the Company intends to file an IND for PR023 in late 2018 and enter the clinic shortly thereafter, pending FDA clearance.

Reasons for the Placing

Whilst the Company has sufficient resources to fund its initial Phase II studies in AD and AC, without further capital, Realm would not be able to advance its lead programmes beyond their currently funded horizon or further develop its pipeline. Having considered a variety of options for funding, the Board believes that the Placing is in the best interests of Shareholders in order to provide further cash resources to advance its lead programmes and other potential applications of the Company's hypochlorous acid formulations. Having capital at the time of data readouts on its initial AD and AC trials will allow the Board greater flexibility when considering options for the Company's clinical development programmes, pending the results of the studies, and to determine the best route to creating potentially significant additional value for Shareholders – which may be through advancing development of current or additional pipeline candidates or potentially partnering some or all of them. Furthermore, the introduction of new investors into the Company via the Placing, in particular US and UK specialist healthcare funds such as OrbiMed, which is the lead US Purchaser, BVF Partners LP and RA Capital Management, as well as international investment groups with a focus on the healthcare sector such as Abingworth BioEquities Master Fund Ltd, and Polar Capital, is expected to provide additional opportunities for further investment. In addition, these investors with international experience will facilitate continued discussions as to the best exchange or exchanges on which to trade the Company's shares and access capital to fund future clinical development.

3. USE OF PROCEEDS

The net proceeds of the Placing are expected to be £17.6 million (US$23.8 million). The results of the initial Phase II trials in AD and AC will ultimately inform the prioritisation of further investments in these programmes. However, the Company currently intends to utilise the funds to support a Phase IIb study in AD and a proof of concept study in Acne Vulgaris. Furthermore, a portion of the

proceeds are expected to be used for general Research and Development work related to formulations and manufacturing enhancements along with further evaluation and development of the Company's pipeline candidates through additional scientific and other research and for general operating purposes.

4. PRINCIPAL TERMS OF THE PLACING

The Company has conditionally raised a total of approximately £19.3 million ($26 million) (before expenses) by the Placing of 66,396,485 Units at the Issue Price to the Placees. Each Unit comprises one Placing Share and one Warrant over 0.40 of a Warrant Share. Further details of the Warrants are provided in paragraph 5 of this Part I.

The US Placing is conditional, *inter alia*, upon (including certain customary conditions for a transaction of this nature):

(i) the passing of the Resolutions (except for Resolution 5);

(ii) the receipt of a certificate from the Company signed by its Chief Executive Officer confirming that the representations and warranties of the Company in the Purchase Agreement are true and correct in all material respects (except those that are qualified by materiality, which shall be true and correct in all respects) as of the date of the Purchase Agreement and as of Admission (except for representation and warranties that speak as of a specific date, which shall be true and correct in all material respects (or all respects, as the case may be) as of such date), and that all obligations, covenants and agreements of the Company or any of its subsidiaries required to be performed prior to Admission have been performed;

(iii) the Company and each of the US Purchasers signing the Registration Rights Agreement;

(iv) the Company and OrbiMed signing the Relationship Agreement; and

(v) Admission.

If any of the above US conditions are not satisfied or waived (where capable of waiver), the US Units will not be issued and all relevant monies received from the investors in the US Placing will be returned to them (at the risk of these investors and without interest) as soon as possible thereafter.

The UK Placing is conditional, *inter alia*, upon:

(i) the passing of the Resolutions;

(ii) the Placing Agreement not having been terminated in accordance with its terms prior to Admission;

(iii) written confirmation from the Company that, as far as it is aware (having made reasonable enquiries of the Directors), there is no fact, matter or circumstance existing which would allow the US Purchasers to terminate the Purchase Agreement; and

(iv) Admission.

If any of the above UK conditions are not satisfied or waived (where capable of waiver), the UK Units will not be issued and all relevant monies received from the investors in the UK Placing will be returned to them (at the risk of these investors and without interest) as soon as possible thereafter.

The Company has agreed not to issue any Ordinary Shares and the Directors and Dr. Christian Peters, the Company's Chief Medical Officer, have agreed not to sell any Ordinary Shares, in each case for 180 days from Admission, subject to customary exceptions, including in the case of the Company the issue of Ordinary Shares to satisfy share options and the Square 1 Warrant.

The New Shares when issued will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares.

Application will be made to the London Stock Exchange for the admission of the Placing Shares to trading on AIM. It is expected that Admission will occur and that dealings in the Placing Shares will commence at 8.00 am on 10 October 2017, at which time it is also expected that the Placing Shares will be enabled for settlement in CREST. Upon Admission a block listing application will be made in respect of the Warrant Shares, up to the maximum permitted to be block listed under AIM rules and the Company's existing blocklistings, for the purpose of admitting Warrant Shares to trading on AIM in due course.

Shareholders in the Company who are not participating in the Placing or are not participating in the Placing proportionate to their existing shareholding will have their interest in the Company significantly diluted as a consequence of the issue of the New Shares.

Further information relating to the Placing Agreement, the Purchase Agreement and the Placement Agent Agreement is provided in paragraphs 3, 4 and 6 of Part III of this Document.

5. WARRANTS

Each Warrant will be exercisable into 0.40 of a Warrant Share, at an exercise price per Warrant Share of 58 pence, being 200% of the Issue Price. No Placee will be issued with a Warrant to acquire a fraction of a Warrant Share. Instead Warrants will be rounded up to the nearest whole Warrant Share.

Each Warrant is exercisable during the period commencing on Admission and ending on 9 April 2020. The Warrants shall be exercised in cash. It is expected that the proceeds of such exercise payable to the Company will be further utilised for the development programmes of the Company from time to time and for general corporate purposes.

The terms of the Warrants include adjustment provisions should the Company undertake certain transactions such as share subdivisions or consolidations as well as dividends or other distributions payable in Ordinary Shares. In addition, if the Company is acquired there are obligations on the acquirer to provide appropriate alternate warrants determined in accordance with a Black-Scholes valuation provision. Under certain circumstances, Warrantholders can require that the acquirer of the Company makes a cash payment to the Warrantholders in lieu of alternate warrants based on a Black-Scholes valuation of the Warrants at the time of the Acquisition.

A block listing application will be made to the London Stock Exchange for that portion of the 26,558,600 Warrant Shares that is permitted to be blocklisted under the AIM Rules and the Company's current block listing, to be admitted to AIM in connection with the prospective issue of the Warrant Shares. Once applied for, these new Ordinary Shares will be issued from time to time pursuant to the valid exercise of the Warrants.

Further information relating to the Warrants and the Warrant Instrument is provided in paragraph 5 of Part III of this Document.

6. ORBIMED RELATIONSHIP AGREEMENT

Immediately upon Admission, OrbiMed is expected to own 21.9% of the Enlarged Share Capital and to hold Warrants over 10,214,844 Warrant Shares. The Company and N+1 Singer will therefore enter into the Relationship Agreement with OrbiMed to regulate its relationships with this investor from Admission and to limit its influence over the Group's corporate actions and activities and the outcome of general matters pertaining to the Group. The obligations and restrictions on OrbiMed will terminate upon OrbiMed (or any of its associates) ceasing to control at least 15% of the Ordinary Shares or the Ordinary Shares ceasing to admitted to AIM. Further information relating to the Relationship Agreement is provided in paragraph 8 of Part III of this Document. The Relationship Agreement will become effective on Admission.

7. NEW ARTICLES

In order to facilitate a US Registration, if the Directors decide to do so in the future, it is proposed that the Company will adopt the New Articles at the General Meeting conditional upon the relevant special resolution being passed. The New Articles add provisions facilitating arrangements in connection with the potential issue of American Depositary Shares (ADSs).

The Company's articles of association were last updated in 2010. The opportunity is now being taken to also amend the articles of association in order to reflect certain updates in applicable law and changes to best practice.

Details of the principal changes being proposed are set out in paragraph 9 of Part III of this Document.

A copy of the New Articles is available on the Company's website at www.realmtx.com. Hard copies of the New Articles (and a comparison of changes to the existing articles of association) are available at the Company's registered office from today until the close of the General Meeting.

