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Capitalised terms have the meaning ascribed to them in the Definitions section of this Document.

If you have sold or otherwise transferred all of your existing holding of Ordinary Shares in Redx Pharma plc, please forward this Document and the enclosed Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, please retain this Document and the Form of Proxy and consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.

This Document does not constitute an offer of transferable securities to the public within the meaning of Section 102B of FSMA. This Document does not constitute a prospectus for the purpose of the Prospectus Regulation Rules of the UK Financial Conduct Authority or an admission document for the purpose of the AIM Rules. Accordingly, this Document has not been, and will not be, reviewed or approved by the UK Financial Conduct Authority (in its capacity as UK Listing Authority or otherwise) pursuant to sections 85 and 87 of FSMA, the London Stock Exchange or any other authority or regulatory body and has not been approved for the purposes of Section 21 of FSMA. This Document is being sent to Shareholders in connection with the General Meeting only.

Copies of this Document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) from Redx Pharma plc’s registered office from the date of this Document to the date of the admission of the Capitalisation Shares.

**You should read this Document in its entirety, together with the Form of Proxy. 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 at the General Meeting.**

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# REDX PHARMA PLC

*(incorporated and registered in England and Wales with registered number 7368089)*

## **Proposed Capitalisation of Loan Approval of a waiver of the obligations under Rule 9 of the Takeover Code and Notice of General Meeting**

**Cantor Fitzgerald Europe**  
**Nominated Adviser and Joint Broker**

**WG Partners LLP**  
**Joint Broker and Financial Adviser**

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WG Partners LLP (“**WG Partners**”), which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is the Company’s Joint Broker and Financial Adviser for the purposes of the AIM Rules. WG Partners is acting for the Company and for no-one else in connection with the Rule 9 Waiver and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the matters referred to herein. WG Partners has not authorised the contents of this Document for any purpose and no liability whatsoever is accepted by WG Partners nor does it make any representation or warranty, express or implied, as to the accuracy of any information or opinion contained in this Document or for the omission of any information. WG Partners expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this Document.

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Notice of a General Meeting of Redx Pharma plc to be held at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH, at 11.00 a.m. on 21 January 2020 is set out at the end of this Document. Shareholders will find accompanying this Document a Form of Proxy for use at the General Meeting. The Form of Proxy for use at the General Meeting is enclosed with this Document and should be completed and returned to the Company's registrars, by post or by hand (during normal business hours) to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 11.00 a.m. on 17 January 2020. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

The distribution of this Document and/or the Form of Proxy in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this Document and/or the Form of Proxy come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions.

This Document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe or buy, Ordinary Shares to any person in any Restricted Jurisdiction. In particular, this Document is not for distribution in or into the United States of America, Canada, Australia, New Zealand, the Republic of South Africa or Japan. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered directly or indirectly in or into the United States of America, Canada, Australia, New Zealand, the Republic of South Africa or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States of America, Canada, Australia, New Zealand, the Republic of South Africa or Japan and they may not be offered or sold directly or indirectly within those Restricted Jurisdictions or to or for the account or benefit of any national, citizen or resident of such jurisdictions.

#### **Rule 9 of the Takeover Code**

In accordance with Rule 9 of the Takeover Code, this Document together with a Form of Proxy must be and is being sent to all Shareholders, both in the UK and overseas. All Shareholders are requested to read this Document, in particular paragraph 9 of Part 1 of this Document which relates to the Rule 9 Waiver and the Takeover Code, and to complete and return a Form of Proxy, by post or by hand (during normal business hours) to the Company's registrars Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA as soon as possible but in any event so as to be received no later than 11.00 a.m. on 17 January 2020.

