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If you have sold or transferred all of your Existing Ordinary Shares in Phytopharm plc, please forward this document and the accompanying Form of Proxy at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The release, publication or distribution of this document into certain jurisdictions may be restricted by law, and any persons into whose possession this document comes should therefore inform themselves about and observe any applicable restrictions or requirements. No action has been taken by Phytopharm plc or by Peel Hunt LLP that would permit possession or distribution of this document in any jurisdiction where an action for that purpose is required. Any failure to comply with any such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

The Directors, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Phytopharm plc

(Incorporated and registered in England and Wales with registered number 3131723)

Proposed cancellation of Premium Listing on the Official List and Admission to AIM

Approval of Investing Policy

Share Capital Consolidation

Notice of General Meeting

Proposed Nominated Adviser

Peel Hunt LLP

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Phytopharm plc which is set out on pages 6 to 13 of this document, in which the Board recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. Notice of a General Meeting of Phytopharm plc, to be held at the Company's registered office, Lakeview House, 2 Lakeview Court, Ermine Business Park, Huntingdon, Cambridgeshire PE29 6UA at 10.00 a.m. on 5 August 2013 is set out on page 14 of this document. A form of proxy for use at the General Meeting is attached and, to be valid, should be completed and returned as soon as possible, but in any event so as to be received by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, no later than 10.00 a.m. on 1 August 2013. The completion and return of a form of proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.

Peel Hunt, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for Phytopharm plc and no-one else in connection with the proposed cancellation of Premium Listing on the Official List and Admission to trading on AIM, the adoption of the proposed Investing Policy and the proposed Share Capital Consolidation. Peel Hunt will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to customers (as defined by the FCA Rules) of Peel Hunt nor for providing advice in relation to the contents of this document or any matter, transaction or arrangement referred to in it. Peel Hunt does not accept any liability whatsoever for the accuracy of information or opinions contained in this document or for the omission of any material information. Peel Hunt has given consent to the inclusion herein of the references to its name in the form and context in which it is included.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Peel Hunt LLP, Moor House, 120 London Wall EC2Y 5ET from the date of this document and for a period of one month from the date of Admission. This document will be available to download from Phytopharm's website at <http://www.phytopharm.com>

No person has been authorised to give any information or to make any representation about Phytopharm and about the matters the subject of this document other than those contained in this document. If any such information or representation is given or made then it must not be relied upon as having been so authorised. The delivery of this document shall not imply that no change has occurred in Phytopharm's affairs since the date of the issue of this document or that the information on this document is correct as at any time after the date of this document, save as shall be required to be updated by law or regulation.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2013</i>
Announcement of the proposed cancellation of Premium Listing on the Official List and Admission to AIM, adoption of the proposed Investing Policy and the proposed Share Capital Consolidation	19 July
Publication of this document	19 July
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 1 August
General Meeting	10.00 a.m. on 5 August
Record time and date for the Share Capital Consolidation	5.00 p.m. on 2 September
Cancellation of listing of Existing Ordinary Shares on the Official List becomes effective	3 September
Effective date of the Share Capital Consolidation	3 September
Admission of the Consolidated Ordinary Shares to AIM and Adoption of the Investing Policy ¹	3 September

¹The Consolidated Ordinary Shares will continue to be suspended post Admission. See Section 2 for further details.

DIRECTORS, SECRETARY AND ADVISERS

Directors of the Company	Mr. Alistair Henderson Taylor (<i>Non-executive Chairman</i>) Mr. Timothy Sharpington (<i>Chief Executive Officer</i>) Mr. Roger Ian Hickling (<i>Research and Development Director</i>) Dr. Peter Robin Blower (<i>Non-executive Director and Senior Independent Director</i>) Dr. Ian Frederick Tulloch (<i>Non-executive Director</i>)
Company Secretary	Mrs. Zoë McGowan
Registered office of the Company	Lakeview House 2 Lakeview Court Ermine Business Park Huntingdon Cambridgeshire PE29 6UA
Proposed Nominated Adviser	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Legal Adviser to the Company	White & Case LLP 5 Old Broad Street London EC2N 1DW
Legal Adviser to the Proposed Nominated Adviser	Covington & Burling LLP 265 Strand London WC2R 1BH
Registered Auditors	PricewaterhouseCoopers LLP Abacus House Castle Park Cambridge CB3 0AN
Registrars	Equiniti Aspect House Spencer Road Lancing West Sussex BN99 6DA