8. CURRENT TRADING AND PROSPECTS

The Company today issued a clinical development update and announced its interim financial results for the six months ended 30 June 2017. As at 30 June 2017, cash and cash equivalents were $15.6 million (as at 31 December 2016: $21.4m) and the Company had no debt.

Total cash used by the Group during the six months ended 30 June 2017 was $5.9 million, primarily driven by investments in Research and Development, the pay-down of $1.8 million in liabilities related to the sale of the Supermarket Retail business, which was completed in October 2016, and general operations. During H1 2017, Research and Development spend was focused on formulation and clinical development related to the manufacturing development of PR022 and PR013 and toxicology and other studies to support the Company's two IND submissions. During H1 2016, Realm used $2.7 million of cash comprising $2.2 million for Continuing Operations (driven by the Company's investment in Research and Development) and the balance for Supermarket Retail/ Discontinued Operations.

Royalty revenue increased to $0.6 million (H1 2016: $0.3m) due to higher sales and contract minimums from a distribution arrangement for the Company's Wound Care product. Other revenue was nil in H1 2017 (H1 2016: $0.1m). Operating expenses for the Continuing Operations* increased to $4.6 million (H1 2016: $3.1m). This was driven by increased investments in research, formulation and clinical development and regulatory activities in support of the Company's two INDs of $3.0 million (H1 2016: $1.6m) and flat spending in General and Administrative expenses of $1.6 million (H1 2016: $1.5m). EBITDA** loss for the Continuing Operations* for H1 2017 was $3.8 million (H1 2016 loss: $2.5m) following increased investments in Research and Development.

The Company's Supermarket Retail business, presented as Discontinued Operations, was sold on 7 October 2016. For the six months ended 30 June 2016, Supermarket Retail revenue was $10.8 million, operating expenses were $3.5 million and EBITDA** profit was $1.5 million.

The Company intends to use the net proceeds of the Placing to advance its drug development programmes and for general corporate purposes.

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* *Continuing Operations comprise the Group's drug development activities, Wound Care business and the costs of operating the Company. As at 30 June 2016 and 31 December 2016, the Company's Supermarket Retail business was presented in the financial statements as Discontinued Operations.*

** *Earnings before interest, tax, depreciation, and share based payment expense (EBITDA).*

9. CONDITIONAL REGISTRATION RIGHTS

If, at its sole discretion, the Company opts to list Ordinary Shares or ADSs for trading on a Trading Market in the United States, the Company has agreed in the Registration Rights Agreement to (i) file a registration statement with the US Securities and Exchange Commission (SEC) covering the resale of the New Shares (together, and as may be reduced by securities sold in a registered offering or those sold or saleable pursuant to an exemption from registration without volume or manner-of-sale restrictions, the ''Registrable Securities'') pursuant to a registration statement under the Securities Act (a ''Registration Statement'') within 30 days of the later of such listing or expiration or termination of the lockup period for any firm commitment registered public offering of such securities undertaken in conjunction with such listing (if applicable), (ii) use its commercially reasonable efforts to have such Registration Statement declared effective as promptly as practicable thereafter and in any case not later than 45 days following the filing thereof (or 75 days if the SEC reviews the Registration Statement), (iii) maintain the effectiveness of the Registration Statement until the earlier of all securities registered thereby ceasing to constitute Registrable Securities or the third anniversary of the effective date of the Registration Statement and (iv) satisfy the current public information requirement pursuant to Rule 144(c)(1) under the Securities Act. The Company has agreed to pay liquidated damages to holders of Registrable Securities in the event that it fails to satisfy the aforementioned obligations in amount up to 5% of the value thereof paid by such holder.

Further information relating to the Registration Rights Agreement is provided in paragraph 7 of Part III of this Document.

10. SHARE OPTIONS

The Company currently operates the Realm Therapeutics plc Executive Omnibus Incentive Plan 2006 and the Realm Therapeutics plc Executive Omnibus Incentive Plan 2016 (the ''Plans''). As permitted under the terms of the Plans and as approved by the Directors, the number of Ordinary Shares currently under option will be increased by a total of approximately 5,087,675 Ordinary Shares such that each optionholder's percentage of the Enlarged Share Capital would be the same as it is in respect of the current Ordinary Share capital of the Company. Option exercise prices, vesting terms and expiry dates would remain unchanged.

In light of the new technology development focus of the Company, the Board intends to undertake a review, within the next six months, of equity compensation plans and practices for employees and Directors of the Company, benchmarking against similar stage companies in the sector in which the Company operates. Particular focus will be on target equity incentive levels and equity plan limits with input sought from the Company's major Shareholders. Recommendations for changes to the Company's equity plans, if any, will be considered in due course.

11. RISK FACTORS AND ADDITIONAL INFORMATION

The attention of Shareholders is drawn to the risk factors set out in Part II and the additional information set out in Part III of this Document. Shareholders are advised to read the whole of this Document and not rely solely on the summary information presented in this letter.

12. GENERAL MEETING

The Directors do not currently have authority to allot all of the New Shares and, accordingly, the Board is seeking the approval of Shareholders to allot such shares at the General Meeting.

A notice convening the General Meeting, which is to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street London EC4N 6AF at 10.00 am on 9 October 2017, is set out at the end of this Document. At the General Meeting, the following Resolutions will be proposed:

- Resolution 1 which is an ordinary resolution to authorise the Directors to allot Ordinary Shares up to an aggregate nominal amount of £19,254,981, being equal to 66,396,485 Placing Shares (i.e. the maximum number of Placing Shares available under the Placing).
- Resolution 2 which is an ordinary resolution to authorise the Directors to issue Warrants to subscribe for Ordinary Shares up to an aggregate nominal amount of £2,655,860, being equal to 26,558,601 Ordinary Shares (i.e. the maximum number of Ordinary Shares that could be allotted pursuant to the exercise of the Warrants).
- Resolution 3 which is conditional on the passing of resolution 1 and is a special resolution to authorise the Directors to allot and issue 66,396,485 Placing Shares pursuant to the Placing on a non pre-emptive basis.
- Resolution 4 which is conditional on the passing of resolution 2 and is a special resolution to authorise the Directors to allot and issue Warrants to subscribe for 26,558,601 Ordinary Shares on a non pre-emptive basis.
- Resolution 5 which is a special resolution to adopt the New Articles.

The authorities to be granted pursuant to resolutions 1, 2, 3 and 4 shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2018 (unless renewed, varied or revoked by the Company prior to or on that date) and shall be in addition to the Directors' authorities to allot relevant securities and disapply statutory pre-emption rights granted at the Company's Annual General Meeting held on 6 June 2017.

13. ACTION TO BE TAKEN IN RESPECT OF THE GENERAL MEETING

Enclosed with this Document is a Form of Proxy for use by Shareholders at the General Meeting. Whether or not you intend to be present, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon and either (a) deposit the completed Form of Proxy at the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, (b) lodge the completed Form of Proxy using the CREST Proxy Voting Service or (c) lodge the completed Form of Proxy electronically by visiting www.sharevote.co.uk, in each case so that it is received no later than 10.00 am on 5 October 2017. For further details please see the notes to the notice of General Meeting set out at the end of this Document. The appointment of a proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so (and you are so entitled).

14. RELATED PARTY MATTERS

The following Directors and current Shareholder, who is a related party as a result of owning more than 10% of the Company's outstanding share capital, have agreed to participate in the Placing:

- Charles Spicer has agreed to subscribe for 86,207 Units pursuant to the Placing. Following Admission, Mr Spicer will have a shareholding of 273,930 Ordinary Shares, representing 0.24% of the Enlarged Share Capital.
- Alex Martin has agreed to subscribe for 148,115 Units pursuant to the Placing. Following Admission, Mr Martin will have a shareholding of 248,115 Ordinary Shares, representing 0.21% of the Enlarged Share Capital.
- Sussex Trading Company Limited has agreed to subscribe for 827,586 Units pursuant to the Placing. Following Admission, Sussex Trading Company Limited will have a shareholding of 5,923,880 Ordinary Shares, representing 5.08% of the Enlarged Share Capital.

The participation of each of Charles Spicer, Alex Martin and Sussex Trading Company Limited in the Placing is in each case a related party transaction under AIM Rule 13 requiring consideration by the Independent Directors having consulted with the Company's nominated adviser.