#### **Forward-looking statements:**

This Document contains statements about Redx Pharma plc 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*, known and unknown risks, uncertainties and other factors. 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", "would", "could", "continue" or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: managements' strategic vision, aims and objectives; the conduct of clinical trials; the filing dates for product licence applications; the Company's ability to find partners for the development and commercialisation of its products; the effect of competition; trends in results of operations; margins; the overall pharmaceutical market; and exchange rates. These forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of Redx Pharma plc. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules, the Takeover Code and/or FSMA), Redx Pharma plc 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 subsequent oral or written forward-looking statements attributed to Redx Pharma plc or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this Document are based on information available to the Directors of Redx Pharma plc 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 herein since such date.

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## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Iain Ross ( <i>Non-Executive Chairman</i> ) Lisa Anson ( <i>Chief Executive Officer</i> ) Dr. James Mead ( <i>Chief Financial Officer</i> ) Dr. Bernhard Kirschbaum ( <i>Non-Executive Director</i> ) Peter Presland ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	Andrew Booth
<b>Registered Office</b>	Block 33, Mereside Alderley Park Macclesfield SK10 4TG
<b>Joint Broker and Financial Adviser to the Company</b>	WG Partners LLP 85 Gresham Street London EC2V 7NQ
<b>Nominated Adviser and Joint Broker to the Company</b>	Cantor Fitzgerald Europe 5 Churchill Place London E14 5HU
<b>Legal Advisers to the Company</b>	Covington & Burling LLP 265 Strand London WC2R 1BH
<b>Registrars</b>	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Posting of this Document and Form of Proxy	3 January 2020
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 17 January 2020
General Meeting	11.00 a.m. on 21 January 2020
Results of General Meeting announced through RIS	21 January 2020
Admission and commencement of dealings in the Capitalisation Shares	8.00 a.m. on 22 January 2020

Notes:

- (1) References to times in this Document are to London time (unless otherwise stated).
- (2) The dates and timing of the events in the above timetable and in the rest of this Document are indicative only and may be subject to change.
- (3) If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement through an RIS.

## KEY STATISTICS

Number of Existing Ordinary Shares in issue at the date of this Document	126,477,914
Capitalisation Price per new Ordinary Share	5.25 pence
Number of new Ordinary Shares to be issued on Capitalisation of the Loan Note	52,030,789
Number of Ordinary Shares in issue immediately following Capitalisation of the Loan Notes and Admission <sup>1</sup>	178,508,703
Capitalisation Shares as a percentage of the Enlarged Share Capital	29.15 per cent.
Percentage of the Enlarged Share Capital held by MGL following Capitalisation of the Loan Notes and Admission	42.01 per cent.

Notes:

(1) Assuming no further issue of Ordinary Shares (including on the exercise of options under the Redx share option schemes).

## DEFINITIONS

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

<b>“Act”</b>	the Companies Act 2006, as amended;
<b>“Admission”</b>	the admission of the Capitalisation Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange;
<b>“AIM Rules”</b>	together the AIM rules for Companies and the AIM Rules for Nominated Advisers;
<b>“Amendment Letter”</b>	the letter agreement dated 30 September 2019 between MGL and the Company making certain amendments to the terms of the Loan Notes;
<b>“Amendment Fee”</b>	£40,000, being the amount which was added to the principal amount of the Loan Notes outstanding in accordance with the terms of the Amendment Letter as consideration for MGL entering into the Amendment Letter;
<b>“Articles”</b>	the articles of association of the Company in force at the date of this Document;
<b>“Bidder”</b>	Samuel D. Waksal and associates;
<b>“Board” or “Directors”</b>	the directors of the Company, as at the date of this Document, whose names are set out on page 12 of this Document;
<b>“Business Day”</b>	a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England;
<b>“Cantor Fitzgerald”</b>	Cantor Fitzgerald Europe, the Company’s Nominated Adviser and Joint Broker;
<b>“Capitalisation”</b>	the allotment and issue to MGL of 52,030,789 new Ordinary Shares at a price per Ordinary Share of 5.25 pence in consideration for the release in full of the Loan by MGL;
<b>“Capitalisation Date”</b>	the second Business Day after the passing of the Resolutions, being the date on which the Capitalisation Shares are to be allotted and issued on completion of the Capitalisation;
<b>“Capitalisation Price”</b>	5.25 pence per Ordinary Share (being the volume weighted average price of the Ordinary Shares for the 10 Business Days ending on (and including) the Business Day immediately prior to 10 June 2019 (being the date of signing of the Loan Agreement));
<b>“Capitalisation Shares”</b>	the 52,030,789 new Ordinary Shares to be issued to MGL on completion of the Capitalisation;
<b>“certificated form”</b>	not in an uncertificated form;
<b>“Company” or “Redx”</b>	Redx Pharma plc;