DEFINITIONS

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

“Admission”	the proposed admission to AIM of the Consolidated Ordinary Shares
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, published by the London Stock Exchange, from time to time
“Board”	the board of Directors
“Combined Code”	the UK Corporate Governance Code published in September 2012 by the Financial Reporting Council
“Company” or “Phytopharm”	Phytopharm plc
“Consolidated Ordinary Shares”	ordinary shares in Phytopharm plc following the Share Capital Consolidation
“Delisting”	the proposed cancellation of the listing of the Existing Ordinary Shares on the Official List and of trading on the Main Market
“Directors”	the directors of the Company, whose names are set out on page 3 of this document
“Existing Ordinary Shares”	the 345,901,749 existing ordinary shares of 1 pence each in nominal value in the capital of the Company as at the date of this document
“FCA”	the Financial Conduct Authority
“Form of Proxy”	the form of proxy for use at the General Meeting accompanying this document
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of the Company to be held at 10.00 a.m. on 5 August 2013 (or any reconvened meeting following any adjournment thereof), notice of which is set out on page 14 of this document
“Group”	the Company and its subsidiaries
“IAML”	Invesco Asset Management Limited
“Investing Company”	any AIM company which has as its primary business or objective, the investing of its funds in securities, businesses or assets of any description
“Investing Policy”	the policy the Investing Company will follow in relation to asset allocation and risk diversification and as further defined in the AIM Rules
“Listing Rules”	the Listing Rules of the UKLA made under Part VI of FSMA
“London Stock Exchange”	London Stock Exchange plc

“Main Market”	the London Stock Exchange’s main market for listed securities
“Official List”	the Official List of the UKLA
“Peel Hunt”	Peel Hunt LLP, which is authorised and regulated by the FCA
“Resolutions”	the special resolution to approve the Delisting and the ordinary resolution to approve the Investing Policy and the Share Capital Consolidation set out in the notice of General Meeting as set out on page 14 of this document
“Share Capital Consolidation”	the reorganisation of the Existing Ordinary Shares of the Company whereby shareholders will receive 1 Consolidated Ordinary Share for every 50 Existing Ordinary Shares
“Shareholders”	holders of Existing Ordinary Shares
“Target”	has the meaning set out on page 6 of this document
“UKLA ”	the FCA acting in its capacity as the competent authority for the purpose of Part VI of FSMA

LETTER FROM THE CHAIRMAN OF PHYTOPHARM PLC

Phytopharm plc

*(Incorporated and registered in England and Wales under the Companies Act 2006
with registered number 3131723)*

Directors:

Mr. A H Taylor *(Non-Executive Chairman)*
Mr. T Sharpington *(Chief Executive Officer)*
Mr. R I Hickling *(Research and Development Director)*
Dr. P R Blower *(Non-Executive Director and Senior Independent Director)*
Dr. I F Tulloch *(Non-Executive Director)*

Registered office:

Lakeview House
2 Lakeview Court
Ermine Business Park
Huntingdon
Cambridgeshire
PE29 6UA

19 July 2013

To Shareholders and, for information only, to participants in the Phytopharm Share Plans

Dear Shareholder,

**Proposed cancellation of the listing on the Official List and
Admission to trading on AIM**

**Approval of Investing Policy and
Share Capital Consolidation**

1. INTRODUCTION AND SUMMARY

The Company has today announced the proposed cancellation of the Company's listing on the Official List and Admission to trading on AIM, the proposed adoption of an Investing Policy as well as a Share Capital Consolidation. This document sets out further details on these developments and convenes the General Meeting at which certain Resolutions will be proposed.

These developments follow on from the announcement made on 18 February 2013 when the Company announced that analysis of the headline results from its Phase II clinical trial of Cogane™ in Parkinson's disease indicated that the drug had not demonstrated clinically meaningful efficacy. After discussions with the Company's major shareholder, the Board initiated a review of the strategic options available to the Company, including a review of a number of merger and acquisition opportunities which included the possible acquisition of a revenue generating UK-based private company in the healthcare sector (the "Target"). On 21 May 2013 the Company announced that it had signed heads of terms in connection with the possible acquisition of the Target which, if concluded, would be classified as a "reverse takeover" under the Listing Rules and as a result trading in the Company's Premium listing on the Main Market was suspended.

Whilst the Board initially was planning to seek shareholder approval for the acquisition of the Target at a General Meeting to be convened in due course, after which the Company also expected to delist from the Main Market and seek admission of the enlarged share capital to trading on AIM, the Board and the Target believe that there are a number of benefits from transferring the Company's quote to AIM before a definitive agreement is reached with the Target. Upon Admission to trading on AIM, the Board expects the Company to be classified as an Investing Company (defined as an AIM company which has as its primary business or objective, the investing of its funds in securities, businesses or assets of any description), and therefore in light of this refined strategy the Board is proposing to:

1. cancel the Premium Listing of the Existing Ordinary Shares on the Official List of the UKLA and to trading on the Main Market and to seek admission to trading on AIM (the "Admission");

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2. adopt a formal Investing Policy as required by the AIM Rules which is a pre-condition to Admission; and
 3. reduce the Company's share capital to consolidate the Existing Ordinary Shares on the basis of 1 Consolidated Ordinary Share for every 50 Existing Ordinary Shares held.