The Independent Directors, having consulted with N+1 Singer, consider the terms of the participation of each of Charles Spicer, Alex Martin and Sussex Trading Company Limited to be fair and reasonable insofar as Shareholders are concerned.

15. DIRECTORS' RECOMMENDATION AND VOTING INTENTIONS

The Board considers the Placing to be in the best interests of Shareholders as a whole and accordingly recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

All the Directors with beneficial interests in the Ordinary Shares of the Company intend to vote in favour of the Resolutions in respect of their own beneficial holdings, amounting to an aggregate of approximately 6.3 million Ordinary Shares representing approximately 12.6% of the issued Ordinary Share capital of the Company. In addition, Shareholders who are not Directors, who in aggregate own approximately 27.5 million Ordinary Shares representing approximately 54.8% of the issued Ordinary Share capital of the Company have expressed their support for the Placing and are therefore expected to vote in favour of the Resolutions.

Yours faithfully,

Charles Spicer
Chairman

PART II

RISK FACTORS

The Directors consider the following risks and other factors to be the most significant for the Company, but the risks listed do not purport to comprise all those risks associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In this event, the price of the Company's securities could decline and investors may lose all or part of their investment.

1. RISKS RELATING TO REALM'S BUSINESS AND DRUG DEVELOPMENT STRATEGY

The Company's strategic focus is subject to the vagaries of drug development, including cost and timeline uncertainties

Realm is a company focused on developing its platform technology at high concentrations for drug applications. Such a strategy involves inherent risks associated with demonstrating safety and efficacy of compounds, ensuring stable formulations, demonstrating clinical efficacy, achieving regulatory approval and then delivering commercial success.

Failure to execute a successful Research and Development strategy could result in an inability to deliver products and indications, which would have a material detrimental effect on the sustainability of the business. Failure of programmes could result from lack of resources, inadequate planning or anticipation of obstacles, poorly designed testing protocols, changes in the regulatory landscape, failure to achieve clinical results or regulatory approvals, adverse events in clinical trials or from the formulations simply not having the clinical benefits or safety profiles that were anticipated in clinical trials. The trials could take longer to enroll patients than anticipated, resulting in longer time horizon to data-readouts and potentially higher costs.

Even if regulatory approvals are obtained, market adoption of Realm's products could prove slow or impossible, depending upon other products or available therapies for the indications. Other drug companies could develop safer or more effective products for the same indications and secure a significant portion of the available market. Macro-economic factors and the political climate could impact the pricing or payers' willingness to reimburse patients for Realm's products.

There are many uncertainties and variables which could impact the timing and likelihood of Realm successfully delivering a new drug and/or in the projected timelines and at the anticipated costs.

Significant investment will be required to support the drug development strategy and Realm has limited on-going revenue, which will result in additional funding requirements. Existing Shareholders' interests in the Company may be diluted as a result of a funding event. If no additional funding can be raised, the impact to the business could be significant

Realm had a cash and cash equivalents position of $15.6 million as at 30 June 2017. Following the sale of its Supermarket Retail business in October 2016, Realm's primary source of revenue is limited to the royalties received from its Wound Care product (as a medical device) which currently offsets only a small portion of the Company's costs. The costs associated with developing, testing and obtaining regulatory approval for drugs are significant. In addition, the timelines for obtaining regulatory approvals for drugs are lengthy and uncertain.

Without limitation, the factors that may cause Realm's future funding requirements to be greater than anticipated or to accelerate the need for funds include:

- unforeseen developments during pre-clinical trials;
- unfavourable or unexpected outcomes of clinical trials, including delays in enrolment;
- delays in the timing of receipt of required regulatory approvals or clearances for next phases of clinical trials;
- broader than anticipated safety or efficacy trials imposed by regulators;
- unanticipated expenses in research and development;
- unanticipated expenses or delays in the manufacture of clinical trial material;

- the success or failure of existing or potential new therapies for the treatment of diseases being targeted by Realm;
- unanticipated expenses in defence of or in fortifying intellectual property rights;
- lack of financial resources to adequately support operations;
- the need to respond to technological changes and competition;
- unforeseen problems in attracting and retaining qualified personnel;
- claims that might be brought in excess of Realm's insurance coverage;
- warranty claims related to the sale of the Supermarket Retail business; or
- imposition of penalties for failure to comply with regulatory guidelines.

All or any of these factors may utilise Realm's cash resources and increase the amount, and accelerate the timing of, any funding event. An equity raise or even a debt raise (which could include a convertible feature or warrants) may dilute existing Shareholders' ownership stakes.

Realm is dependent on a limited number of contract manufacturers and other vendors to support its drug development efforts

Realm, like many development-stage drug companies with small internal teams, has partnered with several third parties in relation to development efforts, clinical trial material manufacturing, pre-clinical/safety studies, analytical studies and regulatory support. As such, Realm is dependent on a limited number of key partners to deliver equipment, services and products to expected timelines and costs in order to meet Realm's plans. In some cases, it may be necessary to dual source goods and services in order to meet timelines or other requirements, resulting in additional costs. Realm seeks to partner with vendors with a good track-record of results, but there is no certainty as to future performance of these vendors.

Realm's drug development strategy exposes it to a higher level of risk associated with clinical studies

As Realm's business strategy is to develop drug formulations, there is an increased risk associated with the clinical studies, which will need to be conducted for approval. The clinical testing could result in harm to patients for which Realm could be held responsible. If patients were harmed as a consequence of Realm's actions, it could have a material negative effect on Realm's financial results and cash flow as well as its reputation and consequently its access to potential financing.

Realm relies on a small team of key management to execute the strategy

Realm has in place a motivated management team focused on its strategy and a supportive Research and Development team of scientists focused on development. Loss of key team members could result in a delay of Realm's plans and operations or additional costs to recruit and train replacements. Realm seeks to motivate and retain key employees by providing incentivising remuneration packages and a positive, developmental working environment.

Realm's products are subject to various legislative and regulatory requirements

Realm's products are subject to various legislative and regulatory requirements. If Realm or its vendors fail to satisfy legislative and regulatory requirements or violate any such requirements, this could result in the imposition of sanctions on Realm or its vendors, including fines, injunctions (such as stoppages of clinical development activities), penalties, import bans, delays, suspension or withdrawal of approvals, seizures or recall of products, operating restrictions, and criminal prosecutions, any of which could materially harm Realm's product and clinical development efforts.

There are a broad range of regulations relating to the development, approval and manufacturing of drugs which Realm must successfully navigate and achieve in order to commercialise new drugs. Even if regulatory clearance is granted, it is subject to continual review and this approval may be withdrawn or restricted.

Additionally, Realm and its distribution, manufacturing and other partners must comply with many regulations relating to the marketing of its medical device products.

Any one or a combination of these factors could have a material adverse effect on Realm's business, financial condition and development timelines. While Realm endeavours to manage these risks through contractual arrangements and monitoring, there is inherent risk in arrangements that are not completely under Realm's control.

Legislative changes or regulatory reform of the healthcare systems may also affect Realm's ability to develop or ultimately commercialise its products.

Realm is reliant on core platform technology for its products which limits diversification

Realm is reliant on its core technology platform and is subject to competition from other companies that might have products in development or commercially available which are more advanced and/or less expensive. In relation to future products, competitors, particularly in key therapeutic areas, may precede Realm in commercialising, developing and receiving regulatory approval for their products and competitors may also succeed in developing products that are safer, more effective or more economically viable than products developed by Realm. As a result, Realm's products may not be competitive or available in the market in a timely manner therefore eroding Realm's market share and/or potential for growth or creating pricing pressure in the market. Relying on a platform technology as the basis for its drug products makes the business less diverse.

2. RISKS RELATING TO INTELLECTUAL PROPERTY

Realm may be unable to adequately protect its intellectual property

Realm is the owner of intellectual property rights, comprising patents, trademarks, designs, copyright, trade secrets and confidential information. While it may apply from time to time to register additional patents, trademarks, designs and copyright and take reasonable steps to protect its trade secrets and confidential information, there can be no assurance that any of its registered intellectual property rights will not be successfully challenged or that third parties will not misappropriate such secrets and information. Realm relies to a great extent on its patents and whilst no validity challenges have previously been made there is no guarantee that they will not be made in the future. Other companies may obtain intellectual property rights based on developments in technology used by Realm. Without obtaining a licence to utilise such intellectual property rights, Realm would be restricted from utilising such new developments.