<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
<b>“CREST Manual”</b>	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual and the CREST Glossary of Terms;
<b>“CREST Member”</b>	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations);
<b>“CREST Participant”</b>	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended);
<b>“CREST Sponsor”</b>	a CREST participant admitted to CREST as a CREST Sponsor;
<b>“CREST Sponsored Member”</b>	a CREST Member admitted to CREST as a sponsored member;
<b>“Directive”</b>	the Takeover Directive (2004/25/EC);
<b>“Document”</b>	this document, posted to shareholders on 3 January 2020;
<b>“Enlarged Share Capital”</b>	the issued Ordinary Share capital of Redx immediately following completion of the Capitalisation and Admission;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>“Existing Ordinary Shares”</b>	each Ordinary Share in issue as at the date of this Document;
<b>“FCA”</b>	the UK Financial Conduct Authority;
<b>“Form of Proxy”</b>	the form of proxy enclosed with this Document for use by Shareholders in connection with the General Meeting;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended);
<b>“General Meeting”</b>	the general meeting of Redx convened by the notice set out in this Document to be held at 11.00 a.m. on 21 January 2020 at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“Independent Shareholders”</b>	all Shareholders with the exception of MGL;
<b>“Loan”</b>	the amount of £2,731,616, being the total amount of principal (including the Amendment Fee) and interest that will be outstanding under the Loan Notes on the Capitalisation Date;
<b>“Loan Agreement”</b>	the subscription letter dated 10 June 2019 between the Company and MGL pursuant to which MGL subscribed for the Loan Notes and the Company agreed to issue the Loan Notes to MGL;
<b>“Loan Notes”</b>	the £2.5 million fixed rate secured loan notes 2019 issued by the Company to MGL pursuant to the Loan Agreement;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;



<b>“Maturity Date”</b>	31 December 2019, being the date when the Loan is repayable;
<b>“MGL”</b>	Moulton Goodies Limited;
<b>“Notice of General Meeting”</b>	the notice of the General Meeting, which is set out at the end of this Document;
<b>“Ordinary Shares”</b>	the ordinary shares of 1 pence each in the capital of the Company, having the rights and being subject to the restrictions contained in the Articles;
<b>“Overseas Shareholders”</b>	Shareholders with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside the UK;
<b>“Panel”</b>	The Panel on Takeovers and Mergers;
<b>“Proposals”</b>	the proposed approval of the Resolutions, the Rule 9 Waiver and the Capitalisation;
<b>“Prospectus Regulation Rules”</b>	the Prospectus Regulation Rules made in accordance with EU Regulation 2017/1129;
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting, as set out in the notice of General Meeting included in this Document;
<b>“Restricted Jurisdictions”</b>	the United States, Australia, Canada, Japan, New Zealand and the Republic of South Africa and any other jurisdiction where the distribution of this Document would breach any applicable law;
<b>“RIS”</b>	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list on the website of the London Stock Exchange;
<b>“Rule 9”</b>	Rule 9 of the Takeover Code;
<b>“Rule 9 Offer”</b>	a general offer to acquire the entire issued share capital of the Company as required by Rule 9 of the Takeover Code;
<b>“Rule 9 Waiver”</b>	the waiver agreed by the Panel and to be approved by the Independent Shareholders of the obligations that would otherwise fall upon MGL pursuant to Rule 9 as a result of the issue to them of New Ordinary Shares on completion of the Capitalisation and Admission;
<b>“Rule 9 Waiver Resolution”</b>	an ordinary resolution of the Independent Shareholders to waive the requirement for MGL to make a Rule 9 Offer that would otherwise arise upon completion of the Capitalisation and Admission, being the Resolution numbered 3 as set out in the Notice of General Meeting;
<b>“Second Amendment Letter”</b>	the letter agreement dated 11 November 2019 between MGL and the Company making certain further amendments to the terms of the Loan Notes;
<b>“Security Agreement”</b>	the security agreement dated 10 June 2019 and entered into between MGL (as Security Agent) and each of the Company, Redx Oncology Limited, Redx Immunology Limited and Redx Anti-Infectives Limited (together the “Redx Charging Companies”) pursuant to which each of the Redx Charging Companies granted security for the Loan in the form of fixed and floating charges over substantially of all of their business and assets;