Pursuant to the Listing Rules, the proposed Delisting is conditional upon Shareholders' approval being obtained. Accordingly, the purpose of this document is to provide Shareholders with information on the proposed Delisting and transfer to AIM, provide Shareholders with details of the Company's Investing Policy and information on the Share Capital Consolidation and to seek the requisite approval of the Delisting by way of a special resolution and the Investing Policy and the Share Capital Consolidation by way of an ordinary resolution at a general meeting of the Company, notice of which is set out on page 14 of this document, and which will be held at 10.00 a.m. on 5 August 2013, and asks you to vote in favour of such Resolutions for the following reasons:

Summary of the Resolutions

Resolution 1 - Delisting Resolution

The Directors believe that there will be significant benefits to the Company delisting and seeking admission to trading on AIM as set out in further detail in Section 2 below. The Listing Rules require that if a Company wishes to cancel its listing on the Official List then it must seek the approval of not less than 75 per cent. of its shareholders in a general meeting (Listing Rule 5.2.5(2)). Accordingly, this special resolution is being sought to authorise the Board to cancel the Company's listing of Existing Ordinary Shares on the Official List of the UKLA, remove such Existing Ordinary Shares from trading on the Main Market and to apply for admission of the Company's issued share capital to trading on AIM. Resolution 1 is subject to and conditional upon the passing of Resolution 2 below.

Resolution 2 - Approval of Investing Policy

Shareholder approval of the Company's Investing Policy will be sought at the General Meeting and Shareholders must be aware that Admission is conditional on such shareholder approval being obtained as the proposed acquisition of the Target (which constitutes a reverse takeover) is not going to complete before Admission. Approval of the Company's Investing Policy is subject to the approval of not less than 50 per cent. of Shareholders voting in person or by proxy and, accordingly, an ordinary resolution is being proposed at the General Meeting to approve the Investing Policy as set out in section 4 below. Resolution 2 is subject to and conditional upon the passing of Resolution 1 above.

Resolution 3 - Share Capital Consolidation

The Company is proposing to consolidate the Existing Ordinary Shares on the basis of 1 Consolidated Ordinary Share for every 50 Existing Ordinary Shares held. The Directors believe that the proposed Share Capital Consolidation is necessary in order to create a share capital base which is more consistent with that of companies of a similar size and may encourage greater investor appetite for, and accordingly liquidity in, the New Ordinary Shares.

2. BACKGROUND TO AND REASONS THE MOVE TO AIM

On 18 February 2013 the Company announced that analysis of the headline results from its Phase II clinical trial of Cogane™ in Parkinson's disease indicated that the drug had not demonstrated clinically meaningful efficacy. Analysis of the complete dataset was performed which confirmed that Cogane™ had no beneficial effects on patients' symptoms measured by the primary or secondary endpoints in the study, although the plasma levels of Cogane™ in Cogane™ dosed patients were in line with expectations, indicating that the drug had been well absorbed. After discussions with the Company's major shareholder, the Board initiated a review of the strategic options available to the Company, including a review of a number of merger and acquisition opportunities.

Following the completion of this strategic review process on 21 May 2013, the Company announced it had signed heads of terms in connection with the possible acquisition of the Target.

The Company announced that it expected that the transaction would be structured by way of an acquisition of the Target by Phytopharm in consideration for the issue of new Phytopharm shares to the shareholders of the Target. Due to its size in relation to Phytopharm, the proposed acquisition of the Target would constitute a “reverse takeover” for the purposes of the Listing Rules. The Company also announced that it expected to delist from the Main Market and seek admission to trading on AIM.

At the request of the Company, trading in the Company’s Premium Listed shares on the Main Market was suspended on 21 May 2013 by the UKLA pending publication of the required shareholder documents. Shareholder approval would be required to approve the acquisition of the Target company which would be sought at a general meeting to be convened in due course.

The Board is progressing with the proposed acquisition and will make further announcements in due course. In the meantime, following continued discussions with the Target, the Company’s advisers and the UKLA, in order to complete the acquisition of the Target in the most timely and cost effective manner whilst also reducing transaction risks, the Board is proposing to move the Company’s listing to AIM as soon as is practicable.