Any misappropriation, or challenge to its intellectual property rights, or failure to obtain protection for a licence in relation to such intellectual property could have a material adverse effect on Realm's business, financial condition and results of operations and may require it to engage in costly litigation.

Intellectual property litigation andlor infringement actions may be brought against Realm or may need to be brought by Realm

There can be no assurance that Realm will not receive a notification that any products infringe any third-party intellectual property rights in the future. Any litigation to determine the validity of third-party infringement claims, whether or not determined in Realm's favour or settled by Realm, would be costly and would divert the efforts and attention of the management and Research and Development personnel from important strategic tasks, which could have a material adverse effect on Realm's business and timelines and/or financial condition.

The Directors cannot guarantee that infringement claims by third parties or claims by customers or end users of Realm's products resulting from infringement claims will not be asserted in the future or that such assertions, if proven to be true, will not materially adversely affect Realm's business and timelines and/or financial condition. In the event of an adverse ruling in any such matter, Realm could be required to pay substantial damages; cease the manufacture, use and sale of infringing products; discontinue the use of certain processes; or obtain a licence under the intellectual property rights of the third-party claiming infringement. A licence may not be available on reasonable terms or at all. Any limitations on Realm's ability to market its products, or delays and costs associated with redesigning its products or payments of licence fees to third parties, or any failure by Realm to develop or license a substitute technology on commercially reasonable terms could have a material adverse effect on Realm's business and timelines and/or financial condition. There can be no assurance that Realm will not need to bring (or otherwise participate in) claims against third parties for infringement of intellectual property owned by Realm.

3. RISKS RELATING TO THE ORDINARY SHARES AND THE PLACING

The share price of the Company may fluctuate significantly

The share price may, in addition to being affected by Realm's actual or forecasted results and milestones as well as market reception to the drug development business strategy, fluctuate

significantly as a result of factors beyond Realm's control and may not always reflect the underlying asset value or the prospects of Realm. The factors that may affect Realm's share price include:

- liquidity of the Ordinary Shares and willingness of Shareholders to sell where there are demand or supply imbalances;
- fluctuations in stock market prices and volumes, and general market volatility;
- changes in laws, rules and regulations applicable to Realm, its operations and involvement in actual or threatened litigation; and
- general economic and political conditions.

There can be no assurance that an active or liquid trading market for the Ordinary Shares will be developed or, if developed, that it will be maintained.

The Company's Ordinary Shares are quoted on AIM rather than the Official List. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies and may not provide the liquidity normally associated with the premium segment of the Official List. The Ordinary Shares may, therefore, be difficult to sell compared to the shares of companies listed on the premium segment of the Official List and their market prices may be subject to greater fluctuations than might otherwise be the case.

Further, a quotation on AIM affords Shareholders a lower level of regulatory protection than that afforded to Shareholders in a company with its shares listed on the premium segment of the Official List. The future success of AIM and liquidity in the market for the Company's Ordinary Shares cannot be guaranteed. Potential investors and Shareholders should be aware that the value and any income from the Ordinary Shares can go down as well as up and that investment in securities which are traded on AIM might be less realisable and might carry a higher risk than a security listed on the Official List.

Conditionality of the Placing

The Placing is conditional upon, among other things, the passing of the Resolutions. If any such condition is not satisfied, and not waived, the Placing will not proceed. In the event that the Company is not successful in raising all or any of the monies in the Placing, the Company may not have sufficient resources to invest in Research and Development of its products and to advance at the expected pace of development. Insufficient finance for clinical development or operations could result in, among other things, delay, reduction or elimination of development programmes and redundancy of Realm's staff all of which could impact Realm's share price.

Dilution

If the Placing proceeds, non-participating existing Shareholders will be diluted as a result of new Ordinary Shares being issued and it is uncertain what the impact of the Placing will have on Realm's share price and market capitalisation. In accordance with the terms of the Warrant Instrument, the Warrants will be exercised for cash. Upon exercise of the Warrants, Warrant Shares would be issued which will further dilute existing Shareholders, which could also have an impact on the share price and market capitalisation.

Costs of the Placing

There is no guarantee that the Company will be successful in raising all or any of the monies in the Placing. The Company has incurred approximately £0.3 million in costs in connection with the Placing irrespective of whether the Placing takes place (including but not limited to legal and advisory fees, costs associated with preparation of transaction documentation, distribution of this Document and due diligence costs) irrespective of whether the Placing is completed. If there are no proceeds against which these costs can be offset, this will increase the usage of the Company's cash resources beyond what had been anticipated and it will impact the timing and ability to advance the drug development programmes.

No guarantee that the Company's Ordinary Shares will continue to be traded on AIM

The Company cannot assure investors that the Company's Ordinary Shares will continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares.

Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded could decline.

Future issues of shares will result in immediate dilution

The Company may issue additional Ordinary Shares in subsequent public offerings or private placements to fund further clinical and commercial development. Statutory pre-emption rights prevent the issue of shares for cash consideration without such shares being offered to Shareholders first, subject to the disapplication of such pre-emption rights by a special resolution of the Shareholders. Therefore, existing Shareholders may not be offered the right or opportunity to participate in such future share issues (if such a special resolution is approved by Shareholders), which may dilute the existing Shareholders' interests in the Company. Furthermore, the issue of additional Ordinary Shares may be on more favourable terms than the Placing. In addition, the issue of additional Ordinary Shares by the Company, or the possibility of such issue or exercise, may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price.

Restrictions under US Securities Laws

Except as provided under the Registration Rights Agreement, the Company has not agreed to register the Units, Warrants, New Shares or Ordinary Shares under the Securities Act. The securities may not be offered or sold within the United States absent registration or an applicable exemption from registration requirements of the Securities Act. Accordingly, the Units that are being offered and sold outside the United States are being offered and sold in a transaction that is exempt from the registration requirements of the Securities Act in reliance on Regulation S under the Securities Act. The Units that are being offered and sold to US Purchasers are being offered and sold in a transaction that is exempt from the registration requirements of the Securities Act in reliance on Regulation D under the Securities Act. Subscribers for or purchasers of the Units may not offer, sell or transfer the Units unless outside the United States in compliance with Rules 903 or 904 under the Securities Act absent registration or another applicable exemption from registration under the Securities Act. Only the Company is entitled to register its securities under the Securities Act and the Company has no obligation to do so except to the extent provided for pursuant to the Registration Rights Agreement. The Company can give no assurances that an exemption from registration under the Securities Act will be available to any subscribers for or purchasers of its securities.

PART III

ADDITIONAL INFORMATION

1. SHARE CAPITAL

1.1 The issued and fully paid up share capital of the Company as at 20 September 2017 (being the latest practicable date prior to the publication of this Document) was 50,165,432 Ordinary Shares.

1.2 Following Admission there will be a further 66,396,485 new Ordinary Shares in issue (being the Placing Shares) and 26,558,601 new Warrants in issue. If all the Placing Shares are issued, then immediately upon Admission the Company will have an issued share capital of 116,561,917 Ordinary Shares.