<b>“Shareholders”</b>	holders of Ordinary Shares whose names appear on the register of members of Redx;
<b>“Sterling” or “£” or “Pence”</b>	the lawful currency of the United Kingdom;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers issued by the Panel;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UK Listing Authority”</b>	the UK Listing Authority, being the FCA acting as competent authority for the purposes of Part V of FSMA;
<b>“uncertificated form”</b>	Ordinary Shares recorded on the share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred within the CREST settlement system; and
<b>“WG Partners”</b>	WG Partners LLP, the Company’s Joint Broker and Financial Adviser.

## GLOSSARY

AACR	American Association for Cancer Research
ABPI	the Association of the British Pharmaceutical Industry
BIS	the Department for Business, Innovation and Skills
CRC	colorectal cancer
dysgeusia	distortion of taste
ERS	European Respiratory Society
ESMO	European Society for Medical Oncology
IBD	inflammatory bowel disease
ICI	immune checkpoint inhibitor
IPF	idiopathic pulmonary fibrosis
MHRA	UK's Medicines and Healthcare Products Regulatory Agency
NASH	non-alcoholic Steatohepatitis
Porcupine	a target in the Wnt signalling pathway
Wnt signalling pathway	group of signal transduction pathways, made of proteins that pass signals from outside of a cell through cell surface receptors to the inside of the cell

## PART I

### LETTER FROM THE CHAIRMAN OF REDX GROUP PLC

(Incorporated and registered in England and Wales with registered number 7368089)

*Directors:*

Iain Ross, (*Non-Executive Chairman*)  
Lisa Anson, (*Chief Executive Officer*)  
Dr. James Mead, (*Chief Financial Officer*)  
Dr. Bernhard Kirschbaum, (*Non-Executive Director*)  
Peter Presland, (*Non-Executive Director*)

*Registered Office:*

Block 33, Mereside  
Alderley Park  
Macclesfield  
SK10 4TG

3 January 2020

*To Shareholders, and, for information purposes only, to the holders of options over Ordinary Shares*

Dear Shareholder,

#### **Rule 9 Waiver and Notice of General Meeting**

##### **1. Introduction**

The Company announced on 10 June 2019 that it had signed the Loan Agreement with MGL for a fixed rate secured loan note facility of up to £2.5 million. On 10 June 2019, the Company made a drawdown of £1 million in principal amount pursuant to the Loan Agreement and issued £1 million of Loan Notes to MGL. On 13 November 2019, the Company made a drawdown of a further £1.5 million in principal amount pursuant to the Loan Agreement and issued £1.5 million of Loan Notes to MGL.