The UKLA has opined that the transaction would be deemed a related party transaction given the size of the transaction compared to the Company and because the Company’s largest shareholder, IAML, also has a significant shareholding in one of the vendor shareholders of the Target and thus IAML would likely have been prevented from voting on any resolutions to approve the acquisition of the Target in a general meeting as required by the Listing Rules which apply to the Company whilst it is admitted to the Main Market.

The Board is now proposing that the acquisition of the Target takes place after the Company has been admitted to AIM. The Company will be required to publish an AIM Admission Document, as opposed to a prospectus, in connection with the proposed acquisition of the Target if and when a binding agreement between the parties is entered into.

Shareholders should be aware that the acquisition of the Target would constitute a “reverse takeover” under AIM Rule 14 and would require shareholder approval under the AIM Rules.

Under the AIM Rules, the transaction is still likely to be deemed a related party transaction under AIM Rule 13 which (unlike the Listing Rules) does not require a Shareholder vote under the AIM Rules, however AIM Rule 13 does require a statement that the Directors of Phytopharm consider, having consulted with its nominated adviser, that the terms of the transaction are fair and reasonable insofar as its Shareholders are concerned. All shareholders, including IAML, would be allowed to vote on the transaction in a general meeting. Both the Board of Phytopharm and the board of the Target believe that IAML’S freedom to vote on the proposed transaction in a general meeting is an attractive aspect of the deal in terms of providing additional certainty of shareholder support.

The Target is a privately owned, revenue generating company, operating in the healthcare sector and based in the UK. The Company expects to finalise discussions with the Target over the coming weeks and based on the current timetable expects to agree definitive terms for the proposed acquisition shortly after Admission.

The Company’s Existing Ordinary Shares are currently suspended and will remain suspended post Admission until such time as the Company publishes the AIM Admission Document (or equivalent) in connection with the proposed acquisition of the Target or discussions with the Target are terminated. Under the AIM Rules the Company will still require Shareholder approval for the proposed acquisition of the Target and the requisite documentation is expected to be sent to Shareholders in due course. Shareholders should also be aware that the proposed cancellation of the Company’s Premium Listing on the Official List and Admission, adoption of the Investing Policy and the Share Capital Consolidation are in no way conditional upon the acquisition of the Target being announced or completed, as under the terms of the Listing Rules the Company is no longer suitable for a Premium Listing on the Official List. Shareholders need to be aware of the AIM Rule 9 condition set out in Section 5.

As part of the strategic review process and discussions with potential merger and acquisition opportunities, the Board considered the advantages to the Company which AIM may have over the

Official List. These include greater flexibility particularly with regard to transactions. The AIM Rules have been written to make it easier for smaller quoted companies to undertake transactions without triggering requirements to incur substantial professional fees.

In addition, the Board believes that AIM is a more appropriate market for a company of Phytopharm's size and that a transfer of the Existing Ordinary Shares to trading on AIM should lead to lower ongoing costs associated with being a publicly quoted company and a simplification of the Company's administrative and regulatory requirements. It also believes that AIM will offer greater flexibility, particularly with regard to corporate transactions, and should therefore enable the Company to agree and execute certain transactions more quickly.

The Board envisages no material alteration in the standards of reporting and governance which the Company currently maintains. Once admitted to trading on AIM, Shareholders should be able to trade the Existing Ordinary Shares in the usual manner through their stockbroker or other suitable intermediary, subject to liquidity.

The AIM Rules require that AIM companies retain a nominated adviser at all times. Peel Hunt has agreed to act as nominated adviser and broker to the Company from Admission.

Overview of AIM

AIM, which is operated and regulated by the London Stock Exchange, has an established reputation with investors and analysts. It was launched in June 1995 as the London Stock Exchange's market specifically designed for smaller companies, with a more flexible regulatory regime. More than 3,000 companies have chosen to join AIM and AIM is now an internationally recognised market.

Obligations of an AIM company and key differences to those of Official List companies.

Following Admission, the Company will be subject to the regulatory and disciplinary controls of the AIM Rules. Shareholders should note that the regulatory framework of AIM is different from the premium segment of the Official List. AIM also differs from the Official List in that it is self-regulated.