1.3 Immediately upon Admission, the following investors will have interests of 3% or more in the Enlarged Share Capital:

	Number of issued Ordinary Shares	Percentage of issued Ordinary Share capital	Number of Warrants	Percentage of issued Ordinary Share capital if all the Warrants were to be exercised in full*
OrbiMed	25,537,109	21.91	10,214,844	24.98
BVF Partners LP	15,322,266	13.15	6,128,907	14.99
Invesco	14,747,027	12.65	—	10.30
RA Capital Management	11,491,699	9.86	4,596,680	11.24
Abingworth BioEquities Master Fund Ltd	6,384,277	5.48	2,553,711	6.25
Sussex Trading Company Limited	5,923,880	5.08	331,035	4.37
Daniel Hegglin	5,909.091	5.07	—	4.13
Oracle Management Limited	5,426,780	4.66	970,410	4.47
Kanton Services Limited	4,629,196	3.97	—	3.23

* *Calculated on the basis of the issued Ordinary Share capital immediately following Admission plus the additional Ordinary Shares that would be issued upon exercise of all of the Warrants.*

2. DIRECTORS' AND OTHER INTERESTS

2.1 The interests of the Directors (all of which are beneficial unless otherwise stated) including the interests of any person closely associated with them (within the meaning of article 3 of the Market Abuse Regulation as at the date of this Document and as expected to be at Admission are as follows:

	As at the date of this Document		Following Admission*			
	Number of issued Ordinary Shares	Percentage of issued Ordinary Share capital	Number of issued Ordinary Shares	Percentage of issued Ordinary Share capital	Number of Warrants	Percentage of issued Ordinary Share capital if all the Warrants were to be exercised in full**
Joseph William Birkett	92,686	0.18	92,686	0.08	—	0.07
Dr. Ivan Gergel	—	—	—	—	—	—
Dr. Balkrisham Gill	—	—	—	—	—	—
Matthew Hammond	—	—	—	—	—	—
Daniel Hegglin	5,909,091	11.78	5,909,091	5.07	—	4.16
Alex Martin	100,000	0.20	248,115	0.21	59,246	0.21
Charles Spicer	187,323	0.37	273,930	0.24	34,483	0.22
Marella Thorell	50,000	0.10	50,000	0.04	—	0.04

* *These numbers and percentages are calculated assuming that all the Placing Shares are taken up.*

** *Calculated on the basis of the issued Ordinary Share capital immediately following Admission plus the additional Ordinary Shares that would be issued upon exercise of all of the Warrants.*

2.2 Directors' option arrangements

As at the date of this Document, the Directors and persons closely associated with them (within the meaning of article 3 of the Market Abuse Regulation) have the following vested and unvested options over Ordinary Shares. Following Admission, options will be adjusted such that each optionholder's percentage of the Enlarged Share Capital would be the same as it is in respect of the current Ordinary Share capital of the Company. Option exercise prices, vesting terms and expiry dates would remain unchanged.

Option holder	Share options	Exercise price (£)
Joseph William Birkett	5,000	£3.05
	65,000	£0.295
Dr. Balkrisham Gill	35,000	£0.2625
	65,000	£0.295
Matthew Hammond	65,000	£0.295
Daniel Hegglin	35,000	£0.40
Alex Martin	1,000,000	£0.2975
	500,000	£0.295
Charles Spicer	35,000	£0.41
	100,000	£0.295
Marella Thorell	7,500	£3.05
	500,000	£0.295

2.3 Save as disclosed above, no Director nor any member of his immediate family or person closely associated with him or her (within the meaning of article 3 of the Market Abuse Regulation) holds or is interested, whether beneficially or non-beneficially, directly or indirectly, in any shares, options over shares, voting rights in respect of shares or securities convertible into shares of the Company or any of its subsidiaries.

3. PLACING AGREEMENT

Pursuant to the Placing Agreement entered into between the Company and N+1 Singer, N+1 Singer has agreed to use its reasonable endeavours to place the UK Units at the Issue Price with certain institutional and other investors.

The Placing Agreement provides, conditional upon Admission, for payment of a corporate finance fee, a corporate broking fee and certain commissions payable by the Company to N+1 Singer against certain of the gross proceeds of the UK Placing.

The Company will bear all other expenses of and incidental to the Placing, including the fees of the London Stock Exchange, printing costs and registrar's fees and all legal fees of the Company and certain legal fees of N+1 Singer and other taxes and duties payable.

The Placing Agreement contains customary warranties and indemnities from the Company in favour of N+1 Singer and is conditional on, *inter alia*, the following:

(a) the Resolutions having been passed;

(b) the Placing Agreement not having been terminated in accordance with its terms prior to Admission;

(c) written confirmation from the Company that, as far as it is aware (having made reasonable enquiries of the Directors), there is no fact, matter or circumstance existing which would allow the US Purchasers to terminate the Purchase Agreement; and

(d) Admission.

N+1 Singer may terminate the Placing Agreement in certain circumstances, if, amongst other things, the Company is in breach of any of the representations, warranties or covenants given by it under the Purchase Agreement provided such breach gives rise to a termination right for the requisite number of US Purchasers or the Purchase Agreement is terminated.

4. PURCHASE AGREEMENT

The US Purchasers have agreed to purchase the US Units at a price per share equal to the Issue Price pursuant to the terms of the Purchase Agreement entered into between the Company and the US Purchasers. The offering to US Purchasers was conducted pursuant to an exemption from the registration requirements of the Securities Act under Regulation D and Regulation S.

The obligations of the US Purchasers to purchase the US Units under the Purchase Agreement are conditional on, *inter alia*, the following:

(a) the Resolutions (except for Resolution 5) having been passed;

(b) the continued accuracy of warranties of the Company;

(c) execution by the Company of the Registration Rights Agreement;

(d) the Purchase Agreement not having been terminated in accordance with its terms prior to Admission; and

(e) Admission.

The obligation of the Company to issue and sell the US Units to the US Purchasers under the Purchase Agreement is conditional on, *inter alia*, the following:

(a) the Resolutions (except for Resolution 5) having been passed;

(b) receipt by the Company from the US Purchasers of the purchase price for the US Units;

(c) the continued accuracy of warranties of the US Purchasers;

(d) execution by the US Purchasers of the Registration Rights Agreement;

(e) the Purchase Agreement not having been terminated in accordance with its terms prior to Admission; and

(f) OrbiMed having duly executed and delivered the Relationship Agreement.

The completion of the purchase of the US Units under the Purchase Agreement will automatically occur on Admission, if the conditions on the US Purchasers and the conditions on the Company have been satisfied or waived at that time.

The Purchase Agreement can be terminated at any time prior to completion of the purchase of the US Units under the following circumstances:

(a) by mutual consent of the Company and the US Purchasers who have agreed to purchase at least two-thirds of all of the US Units of all US Purchasers (the "**Requisite Purchasers**");

(b) by either the Company or the Requisite Purchasers:

  (i) if the Resolutions (except for Resolution 5) have not been passed; or

  (ii) if any law or governmental authority prohibits the closing, or an order or decree prohibits it and the order or decree has become final and non-appealable;

(c) by the Requisite Purchasers (but not any US Purchaser who is in material breach of the Purchase Agreement), if the Company has breached the Purchase Agreement, the breach has not been cured within 15 business days of written notice, and the breach would reasonably be expected to cause a completion condition not to be satisfied prior to the completion date; or

(d) by the Company (as long as the Company is not in material breach of the Purchase Agreement), if there is a breach of the Purchase Agreement by the US Purchasers (but only with respect to the relevant breaching US Purchaser), the breach has not been cured within 15 business days of written notice, and the breach would reasonably be expected to cause a completion condition not to be satisfied prior to the completion date.

The Company shall indemnify and hold harmless each US Purchaser under the US Placing and its directors, officers, shareholders, members, managers, employees and direct or indirect investors and any of the foregoing parties, agents or representatives (collectively, the "**Indemnitees**") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith, and including reasonable legal fees and disbursements (the "**Indemnified Liabilities**"), incurred by any Indemnitees as a result of, or relating to (i) any material breach of any representation or warranty made by the Company therein, or (ii) any material breach of any covenant, agreement or obligation of the Company therein. The maximum aggregate liability of the Company to each US Purchaser and its affiliates shall be equal to the aggregate purchase price paid by such US Purchaser.

If the Purchase Agreement is terminated, the Company will remain liable for any knowing or intentional breaches occurring prior to termination and the Company will also remain responsible for certain offering related expenses of OrbiMed.

5. WARRANT INSTRUMENT

In connection with the Placing, the Company has agreed, under the terms of the Warrant Instrument and the Purchase Agreement, to issue Warrants in the Placing. Each Warrant entitles the Warrantholder to subscribe for two-fifths (0.40) of a new Ordinary Share which in aggregate equals 26,558,600 Ordinary Shares if all Warrants are exercised. No Placee will be issued with a Warrant to acquire a fraction of a Warrant Share. Instead Warrant Shares will be rounded up to the nearest whole Warrant Share.

The Warrants are exercisable at a price of 0.58 pence (being 200% of the Issue Price) (subject to terms and conditions described in the Warrant Instrument) (the "**Warrant Exercise Price**") commencing on Admission and ending on 9 April 2020 (the "**Subscription Period**").

