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### INSTITUTIONAL COMPONENT OF ENTITLEMENT OFFER

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Key points:

- Strong demand in the Institutional Entitlement Offer from existing and new institutional shareholders
- Underwritten amount increased from \$40 million to the full Entitlement Offer size of approximately \$80 million
- Eligible retail shareholders to participate in the Retail Entitlement Offer, commencing 24 November 2011

Pharmaxis Ltd (ASX: PXS) (**Pharmaxis**) today announced that it has successfully raised approximately \$50 million through the institutional component of its 1 for 3 pro-rata accelerated non-renounceable entitlement offer at \$1.05 per share (**Institutional Entitlement Offer**) announced on 16 November 2011. Settlement of these new shares will occur in two tranches with approximately \$43 million to be completed on the first settlement date of 28 November 2011. A further institutional amount of approximately \$7 million will be settled on the second settlement date of 15 December 2011. This second settlement amount satisfies the commitment of Pharmaxis' largest shareholder (funds managed by Orbis Investment Management (Australia) Pty Ltd) to maintain its pre capital raising interest of approximately 19.3% of issued shares post completion of the Entitlement Offer.

The Institutional Entitlement Offer was strongly supported by both existing and new institutional investors. Those entitlements not committed or eligible to be taken up by institutional shareholders have been subscribed through the institutional shortfall bookbuild.

Pharmaxis' Chief Executive Officer, Dr Alan Robertson said "We are very pleased with the support for the capital raising from institutional investors. We look forward to welcoming participation from our retail shareholders when the retail entitlement offer opens on Thursday 24 November 2011."

The Institutional Entitlement Offer is fully underwritten by Merrill Lynch International (Australia) Ltd and Wilson HTM Corporate Finance Ltd.

### Retail Entitlement Offer

The retail component of the entitlement offer (**Retail Entitlement Offer**) will raise approximately \$30 million. The Retail Entitlement Offer will open on 24 November 2011 and close at 5.00pm (Sydney time) on 8 December 2011.

Eligible retail shareholders will be entitled to apply for 1 new ordinary share for every 3 existing Pharmaxis ordinary shares held at 7:00pm (Sydney time) on 21 November 2011 (**Entitlement**) (subject to the terms and conditions set out in the Retail Offer Booklet) at \$1.05 per share, being the same offer price and the same offer ratio as the Institutional Entitlement Offer. Eligible retail shareholders may also apply for additional shares in excess of their Entitlement. The allocation of additional shares and any scale back will be at Pharmaxis' absolute discretion.

Entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their Entitlement will not receive any value in respect of those Entitlements.

The Retail Offer Booklet and a personalised Entitlement and Acceptance Form will be sent to eligible retail shareholders on 24 November 2011. Eligible retail shareholders should carefully read the Retail Offer Booklet and personalised Entitlement and Acceptance Form. Any eligible retail shareholders who wish to acquire new Pharmaxis shares under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised Entitlement and Acceptance Form.

The Retail Entitlement Offer is fully underwritten by Merrill Lynch International (Australia) Ltd and Wilson HTM Corporate Finance Ltd.

Pharmaxis expects its trading halt to be lifted and Pharmaxis shares to recommence trading from market open today.

#### **Indicative Timetable for the Retail Entitlement Offer**

Record Date – 7:00pm (Sydney time)	21 November 2011
Retail Entitlement Offer opens – 9:00am (Sydney Time)	24 November 2011
Retail Offer Booklet despatched to eligible retail shareholders	24 November 2011
Retail Entitlement Offer closes – 5:00pm (Sydney Time)	8 December 2011
Second settlement (including Retail Entitlement Offer settlement)	15 December 2011
Allotment of new shares issued under the second settlement (which includes the allotment of new shares under the Retail Entitlement Offer)	16 December 2011
Trading of new shares issued under the second settlement (which includes the new shares issued under the Retail Entitlement Offer)	19 December 2011

The above timetable is indicative only and subject to change. All times are references to Sydney time. Pharmaxis, with the consent of the underwriters, reserves the right to withdraw the Retail Entitlement Offer or vary the timetable for the Retail Entitlement Offer without notice. Pharmaxis reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Retail Entitlement Offer without prior notice. The commencement of quotation of new securities is subject to confirmation from the ASX.

#### **Shareholder Enquiries**

Eligible retail shareholders who have questions relating to the Retail Entitlement Offer should call the Pharmaxis Offer Information Line on 1300 368 679 (within Australia) or +61 3 9415 4193 (outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday before 8 December 2011.

**ENDS**

**SOURCE:** Pharmaxis Ltd, Sydney, Australia

**CONTACT:** Alan Robertson – Chief Executive Officer

Ph: +61 2 9454 7200 or email [alan.robertson@pharmaxis.com.au](mailto:alan.robertson@pharmaxis.com.au)

#### **RELEASED THROUGH:**

**Australia:**

Felicity Moffatt, phone +61 418 677 701 or email [felicity.moffatt@pharmaxis.com.au](mailto:felicity.moffatt@pharmaxis.com.au)

**About Pharmaxis**

Pharmaxis (ABN 75 082 811 630) is a specialist pharmaceutical company involved in the research, development and commercialization of therapeutic products for chronic respiratory disorders. Its product Aridol® for the assessment of asthma is launched in a number of key markets. Its development pipeline of products includes: Bronchitol for cystic fibrosis, bronchiectasis, ASM8 for asthma, PXS25 for idiopathic pulmonary fibrosis and a new oxidase inhibitor for lung disease. Pharmaxis is listed on the Australian Securities Exchange (symbol PXS). The company is headquartered in Sydney at its TGA-approved manufacturing facilities. For more information about Pharmaxis, go to [www.pharmaxis.com.au](http://www.pharmaxis.com.au) or contact Investor Relations on phone +61 2 9454 7200.

**Important Notice**

This announcement is not an offer or an invitation to acquire securities. In particular, this release does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. person", as defined in Regulation S under the U.S. Securities Act of 1933 ("U.S. Securities Act") ("U.S. Person) or in any other jurisdiction. This announcement may not be released or distributed in the United States or to any U.S. Person. Any securities described in this announcement have not been, and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction, and may not be offered or sold in the United States, or to, or for the account of benefit of, any U.S. Person.

**Stock Lending and Other Transactions**

Eligible shareholders will be entitled to apply under the Entitlement Offer for 1 New Share for every 3 existing Pharmaxis ordinary shares held as at 7.00pm (Sydney time) on the Record Date. Pharmaxis has been granted a waiver by ASX so that, in determining shareholder entitlements for the Entitlement Offer, it may ignore any changes in shareholdings that occurred after the announcement of the trading halt on 16 November 2011 (other than registrations of transactions that were effected through ITS before that announcement). Accordingly, a person who is a registered shareholder of Pharmaxis at 7.00pm (Sydney time) on the Record Date as a result of a dealing after the announcement of the trading halt (other than the registration of a transaction effected through ITS before that announcement) may not receive an entitlement under the Entitlement Offer. This means, for example, that in the event a Pharmaxis shareholder has existing Pharmaxis shares out on loan, the borrower will be regarded as the shareholder for the purposes of determining the entitlement (provided that those borrowed shares have not been on-sold or used to cover a short sale).