Whilst for the most part the obligations of a company whose shares are traded on AIM are similar to those of companies whose shares are listed on the premium segment of the Official List, there are certain exceptions, including those referred to below:

- Under the AIM Rules, prior shareholder approval is required only for: (i) reverse takeovers (being an acquisition or acquisitions in a 12 month period which would: (a) exceed 100 per cent. in various class tests; or (b) result in a fundamental change in the Company's business, board or voting control; or (c) in the case of an Investing Company, depart materially from its Investing Policy as approved by shareholders; or (ii) disposals which, when aggregated with any other disposals over the previous 12 months, result in a fundamental change of business (being disposals that exceed 75 per cent. in various class tests). Under the Listing Rules, a more extensive range of transactions are conditional on shareholder approval and require a detailed circular.
- There is no requirement under the AIM Rules for a prospectus or an AIM Admission Document to be published for further issues of securities to institutional investors, except when seeking admission for a new class of securities or as otherwise required by law.
- Unlike the Listing Rules, the AIM Rules do not specify any required structure or discount limits in relation to further issues of securities.
- The Combined Code does not apply directly to companies who are admitted to trading on AIM. The Directors recognise, however, the importance of high standards of corporate governance and intend that the Company should observe the requirements of the QCA Corporate Governance Guidelines for AIM companies and the Combined Code to the extent the Directors consider appropriate having regard to the size, nature and resources of the Company.
- The ABI Guidelines, which give guidance on issues such as executive compensation and share based remuneration, corporate governance, share capital management and the issue

and allotment of shares on a pre-emptive or non pre-emptive basis, do not apply directly to companies whose shares are traded on AIM. The Directors recognise, however, the importance of high standards of corporate governance and intend that the Company should observe the requirements of the ABI Guidelines to the extent the Directors consider appropriate having regard to the size, nature and resources of the Company.

- Under the Listing Rules, a company is required to appoint a 'sponsor' for certain corporate transactions, such as when undertaking a large transaction or capital raising. The responsibilities of the sponsor include providing assurance to the FCA, when required, that the responsibilities of the listed company have been met. Corporate transactions on the Official List often require the approval of shareholders and the engagement of a sponsor to oversee the process and liaise with the UKLA. In particular, on a proposed transaction, where the size of the target represents 25 per cent. or greater of the listed company as determined by the class tests set out in Annex 1 of Chapter 10 of the Listing Rules a circular to shareholders is required explaining the transaction and seeking the consent of shareholders. As a result, a transaction of this nature may incur high transaction costs to meet the requirements of the Listing Rules and may, therefore, prove prohibitive.

Under the AIM Rules a 'nominated adviser' is required to be engaged by an AIM listed company at all times and has ongoing obligations to the company and responsibilities to the London Stock Exchange. On Admission, the Company has agreed to appoint Peel Hunt as its nominated adviser.

- Under the AIM Rules there is no minimum requirement for the percentage of shares required to be held in public hands, whereas on the Official List, a minimum of 25 per cent. of a company's issued ordinary share capital normally has to be maintained in public hands at all times under the Listing Rules.
- Certain securities laws will no longer apply to the Company following Admission, for example, the Disclosure and Transparency Rules (save that Chapter 5 in respect of significant shareholder notifications will continue to apply to the Company) and the Prospectus Rules (unless an offer is made to the public). This is because AIM is not a regulated market for the purposes of the European Union's directives relating to securities. Additionally, the Listing Rules for premium listed companies, the Combined Code and the ABI Guidelines do not apply directly to companies whose shares are admitted to trading on AIM.

Risks associated with trading on AIM

AIM has a regulatory framework well suited to emerging or smaller growing companies yet may not provide the levels of liquidity normally associated with the Official List or other exchanges. It may therefore be more difficult for an investor to realise its investment in an AIM-traded company than a company whose securities are listed on the Official List.

The future success of AIM and liquidity in the Company's shares cannot be guaranteed. The market for the Company's shares may be, or may become, relatively illiquid and therefore the Company's shares may be or may become more difficult to sell. Potential investors and Shareholders should be aware that the value and any income from the Existing 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. Liquidity on AIM is currently provided by market makers who are member firms of the London Stock Exchange and are obliged to quote a share price for each company for which they make a market between 8.00 a.m. and 4.30 p.m. on business days. The Directors believe that AIM has demonstrated that it can provide a liquid trading platform for shares.

There is no guarantee that the Company will be successful in achieving admission on AIM or that there will not be a further period during which the Company's Existing Ordinary Shares will not be admitted to trading on an exchange. If the Company's issued Existing Ordinary Shares are not admitted to trading on an exchange the ability to buy and sell shares in the Company could be

materially restricted. The Company's shares are currently suspended and will remain suspended post Admission until such time as the Company publishes the AIM Admission Document (or equivalent) in connection with the proposed acquisition of the Target or discussions with the Target are terminated. If within six months of Admission the Company's AIM securities remain suspended and have not been restored to trading as the Company has not published an AIM Admission Document (or equivalent) in connection with the proposed acquisition of the Target or announced that discussions with the Target have been terminated, then the Company's AIM securities will be cancelled from trading on AIM in the normal course pursuant to AIM Rule 41.