Any Warrants remaining unexercised after the end of the Subscription Period shall automatically expire without compensation. Upon exercise of the Warrants, the underlying Warrant Shares will be issued within five trading days. The Warrants will be exercisable in cash.

The Warrant Instrument contains customary provisions for adjustments to the Warrant Exercise Price and the number of Warrant Shares issuable upon exercise of the Warrants in certain circumstances, including if the following events occur prior to the end of the Subscription Period:

(a) the Company shall effect a subdivision or consolidation of its Ordinary Shares, as well as a dividend or other distribution payable in Ordinary Shares; or

(b) there shall occur a Fundamental Transaction (as defined in the Warrant Instrument) including an Acquisition.

The Company shall not effect a Fundamental Transaction unless the acquirer or other surviving entity shall assume the obligation to deliver to the Warrantholder appropriate alternate warrants. In certain circumstances, Warrantholders can require that the acquirer of the Company makes a cash

payment to the Warrantholders in lieu of alternate warrants. The value of the alternate warrants and any cash payment will be determined in accordance with a Black-Scholes valuation provision.

6. PLACEMENT AGENT AGREEMENT

MTS Securities, LLC has acted as placement agent for the offer and sale of US Units under the Purchase Agreement. Pursuant to the terms of the Placement Agent Agreement, MTS Securities, LLC is entitled to receive a commission of approximately US $1.3 million upon closing of the offer and sale of Units under the Purchase Agreement. MTS Securities, LLC is also entitled to reimbursement of expenses of up to US $50,000. The Company has agreed to provide a customary indemnity to MTS Securities, LLC and certain related parties for losses, damages, expenses, liabilities and claims arising out of or relating to, or in connection with, the Placement Agent Agreement or the services of MTS Securities, LLC under the Placement Agent Agreement.

7. REGISTRATION RIGHTS AGREEMENT

If the Company, at its sole discretion, opts to list Ordinary Shares or ADSs for trading on a Trading Market in the United States, the Company has agreed in the Registration Rights Agreement to (i) file a registration statement with the SEC covering the resale of the New Shares (together, and as may be reduced by securities sold in a registered offering or those sold or saleable pursuant to an exemption from registration without volume or manner-of-sale restrictions, the "**Registrable Securities**") pursuant to a registration statement under the Securities Act (a "**Registration Statement**") within 30 days of the later of such listing or expiration or termination of the lockup period for any firm commitment registered public offering of such securities undertaken in conjunction with such listing (if applicable), (ii) use its commercially reasonable efforts to have such Registration Statement declared effective as promptly as practicable thereafter and in any case not later than 45 days following the filing thereof (or 75 days if the SEC reviews the Registration Statement), (iii) maintain the effectiveness of the Registration Statement until the earlier of all securities registered thereby ceasing to constitute Registrable Securities or the third anniversary of the effective date of the Registration Statement and (iv) satisfy the current public information requirement pursuant to Rule 144(c)(1) under the Securities Act.

A failure to achieve any of (i), (ii) (iii) or (iv) as referred to above (each, a "**Registration Default**") shall cause the Company to pay customary liquidated damages to the US Purchasers in the amount of 2% of the value of the Registrable Securities paid by the US Purchasers and then held by them, which amount shall increase by 1% of such amount each month thereafter that such Registration Default remains uncured up to a cap of 5% of such amount (multiple Registration Defaults shall not be additive or entitle the US Purchasers to additional compensation).

The US Purchasers shall also be entitled to customary "piggyback" rights as to any offerings of Ordinary Shares effected by the Company, subject to customary cutbacks ("**Piggyback Registration**"). All expenses of registration shall be paid by the Company (including legal expenses of OrbiMed, not to exceed $50,000) other than discounts and commissions to be paid to the underwriters of any such offering, brokerage or similar fees, and applicable taxes. US Purchasers shall be required to agree to customary terms and conditions of any Piggyback Registration, including underwriting and lockup arrangements to be negotiated with any underwriters therefor, and shall provide any required information for a Registration Statement or a Piggyback Registration in order to participate therein.

8. ORBIMED RELATIONSHIP AGREEMENT

Following Admission, OrbiMed is expected to own 21.91% of the Enlarged Share Capital and to hold Warrants over 10,214,844 Warrant Shares. The Company and N+1 Singer will therefore enter into the Relationship Agreement to regulate the Company's relationships with OrbiMed and to limit its influence over the Group's corporate actions and activities and the outcome of general matters pertaining to the Group from Admission.

Pursuant to the Relationship Agreement OrbiMed has agreed to (amongst other things):

(a) conduct all transactions with the Group on arm's length terms and on a normal commercial basis, including in accordance with the related party rules set out in the AIM Rules and any other applicable laws, regulations and stock exchange rules, and only with the prior approval of a majority of Independent Directors;

(b) exercise its voting rights or other rights and powers so as to ensure that each member of the Group is capable of carrying on its business and making decisions independently of OrbiMed (and any of their group companies and associates); and

(c) abstain from voting in respect of any resolution concerning any contract, arrangement or transaction with a related party of OrbiMed (or any of its associates).

The Company has further agreed to conduct all transactions, agreements and relationships (whether contractual or otherwise) with OrbiMed on arm's length terms and on a normal commercial basis and in accordance with the related party rules set out in the AIM Rules.

The obligations of the parties under the Relationship Agreement shall automatically terminate upon:

(a) OrbiMed (or any of its associates) ceasing to ceasing to control at least 15% of the Ordinary Shares; or

(b) the Ordinary Shares ceasing to be admitted to AIM.

9. NEW ARTICLES

The principal proposed changes to be effected on the adoption of new articles of association pursuant to Resolution 5 are:

(a) to add provisions facilitating the potential issue of ADSs;

(b) to permit the Company to require Euroclear, as operator of CREST, to change a holder's uncertificated shares into certificated shares where necessary in order to enable the Company to deal with the shares in accordance with the articles of association in certain circumstances, such as in connection with the Company's lien for unpaid amounts, forfeiture of the shares or where shares of untraced shareholders may be sold; or in order to disenfranchise shares for a failure to comply with a request for information under section 793 of the Companies Act;

(c) to bring the Company into line with present-day standard provisions facilitating remote participation in shareholder meetings should best practice require this in the future;

(d) to permit the Directors to fix a later than usual time for delivery of proxy appointments;

(e) to clarify that any Director of the Company may be a director or otherwise have a connection with any other undertaking in the Group without being in breach of the duty to avoid conflicts; and to clarify that a Director in that position may properly abstain from decision-making as a Director of the Company if necessary, and need not disclose to the other Directors of the Company any information that is confidential to the relevant undertaking;

(f) to clarify the Directors' power to decide that dividends may be declared or paid in more than one currency and their power to set the basis of conversion to be applied in their doing so and how any costs are dealt with;

(g) to provide that, where title to shares is in the course of being passed on death, insolvency or by operation of law, the Company will not be entitled to assume that the relevant shareholder's address may be used for the purpose of any investigation under section 793 of the Companies Act; and

(h) to permit the Company not to post notices of meetings during postal strikes but instead to deliver notices by e-mail or by the Company's website to those shareholders with whom it is entitled to communicate by electronic means, as long as the Company also advertises the meeting in at least two national newspapers published in the United Kingdom and, if normal postal services are resumed in a reasonable time, sends copies of the notice by post to shareholders who would normally have received it only by post.

10. IMPACT ON SQUARE 1 BANK WARRANT

The Placing will require an adjustment to be made to the Square 1 Bank Warrant (which consists of warrants to subscribe for up to 154,229 Ordinary Shares at an exercise price of 49.5 pence per Ordinary Share) pursuant to which Square 1 Bank will receive an adjusted number of Ordinary Shares so that, after such adjustment, the total number of Ordinary Shares to be issued to Square 1 Bank on any exercise of its subscription rights will carry as nearly as possible (and in any event not less than) the same proportion of the votes exercisable at general meetings of the Company and will carry the same entitlement to participate in the profits and assets of the Company as would the total number of Ordinary Shares that might have been issued pursuant to the subscription rights conferred by the warrants outstanding and unexercised immediately before the Placing had there been no such

adjustment and the Placing had not taken place. The adjustment is expected to result in the issue of an additional 204,130 warrants to Square 1 Bank. At the date of this Document, Square 1 Bank has not exercised any of its subscription rights and the warrants issued to it expire in December 2018.