The Loan is repayable in full on 31 December 2019. In accordance with the terms of the Loan Notes, MGL can request that the Company capitalise the whole of the Loan (including, *inter alia*, all unpaid interest) into new Ordinary Shares in the Company, *inter alia*, at maturity of the Loan or prior to or after maturity with the agreement of the Company. The Loan cannot be capitalised unless (a) prior to any capitalisation, the Company's shareholders have passed resolutions authorising the Company to issue Ordinary Shares on a capitalisation of the Loan on a non-pre-emptive basis and (b) any capitalisation would not result in MGL or any other person(s) being required to make a general offer for the Company's shares pursuant to Rule 9 of the Takeover Code or, if it would result in such an obligation to make a Rule 9 Offer, then a waiver of the obligation to make such an offer has been obtained from the Panel and has been approved by the Company's Shareholders. In the event that the Loan is capitalised on maturity or prior to or after maturity with the agreement of the Company, such capitalisation would be at a price per Ordinary Share equal to the lower of the volume-weighted average price per Ordinary Share over the 10 Business Day period ending on (and including) (a) the Business Day immediately prior to the date of signing of the Loan Agreement and (b) 30 December 2019 (being the latest practicable date prior to the announcement of the Capitalisation on 31 December 2019).

MGL, following discussions with the Company, has requested that the Company capitalise the full amount of the Loan (including the Amendment Fee and all unpaid interest) into new Ordinary Shares. The Capitalisation Price pursuant to the terms of the Loan Notes is 5.25 pence per new Ordinary Share and the Capitalisation would result in the issue of 52,030,789 new Ordinary Shares to MGL. If the Capitalisation is completed, MGL will, following completion of the Capitalisation and Admission, hold 74,998,896 Ordinary Shares comprising 42.01 per cent. of the Enlarged Share Capital of the Company.

The Capitalisation Price represents a discount of 20.8 per cent. to the mid-market closing price of the Company's Ordinary Shares on 30 December 2019 (being the latest practicable date prior to the announcement of the Capitalisation on 31 December 2019).

The Capitalisation is subject, *inter alia*, to the granting of a Rule 9 Waiver in respect of MGL, a substantial shareholder in the Company. Further details relating to the Rule 9 Waiver and the Takeover Code are given in paragraph 9 of this Part I.

In addition to providing you with information about the Capitalisation and the Rule 9 Waiver, this letter explains:

- why the Board considers that the Capitalisation, the Rule 9 Waiver and the Resolutions are fair and reasonable and are in the best interests of Redx, the Independent Shareholders and the Shareholders as a whole; and
- why the Board believes that the Capitalisation and the Rule 9 Waiver are in the best interests of the Company and the Shareholders as a whole and unanimously recommends that you vote in favour of the Resolutions to be proposed at the General Meeting to be held at 11.00 a.m. on 21 January 2020, as the Directors intend to do in respect of their own holdings of Ordinary Shares.

The Capitalisation and the Rule 9 Waiver are conditional, *inter alia*, on the passing by Shareholders of the Resolutions at the General Meeting, which is being convened for 11.00 a.m. on 21 January 2020.

**The Directors believe that MGL's continued support of the Company and the commitment by MGL to capitalise the Loan is necessary to ensure the success of the Company. If the Resolutions are not passed then under the terms of the Loan Notes the Company will be required to repay the Loan in full. The Directors believe that seeking to repay the Loan would be to the severe detriment of the Company. Given the Company's current and anticipated working capital requirements, the Directors believe that should the Resolutions not be passed and the Company is required to repay the Loan, the Company will not have sufficient cash resources to meet this contractual obligation making it highly likely that MGL will exercise its right to appoint an Administrator pursuant to the terms of the Security Agreement.**

**Given the above factors, the Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this Document.**

## **2. Details of the Loan**

In accordance with the terms of the Security Agreement, the Loan is secured by fixed and floating charges over substantially all of the business and assets of the Group. The current rate of interest payable on the Loan is 24 per cent. per annum. The Loan is repayable on 31 December 2019, but MGL has, in accordance with the terms of the Loan Notes, requested that the Company capitalise the Loan (including all accrued and unpaid interest) in full instead of repaying it. Further details on the Loan (including the provisions relating to capitalisation) are set out in Part II of this Document.