3. PROPOSED CANCELLATION OF LISTING ON THE PREMIUM SEGMENT OF THE OFFICIAL LIST AND ADMISSION TO TRADING ON AIM

In order to effect the move to AIM, the Company will require the approval of Shareholders at the General Meeting. Resolution 1 in the Notice of General Meeting will authorise the Board to cancel the Premium Listing of the Existing Ordinary Shares on the Official List, remove such Existing Ordinary Shares from trading on the Main Market and facilitate the Admission of the Consolidated Ordinary Shares to trading on AIM.

Conditional on Resolution 1 being approved at the General Meeting, the Company will apply to cancel the listing of Existing Ordinary Shares on the Official List and to trading on the Main Market. The Company will also inform the FCA and give 20 business days' notice of its intention to seek admission on AIM under AIM's streamlined process for companies that have had their securities traded on an AIM Designated Market subject to the passing of the first Resolution at the General Meeting. Resolution 1 is subject to and conditional upon the passing of Resolution 2. The Company's shares are currently suspended from trading on the Main Market and it is anticipated that cancellation of listing of the Existing Ordinary Shares on the Premium Segment of the Official List will take effect at 8.00 a.m. on 3 September 2013 being not less than 20 business days following the passing of the Resolution as required by the Listing Rules.

Admission to AIM is expected to take place at 8.00 a.m. on 3 September 2013.

4. INVESTING COMPANY STATUS AND INVESTING POLICY

These developments follow on from the announcement made on 18 February 2013 when the Company announced that analysis of the headline results from its Phase II clinical trial of Cogane™ in Parkinson's disease indicated that the drug had not demonstrated clinically meaningful efficacy. After discussions with the Company's major shareholder, the Board initiated a review of the strategic options available to the Company, including a review of a number of merger and acquisition opportunities, which included the possible acquisition of a revenue generating UK-based private company in the healthcare sector. The Company has historically been classified as a commercial company under chapter 6 of the Listing Rules and has not previously been required to adopt a formal investing policy. However, upon Admission, the Board expects the Company to be classified as an Investing Company as defined by the AIM Rules and is therefore proposing to adopt a formal Investing Policy which will comply with the requirements of the AIM Rules.

The Directors intend to pursue suitable corporate acquisitions offering the potential to deliver a favourable return to Shareholders over the medium term, primarily in the form of capital gain.

The Company's Investing Policy is to invest in businesses that typically have attributed to them some or all of the following criteria and characteristics:

- healthcare sector;
- revenue generating or near revenue generating;
- embedded or protected IP;
- UK based;
- capable of significant growth potential; and
- a credible management team.

The Directors identified the Target as being a company which fits this investment strategy and expect to be in a position to enter into a binding agreement to acquire the Target shortly after the Company is due to be admitted to AIM. In the event that the Company and the Target are unable to agree definitive terms then the Directors will identify and pursue other suitable acquisition opportunities which have the potential to deliver favourable returns to Shareholders over the medium term, primarily in the form of capital gain.

Resolution 2 to be proposed at the General Meeting seeks Shareholder approval of the Company's Investing Policy, which is a pre-condition to Admission as a result of the proposed acquisition of the Target (which constitutes a reverse takeover) not completing prior to Admission. The Directors will also seek Shareholder approval of the Company's Investing Policy on an annual basis in general meeting, as required by the AIM Rules, however, should the Company complete a reverse takeover with the Target or any other company, annual approval for an Investing Policy will not be required.

5. AIM RULE 9 CONDITION

Within 12 months from the date of Admission to AIM, under the provision of AIM Rule 9 the Company will be required to undertake one of the following, either:

- (i) to complete an acquisition which constitutes a reverse takeover under AIM Rule 14; or
- (ii) to implement the Investing Policy to the satisfaction of the London Stock Exchange; or
- (iii) to complete an equity fundraise of no less than £3 million so as to fully satisfy the requirements of AIM Rule 8.

Should the Company not satisfy at least one of the required actions in (i), (ii) or (iii) above within 12 months of Admission, the Exchange may suspend trading in the Company's AIM securities pursuant to AIM Rule 40 for the Company's failure to comply with the special condition imposed by AIM Rule 9. Should the Company's AIM securities not be restored to trading within six months of such suspension, the Company's AIM securities will be cancelled from trading on AIM in the normal course pursuant to AIM Rule 41. In respect of such suspension, a restoration event will be the satisfaction of at least one of either (i), (ii) or (iii) above. Further, it should be noted that, if within six months of Admission the Company's AIM securities remain suspended and have not been restored to trading as the Company has not published an AIM Admission Document (or equivalent) in connection with the proposed acquisition of the Target or announced that discussions with the Target have been terminated, then the Company's AIM securities will be cancelled from trading on AIM in the normal course pursuant to AIM Rule 41.