11. CONSENTS

11.1 N+1 Singer has given and not withdrawn its written consent to the issue of this Document with the inclusion in it of references to its name in the form and context in which they appear.

11.2 MTS Securities, LLC has given and not withdrawn its written consent to the issue of this Document with the inclusion in it of references to its name in the form and context in which they appear.

PART IV

DEFINITIONS

The following definitions apply throughout this Document and in the accompanying Form of Proxy, unless the context requires otherwise:

"Abingworth"	Abingworth BioEquities Master Fund Ltd (acting through its manager, Abingworth LLP)
"Acquisition"	in relation to the Warrants, a transaction which, *inter alia*, will result in all or substantially all of the Company's assets or a majority of the Ordinary Shares being acquired by a third party
"Act"	the Companies Act 2006
"Admission"	the admission of the Placing Shares to trading on AIM following completion of the Placing
"ADSs"	American Depositary Shares each of which will consist of a fixed number of Ordinary Shares or a right to receive a fixed number of Ordinary Shares
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies issued by London Stock Exchange plc (as amended from time to time)
"BVF"	BVF Partners LP
"Company", "Realm" or **"Group"**	Realm Therapeutics plc, a company incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05789798
"CREST"	the system for paperless settlement of trades in securities operated by Euroclear
"Directors" or **"Board"**	the directors of the Company as at the date of this Document, whose names are set out on page 6 of this Document
"Document"	this document which for the avoidance of doubt does not comprise a prospectus (under the Prospectus Rules) or an admission document (under the AIM Rules)
"Enlarged Share Capital"	the issued Ordinary Share capital of the Company following Admission
"Euroclear"	Euroclear UK & Ireland Limited
"Exempt Placement"	an exempt placement of the Company's securities in accordance with Regulation D and/or Regulation S
"Existing Ordinary Shares"	the Ordinary Shares in issue at the date of this Document
"FCA"	the Financial Conduct Authority of the United Kingdom
"FDA"	the US Food and Drug Administration
"Form of Proxy"	the enclosed form of proxy for use by Shareholders in connection with the General Meeting
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"General Meeting"	the general meeting of Shareholders to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF at 10.00 am on 9 October 2017, notice of which is set out in Part V of this Document, or any reconvened meeting following any adjournment thereof
"Group"	the Company and its subsidiaries
"IND"	an Investigational New Drug application
"Independent Directors"	the Directors independent of the transaction in question

"Issue Price"	29 pence per Unit which is comprised of 28 pence for each Placing Share and 1 penny for each Warrant
"London Stock Exchange"	London Stock Exchange plc
"Market Abuse Regulation"	Market Abuse Regulation (EU 596/2014)
"MTS Securities, LLC"	MTS Securities, LLC, the Company's placement agent based within the US in accordance with Regulation D
"N+1 Singer"	Nplus1 Singer Advisory LLP, together with its associate Nplus1 Singer Capital Markets Limited, acting as UK broker to the Placing and as nominated adviser and UK broker to the Company
"New Articles"	the new articles of association of the Company proposed to be adopted at the General Meeting
"New Shares"	the Placing Shares and the Warrant Shares (to the extent the Warrants are exercised)
"Official List"	the official list of the FCA pursuant to Part VI of FSMA, as amended from time to time
"OrbiMed"	OrbiMed Private Investments VI, LP (acting through its general partner, OrbiMed Capital GP VI LLC, acting through its managing member, OrbiMed Advisors LLC)
"Ordinary Shares"	ordinary shares of 10 pence each in the share capital of the Company
"Placees"	the investors subscribing for Units
"Placement Agent Agreement"	the placement agent engagement relating to the US Placing between the Company and MTS Securities, LLC, a summary of which is included in paragraph 6 of Part III of this Document
"Placing"	the conditional placing of the Units on the terms and subject to the conditions of the Placing Agreement
"Placing Agreement"	the agreement relating to the Placing entered into between the Company and N+1 Singer a summary of which is included in paragraph 3 of Part III of this Document
"Placing Shares"	up to 66,396,485 new Ordinary Shares to be issued pursuant to the Placing (excluding the Warrant Shares)
"Prospectus Rules"	the rules made under Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market
"Purchase Agreement"	the securities purchase agreement relating to the US Placing entered into between the Company and the US Purchasers, a summary of which is included in paragraph 4 of Part III of this Document
"Registration Rights Agreement"	the registration rights agreement, relating to rights arising following a potential US Registration, between the Company and the US Purchasers, a summary of which is included in paragraph 7 of Part III of this Document
"Regulation D"	Regulation D under the Securities Act
"Regulation S"	Regulation S under the Securities Act
"Regulatory Information Service"	has the meaning given in the AIM Rules
"Relationship Agreement"	the relationship agreement to be entered into between the Company, N+1 Singer and OrbiMed to regulate the Company's relationship with OrbiMed, a summary of which is included in paragraph 8 of Part III of this Document
"Resolutions"	the ordinary resolutions and special resolutions to be proposed at the General Meeting, as set out in the notice of General Meeting in Part V of this Document

"Restricted Jurisdiction"	United States, Canada, Australia, Japan or the Republic of South Africa and any other jurisdiction where the extension or availability of the Placing or distribution of this Document would breach any applicable law
"SEC"	U.S. Securities and Exchange Commission
"Securities Act"	the US Securities Act 1933, as amended
"Shareholders"	the holders of Ordinary Shares
"Square 1 Bank"	Square 1 Bank, a company incorporated and registered in North Carolina, United States which entered into a credit agreement with the Company in December 2013
"Square 1 Warrant"	a warrant instrument issued by the Company in December 2013 pursuant to which Square 1 received 154,229 warrants to subscribe for Ordinary Shares
"Trading Market"	whichever of the New York Stock Exchange, the NYSE American, the NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market on which the Ordinary Shares or ADSs are listed or quoted for trading upon the US Registration
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland
"UK Placing"	the conditional placing of UK Units by N+1 Singer (which, for the avoidance of doubt, does not include the US Units to be subscribed for by the US Purchasers) on the terms and subject to the conditions of the Placing Agreement
"UK Units"	Units to be issued under the UK Placing
"Unit"	a unit comprising one Placing Share and one Warrant
"US" or **"United States"**	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
"US Placing"	the conditional placing of US Units by MTS Securities, LLC (which, for the avoidance of doubt, does not include the UK Units to be placed by N+1 Singer under the Placing Agreement) on the terms and subject to the conditions of the Purchase Agreement and the Placement Agent Agreement
"US Purchasers"	the US and certain non-US persons acquiring Units, the US persons all being "accredited investors" within the meaning of Rule 501(a) of Regulation D
"US Registration"	the possible registration by the Company, at its sole discretion, under the Securities Act and the rules and regulations promulgated thereunder and applicable state securities laws of Ordinary Shares or ADSs on a Trading Market
"US Units"	Units to be issued under the US Placing
"Warrantholders"	the holders of the Warrants, each being referred to as a "**Warrantholder**"
"Warrant Instrument"	the warrant instrument to be entered into in respect of the Warrants, a summary of which is included in paragraph 5 of Part III of this Document
"Warrant Shares"	up to 26,558,600 new Ordinary Shares which are the subject of the exercise of the Warrants
"Warrants"	the 66,396,485 warrants to subscribe for 0.40 of an Ordinary Share each, constituted by the Warrant Instrument as more particularly described in paragraph 5 of Part I of this Document and paragraph 5 of Part III of this Document

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.