## **3. Background to and reasons for the Loan**

In November 2017, the Company successfully exited from administration having been forced to sell its, then, lead product for \$40 million to settle all outstanding obligations. At the time of exiting administration, the Company had approximately £13 million of cash and has since undertaken a very significant cost management programme resulting in a £5.2 million year-on-year reduction in operating costs in the last full financial year to 30 September 2018, a level which has been maintained in the current financial year.

Redx has needed to attract further investment to fund its priority programmes through to clinical proof of concept or meaningful value inflection points. As such, the Board has explored several options for raising additional funds, including conventional equity funding as well as debt funding. Earlier in 2019, the Company attempted a fundraise focused mainly on existing shareholders and other institutional public company investors. Unfortunately, there was not sufficient demand in the public markets at that time to deliver a successful transaction of the quantum required.

Due to the pressing need for additional working capital, the Company announced on 10 June 2019 that it had signed an agreement with its largest shareholder, MGL, for a fixed rate secured loan note facility of up to £2.5 million in order to further extend the Company's cash runway.

Since signing the short term loan, the Company has been in discussions with a number of specialist healthcare investors who have a greater understanding of the potential value of the programmes as well as the funding and likely timing of delivering clinical proof of concept data per cent. The Board has identified a potential lead investor who has indicated that they would be interested in making a significant investment provided that it is part of a total fundraise which would fund the Company's business plan to the end of 2021. Furthermore, the Company confirms that it is also in discussions with the Bidder in relation to a possible cash offer to be made by an investment syndicate led by the Bidder for the entire issued, and to be issued, share capital of the Company, further details of which are set out at paragraph 7 of this Part I below.

It has become apparent that a fundraise of this nature will take longer than originally envisaged and therefore the Company does not believe that it will be completed before the Maturity Date of the Loan, which is why the Capitalisation is vital to ensure that the Company can continue to operate as a going concern until the end of March 2020, thereby providing additional time to complete the refinancing.

#### **4. Background to and reasons for the Capitalisation**

MGL has the right, exercisable at any time until five Business Days before the Maturity Date (or, if later, at any time before the Rule 9 Waiver has been obtained and the Resolutions passed), to serve written notice on the Company requesting that the Company capitalise the Loan into new Ordinary Shares instead of repaying it. On 29 November 2019, MGL served a written notice on the Company requesting that it capitalise the Loan. The purpose of the Proposals is to allow for the Loan to be Capitalised in full by applying the whole of the Loan in MGL subscribing for 52,030,789 new Ordinary Shares at the Capitalisation Price, conditional upon the passing of the Resolutions at the General Meeting and on Admission.

If the Resolutions are passed and Admission takes place then 52,030,789 new Ordinary Shares will be issued and allotted to MGL and the Loan will have been discharged in full. The Capitalisation Shares would represent 29.15 per cent. of Redx's issued ordinary share capital as enlarged by such issue of new Ordinary Shares (and assuming no other new Ordinary Shares are issued and allotted before then).

The Capitalisation Shares will, when issued and fully paid, rank *pari passu* in all respects with the then existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their Admission.

Application will be made for the Capitalisation Shares to be admitted to trading on AIM, conditional on the Resolutions being passed. It is expected that if the Resolutions are passed, Admission will occur at 8.00 a.m. on 22 January 2020. Upon Admission, the Enlarged Share Capital is expected to be 178,508,703 Ordinary Shares.

The Capitalisation will have no effect on the earnings, assets and liabilities of the Company, save that following Admission the liabilities of the Company will be decreased by the amount of the Loan which will be capitalised and cease to be a debt of the Company. Following the Capitalisation and Admission, there will be no requirement on Redx to repay the Loan or any other amount to MGL. Further details on MGL are set out in part III of this Document.