6. BACKGROUND TO AND REASONS FOR THE SHARE CAPITAL CONSOLIDATION

The Company intends to consolidate the Existing Ordinary Shares on the basis of 1 Consolidated Ordinary Share for every 50 Existing Ordinary Shares held. The Directors believe that the proposed Share Capital Consolidation is necessary in order to create a share capital base which is more consistent with that of companies of a similar size and may encourage greater investor appetite for, and according liquidity in, the Consolidated Ordinary Shares.

Example

If a Shareholder holds 1,000 Existing Ordinary Shares at the Record Date, such Shareholder will, following the implementation of the Share Capital Consolidation, hold 20 Consolidated Ordinary Shares.

Resulting share capital

The issued share capital of the Company on Admission immediately following the Share Capital Consolidation will be 6,938,034 Consolidated Ordinary Shares.

Rights attached to the Consolidated Ordinary Shares

The Consolidated Ordinary Shares will have the same rights as the Existing Ordinary Shares including voting, dividend and other rights. Where, as a result of the Share Capital Consolidation, fractional entitlements arise, no fractions of shares will be issued, but will be aggregated and, as

soon as possible after Admission, sold in the market on behalf of the relevant Shareholder save that, where net proceeds are less than £5.00 per relevant Shareholder (which is expected to be the case), the net proceeds of such sale will be retained for the benefit of the Company.

New certificates in respect of the Consolidated Ordinary Shares will be issued following Admission. After despatch of definitive share certificates, certificates for Existing Ordinary Shares will cease to be valid for any purpose whatsoever.

Shareholders who hold their Existing Ordinary Shares in uncertificated form are expected to have their CREST accounts credited with the Consolidated Ordinary Shares on 3 September 2013. For Shareholders who hold their Existing Ordinary Shares in certificated form, share certificates for the Consolidated Ordinary Shares will be despatched by 10 September 2013. Certificates for Existing Ordinary Shares will no longer be valid after 3 September 2013 and should be destroyed on receipt of certificates in respect of the Consolidated Ordinary Shares. Pending despatch of the definitive certificates in respect of the Consolidated Ordinary Shares, transfers of Consolidated Ordinary Shares held in certificated form will be certified against the register.

7. GENERAL MEETING

In order to cancel the listing of the Existing Ordinary Shares on the Official List, a special resolution is required by the Listing Rules to be approved by Shareholders. Accordingly, the passing of this Resolution requires the approval of 75 per cent. of votes cast by Shareholders voting at the general meeting, in person or by proxy, to be obtained.

In order to adopt the Investing Policy an ordinary resolution is required by the Companies Act 2006 to be approved by Shareholders.

In order to effect the Share Capital Consolidation an ordinary resolution is required by the Companies Act 2006 to be approved by Shareholders.

A notice convening a General Meeting of the Company to be held at the Company's registered office, Lakeview House, 2 Lakeview Court, Ermine Business Park, Huntingdon, Cambridgeshire PE29 6UA at 10.00 a.m. on 5 August 2013, at which the Resolutions to approve the Delisting, adoption of the Investing Policy and the Share Capital Consolidation will be proposed, is set out on page 14 of this document.

8. ACTION TO BE TAKEN

You will find enclosed with this document a Form of Proxy for use at the General Meeting or at any adjournment thereof. Whether or not you propose to attend the meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and to return it as soon as possible, but in any event so as to be received by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than 10.00 a.m. on 1 August 2013. The return of the Form of Proxy will not preclude you from attending and voting at the General Meeting in person if you so wish.

9. RECOMMENDATION

The Board believes that the Delisting, Adoption of Investing Policy and Share Capital Consolidation are in the best interests of the Company and its shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

Yours faithfully,

Alistair Taylor
Chairman

NOTICE OF GENERAL MEETING

Phytopharm plc

(Incorporated in England and Wales with registered number 3131723)

Notice is hereby given that a General Meeting of Phytopharm plc (the “**Company**”) will be held at the Company’s registered office at Lakeview House, 2 Lakeview Court, Ermine Business Park, Huntingdon, Cambridgeshire PE29 6UA at 10.00 a.m. on 5 August 2013 for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as a special resolution and Resolutions 2 and 3 will be proposed as ordinary resolutions.

Special Resolution

1. That, subject to and conditional upon the passing of Resolution 2 below, the proposed cancellation of the listing on the Premium Segment of the Official List of the UK Listing Authority of the Existing Ordinary Shares of 1 pence each in the Company be and is hereby approved and the Directors of the Company be and are hereby authorised to cause such cancellation to be effected and to do and/or procure to be done all such acts and/or things as they may consider necessary or desirable in connection therewith.