GLOSSARY OF TECHNICAL TERMS

"Acne Vulgaris"	Acne Vulgaris is a chronic inflammatory skin disease notable for open or closed comedones and inflammatory lesions. It ranges from mild to severe and Acne Vulgaris has been estimated to affect approximately 85% of people between the ages of 12 and 24.
"**Allergic Conjunctivitis**"	Allergic Conjunctivitis is an inflammatory disease of the conjunctiva, the membrane covering the white part of the eye, caused primarily from a reaction to an allergen such as pollen, or pet dander, or other environmental antigens, and affects up to 40% of the United States population and up to 20% of the population of Europe and Japan, including children. This inflammation results in redness, acute itching, tearing and associated nasal symptoms.
"**Atopic Dermatitis**"	Atopic Dermatitis, a serious form of eczema, is a chronic, relapsing, inflammatory disease characterised by itchy, inflamed skin, which poses a significant burden on patients' quality of life and on the overall health care system. Patients with Atopic Dermatitis have impaired function of their skin barrier, and this, combined with skin damage as a result of the intense itching and scratching associated with the disease, makes them at risk for secondary infections due to colonisation with pathogenic bacteria (particularly Staphylococcus aureus) and changes in the skin microbiome. Atopic Dermatitis affects up to 20% of children and up to 3% of adults and prevalence numbers continue to increase.

PART V

NOTICE OF GENERAL MEETING

Realm Therapeutics plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05789798)

NOTICE IS HEREBY GIVEN that a General Meeting (the **"General Meeting"**) of Realm Therapeutics plc (the **"Company"**) will be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street London EC4N 6AF at 10.00 am on 9 October 2017, for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 and 2 shall be proposed as ordinary resolutions and resolutions 3 to 5 shall be proposed as special resolutions:

ORDINARY RESOLUTIONS

1. **THAT,** in accordance with section 551 of the Companies Act 2006 (the "**Act**"), the directors of the Company from time to time (the "**Directors**") be generally and unconditionally authorised to exercise all powers of the Company to allot ordinary shares of 10 pence each in the share capital of the Company up to a maximum aggregate nominal amount of £6,639,648.50 (66,396,485 ordinary shares) (the "**Placing Shares**") in connection with a placing of units which comprise one ordinary share and one warrant to subscribe for 0.40 ordinary shares (the "**Placing**").

   The authority given pursuant to this resolution 1 will be in addition to any authority conferred upon the Directors for the purposes of section 551 of the Act at its annual general meeting held on 6 June 2017 and shall expire at the conclusion of the annual general meeting of the Company to be held in 2018, (unless renewed, varied or revoked by the Company prior to or on that date) but the Company may, before this authority expires, make an offer or agreement which would or might require shares in the Company or rights to be allotted or granted after this authority expires and that the Directors may allot shares in the Company or grant rights pursuant to such an offer or agreement as if the authority conferred by this resolution had not expired.

2. **THAT**, in accordance with section 551 of the Act, the Directors be generally and unconditionally authorised to exercise all powers of the Company to issue warrants to subscribe for ordinary shares of 10 pence each in the share capital of the Company up to a maximum aggregate nominal amount of £2,655,860 (26,558,600 ordinary shares) (the "**Warrants**") in connection with the Placing. Each Warrant will be exercisable into 0.40 ordinary shares in accordance with the terms of a warrant instrument entered into by the Company on or around the date hereof (the "**Warrant Instrument**") in connection with the Placing.

   The authority given pursuant to this resolution 2 will be in addition to any authority conferred upon the Directors for the purposes of section 551 of the Act at its annual general meeting held on 6 June 2017 and shall expire at the conclusion of the annual general meeting of the Company to be held in 2018 (unless renewed, varied or revoked by the Company prior to or on that date) but the Company may, before this authority expires, make an offer or agreement which would or might require shares in the Company or rights to be allotted or granted after this authority expires and that the Directors may allot shares in the Company or grant rights pursuant to such an offer or agreement as if the authority conferred by this resolution had not expired.

SPECIAL RESOLUTIONS

3. **THAT**, subject to and conditional upon the passing of resolution 1, in accordance with section 571(1) of the Act, the Directors be empowered to allot equity securities for cash (within the meaning of section 560 of the Act) pursuant to the authority conferred by resolution 1 above, as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of the Placing Shares and shall expire at the conclusion

of the annual general meeting of the Company to be held in 2018 (unless renewed, varied or revoked by the Company prior to or on that date) but the Company may, before this authority expires, make an offer or agreement which would or might require shares in the Company or rights to be allotted or granted after this authority expires and that the Directors may allot shares in the Company or grant rights pursuant to such an offer or agreement as if the authority conferred by this resolution had not expired.

The power given pursuant to this resolution 3 will be in addition to any authority conferred upon the Directors for the purposes of section 570 of the Act at its annual general meeting held on 6 June 2017, without prejudice to any allotments made pursuant to the terms of such authority.

4. **THAT**, subject to and conditional upon the passing of resolution 2, in accordance with section 571(1) of the Act, the Directors be empowered to allot equity securities for cash (within the meaning of section 560 of the Act) pursuant to the authority conferred by resolution 2 above, as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of the Warrants and shall expire at the conclusion of the annual general meeting of the Company to be held in 2018 (unless renewed, varied or revoked by the Company prior to or on that date) but the Company may, before this authority expires, make an offer or agreement which would or might require shares in the Company or rights to be allotted or granted after this authority expires and that the Directors may allot shares in the Company or grant rights pursuant to such an offer or agreement as if the authority conferred by this resolution had not expired.

   The power given pursuant to this resolution 4 will be in addition to any authority conferred upon the Directors for the purposes of section 570 of the Act at its annual general meeting held on 6 June 2017, without prejudice to any allotments made pursuant to the terms of such authority.

5. **THAT** the articles of association tabled at the meeting and labelled the ''New Articles'' and initialled by the Chairman of the meeting be approved and adopted as the new articles of association of the Company in substitution for and to the entire exclusion of the existing articles of association.

By order of the Board

Marella Thorell
Company Secretary
21 September 2017

Registered Office:
c/o CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London EC4N 6AF

Notes:

(1) A shareholder who is an individual is entitled to attend, speak and vote at the General Meeting or to appoint one or more other persons as his proxy to exercise all or any of his rights on his behalf. Further details of how to appoint a proxy, and the rights of proxies, are given in the paragraphs below. A shareholder that is a company can appoint one or more corporate representatives (such as a director or employee of the company) whose attendance at the General Meeting is treated as if the company were attending in person, or it can appoint one or more persons as its proxy to exercise all or any of its rights on its behalf.

(2) The Form of Proxy which may be used to make such appointment is enclosed. The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the General Meeting in person.

(3) To be effective, the instrument appointing a proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be either (a) deposited at the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, (b) lodged using the CREST Proxy Voting Service – see Note (8) below, or (c) lodged electronically by visiting www.sharevote.co.uk – see Note (11) below, in each case so that it is received by no later than 10.00 am on 5 October 2017.

(4) Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the ''**Act**'') to enjoy information rights (a ''**Nominated Person**'') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General

Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

(5) The statement of the rights of shareholders in relation to the appointment of proxies does not apply to Nominated Persons. The rights described can only be exercised by shareholders of the Company.

(6) Holders of Ordinary Shares are entitled to attend and vote at general meetings of the Company. The total number of issued Ordinary Shares in the Company on 20 September 2017, which is the latest practicable date prior to the publication of this Document is 50,165,432. On a vote by show of hands every shareholder who is present in person or by proxy shall have one vote. On a poll vote every shareholder who is present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.

(7) Entitlement to attend and vote at the General Meeting, and the number of votes which may be cast at the General Meeting will be determined by reference to the Company's Register of Members at 6.30 pm on 5 October 2017 or, if the General Meeting is adjourned, at 6.30 pm on the date which is two business days prior to the reconvened General Meeting, (as the case may be). In each case, changes to the Register of Members after such time will be disregarded.

(8) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment thereof by using the procedures described in the CREST Manual (available at www.euroclear.com). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(9) In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a **"CREST Proxy Instruction"**) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (**"Euroclear"**) and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy, the revocation of a proxy appointment or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in Note (3) above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to the appointee by other means.

(10) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(11) You may, if you wish, register the appointment of a proxy electronically by visiting www.sharevote.co.uk. To use this service you will need your Voting ID, Task ID and shareholder Reference Number printed on the accompanying Form of Proxy. Full details of the procedure are given on the website at www.sharevote.co.uk.

(12) Any shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information,

(b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

(13) A copy of this Notice and other information required by section 311A of the Act can be found at www.realmtx.com.

(14) You may not use any electronic address provided in this Notice, or any related documents, including the Chairman's Letter of Recommendation and Form of Proxy, to communicate with the Company for any purposes other than those expressly stated.