MGL holds 22,968,107 Existing Ordinary Shares (representing 18.16 per cent. of the existing issued ordinary share capital of the Company). Following completion of the Capitalisation and Admission, MGL will therefore have a shareholding of 42.01 per cent. in the Company. MGL would normally be obliged to make a general offer, pursuant to Rule 9, to all other Shareholders. However, in this instance, the Panel has agreed to waive the obligation to make a general offer that would otherwise arise as a result of the Capitalisation and Admission subject to the approval of the Independent Shareholders on a poll at the General Meeting, which will be sought pursuant to Resolution 3 as set out in the Notice of General Meeting. In the event the Rule 9 Waiver is approved at the General Meeting, MGL will not be restricted from making an offer for the Company. Further information relating to the Rule 9 Waiver from the Panel is set out in paragraph 9 of this Part I. Completion of the Capitalisation also requires Resolutions 1 and 2 to be passed by Shareholders.

#### **5. Information on Redx**

Redx is a clinical stage biotechnology business founded in 2010 and whose shares have traded on AIM since 2015. The Company is focused on creating and developing first, or potentially best in class, drugs in

specific areas of cancer and fibrosis that address significant unmet medical need. Redx's lead product, RXC004, is currently in a Phase I clinical study.

The Company has effectively been relaunched since administration having appointed a new, very experienced management team led by Lisa Anson, a high profile and experienced industry executive and former President of AstraZeneca UK and the ABPI. The Company has also restructured its Board of Directors and strengthened focus on governance and financial control as outlined in the Annual Report for 2018.

The new management team has pursued a clear focused strategy aimed at driving shareholder value. Redx's ambition is to become a leading biotech company focused on the development of targeted medicines in oncology and fibrotic diseases by progressing prioritised programmes to deliver clinical proof of concept. Redx's core strength of medicinal chemistry expertise and proven ability to design molecules against a validated target will continue to be leveraged to discover the next generation of differentiated drug candidates. 2019 has now seen significant delivery against this strategy with the following notable achievements:

- Re-initiation of the RXC004 trial and successful completion of two cohorts (0.5mg and 1mg). RXC004 is the Company's lead Oncology asset, and is an opportunity to unlock the potential of the Wnt signalling pathway to treat Wnt driven cancers. The Company achieved its 2019 aim to take this molecule into Phase 1 trials to demonstrate a safe dose in the first two cohorts (0.5mg and 1mg) with a third cohort initiating in October 2019. The Company is targeting RXC004 to move to Phase 1b/2 in 2020;
- In Fibrosis, the goal was to select development candidates from the portfolio of three promising fibrosis assets and invest in clinical-enabling work. The first of these selections was made in November 2018 with the selection of RXC006 in IPF and the Company is aiming to make a further nomination for ROCK 2 (for various fibrotic indications). Additionally, the Company has progressed its third fibrosis programme, GI-Targeted Rock (Crohn's related fibrosis) and intends to partner this asset to progress to development candidate nomination in order to prioritise Redx's focus and resources;
- On 10 July the Company also announced the sale of its Pan-RAF inhibitor programme to Jazz Pharmaceuticals plc in a deal worth potentially up to \$203 million in deferred development, regulatory and commercial milestone payments with \$3.5 million paid in cash upfront on signing of the agreement.

## **6. Current Trading and Prospects**

Redx announced its interim results for the six months ended 31 March 2019 on 10 June 2019. Financial highlights for the period included net cash at 31 March 2019 of £3.3 million (HY 2018: £10.3 million); loss for the period of £2.3 million (HY 2018: £4.6 million loss) and total operating expenditure of £5.0 million (HY 2018: £5.2 million). During the period, continued efforts by the Group resulted in two significant cash inflows. Firstly, in February, a loan made to Redag Crop Protection Ltd., which had previously been derecognised in the 2017 accounts, was recovered. Including the accrued interest, this represented a cash inflow of £869,000. In addition, the Group was able to agree its 2016 and 2017 claims for tax refunds with HMRC on the enhanced basis of Research and Development tax credits, rather than Research and Development Expenditure credits, which generated repayments of £1.7m. Future claims will also be submitted on this basis. Furthermore, through a continued tight control of operating expenses and the benefit of reduced accommodation costs, the Group was able to reinstate clinical trials on our RXC004 programme, and commence pre-clinical studies on our RXC006 programme, whilst limiting overall expenditure to levels comparable to the prior year.