Ordinary Resolutions

2. That, subject to and conditional upon the passing of Resolution 1 above, the Investing Policy as described in the circular to holders of ordinary shares in the Company dated 19 July 2013, a copy of which was produced to the meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved.
3. That, subject to and conditional upon admission of the Consolidated Ordinary Shares to trading on AIM becoming effective (“**Admission**”), every 50 Existing Ordinary Shares of 1 pence each in the capital of the Company as at 5.00 p.m. on 2 September 2013 be consolidated into 1 Consolidated Ordinary Share of 1 pence each (each a “**Consolidated Ordinary Share**”) and all fractional entitlements arising from the consolidation of the issued Existing Ordinary Shares of 1 pence each in the capital of the Company shall be aggregated into new Ordinary Shares and, as soon as possible after Admission, sold in the open market on behalf of the relevant Shareholder, at the best price reasonably obtainable for and on behalf of the relevant Shareholder and the aggregate proceeds (net of expenses) remitted to those entitled, save that where the net proceeds are less than £5.00 per Shareholder, the net proceeds of such sale will be retained for the benefit of the Company.

By order of the Board

Zoë McGowan
Company Secretary

19 July 2013

Registered Office
Lakeview House
2 Lakeview Court
Ermine Business Park
Huntingdon
Cambridgeshire
PE29 6UA

Notes

1. Members entitled to attend and vote at the General Meeting are also entitled to appoint one or more proxies to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder which must be identified on the form of proxy. A proxy need not be a shareholder of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the chairman of the meeting and give your instructions to that proxy.
2. A Form of Proxy is enclosed for use by members. To be valid it should be completed, signed and delivered (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority) to the Company’s registrars Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or submitted electronically via www.sharevote.co.uk (see note 13), not later than 48 hours, excluding non-working days, before the time appointed for holding the General Meeting or in the case of a poll taken subsequently to the date of the General Meeting,

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- or any adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll or for holding the adjourned meeting. Shareholders who intend to appoint more than one proxy can obtain additional Forms of Proxy from Equiniti. Alternatively, the form provided may be photocopied prior to completion. The Forms of Proxy should be returned in the same envelope and each should indicate that it is one of more than one appointments being made.
3. An abstention ("vote withheld") option has been included on the Form of Proxy. The legal effect of choosing the abstention option on any resolution is that the shareholder concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the number of votes for or against each Resolution.
 4. Any person to whom this notice is sent who is a person under section 146 of the Companies Act 2006 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 execute 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 rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
 6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. 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.
 7. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST proxy appointment instruction") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("Euroclear"), and must contain all the relevant information required by the CREST Manual. To be valid the message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by Equiniti Limited (ID RA19), as the Company's "issuer's agent", by 10.00 a.m. on 1 August 2013 (as such a message cannot be transmitted on weekends or on other days when the CREST system is closed). After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider, to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances the Company may, in accordance with Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid. The CREST Manual can be reviewed at www.euroclear.com/CREST.
 8. CREST members and, where applicable, the sponsors or voting service provider(s), should note that CREST does not make available a special procedure in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of Proxy Instructions. It is the responsibility of the CREST members concerned to take (or of the CREST member is a CREST personal member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such sections 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 provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
 9. 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.
 10. Completion and return or submission electronically, of a Form of Proxy will not affect the right of such member to attend and vote in person at the meeting or any adjournment thereof.
 11. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the register of members of the Company at 6.00 p.m. on 1 August 2013 will be entitled to attend or vote (whether in person or by proxy) at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6.00 p.m. on 1 August 2013 will be disregarded in determining the rights of any person to attend or vote at the meeting or any adjourned meeting (as the case may be).
 12. As at 18 July 2013 (being the last business day prior to the publication of this notice of meeting) the Company's issued share capital consisted of 346,901,749 Existing Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 18 July 2013 are 346,901,749.
 13. Shareholders who prefer to register the appointment of their proxy electronically using the internet can do so at Equiniti's website at www.sharevote.co.uk where full instructions on the procedure are given. The Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy will be required in order to use the services. Alternatively Shareholders who have already registered with Equiniti's online portfolio service Shareview can appoint their proxy electronically by logging on to their portfolio and clicking on "Company Meetings". For an electronic proxy appointment to be valid, voting instructions must be received by Equiniti no later than 10.00 a.m. on 1 August 2013. You may not use any electronic address provided in this notice of meeting to communicate with the Company for any purpose other than those expressly stated.
 14. Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which the Company must cause to be answered. Information relating to the meeting which the Company is required by the Companies Act to publish on a website in advance of the meeting may be viewed at www.phytopharm.com.
 15. In accordance with section 311a of the Companies Act, the contents of this notice of meeting, details of the total number of shares of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members' statements, Members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.phytopharm.com.
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