Should the Resolutions be passed, existing funds will support the current business plan through to the end of March 2020. As stated earlier in this document, should the Resolutions not be passed and the Company is required to repay the Loan, the Company will not have sufficient cash resources to meet this contractual obligation making it highly likely that MGL will exercise its right to appoint an Administrator pursuant to the terms of the Security Agreement.

## **7. Possible Offer**

As announced by the Company on 31 December, the Company is in discussions with the Bidder in relation to a possible cash offer to be made by an investment syndicate led by the Bidder for the entire issued, and to be issued, share capital of the Company. No announcement of a firm intention to make an offer under



Rule 2.7 of the Takeover Code has been made and there can be no certainty that any offer will be made, or as to the terms on which any offer might be made.

The Bidder must by not later than 5.00 p.m. on 28 January 2020 either announce a firm intention to make an offer for the Company under Rule 2.7 of the Takeover Code or announce that it does not intend to make an offer for the Company, in which case the announcement will be treated as a statement to which Rule 2.8 of the Takeover Code applies. This deadline will not apply in circumstances where either: (a) it has been either extended with the consent of the Panel in accordance with Rule 2.6(c) of the Takeover Code; or (b) Rule 2.6(b) of the Takeover Code applies, by virtue of a firm intention to make an offer for the Company having been announced by another offeror prior to the Deadline.

The Bidder has given its consent for the Capitalisation to take place.

## **8. Related Party**

As MGL holds 18.16 per cent. of the Company's issued Ordinary Shares, the Capitalisation constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules. The Directors consider, having consulted with Cantor Fitzgerald, the Company's nominated adviser, that the terms of the Capitalisation are fair and reasonable in so far as its Shareholders are concerned.

## **9. The City Code on Takeovers and Mergers**

The Capitalisation gives rise to certain considerations and consequences under the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford to Shareholders are described below.

The Takeover Code is issued and enforced by the Panel. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive. Its statutory functions are set out in and under Chapter 1 of Part 28 of the Act.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined under the Takeover Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company, is normally required by the Panel to make a general offer in cash to the shareholders of that company to acquire the balance of the shares not held by such person or group of persons acting in concert at not less than the highest price paid by him or any persons acting in concert with him for any such shares within the 12 months prior to the announcement of the offer.

In addition, Rule 9 provides that when any person, together with any persons acting in concert with him, is interested in shares which in aggregate carry 30 per cent. or more of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of such voting rights, and such person, or any such person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights, that person, together with any persons acting in concert with him, is normally required by the Panel to make a general offer in cash to the shareholders of that company to acquire the balance of the shares not held by such person or group of persons acting in concert at not less than the highest price paid by him or any persons acting in concert with him for any such shares within the 12 months prior to the announcement of the offer.

The Takeover Code also provides that where any person, together with persons acting in concert with him, holds more than 50 per cent. of a company's voting rights, no obligation will normally arise under Rule 9 to make a general offer in cash to all shareholders of that company, save as described below, as a result of any acquisition by such person or any person acting in concert with him of any further shares carrying voting rights in the company. However, the Panel will regard as giving rise to an obligation to make an offer, the acquisition by a single member of a concert party of shares sufficient to increase his individual holding to 30 per cent. or more of a company's voting rights, or, if he already holds more than 30 per cent. but less than 50 per cent., an acquisition which increases his shareholding in that company.

For the purposes of the Takeover Code, a concert party arises where persons acting in concert pursuant to an agreement or understanding (whether formal or informal) co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Control means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of the company, irrespective



of whether such interest or interests give de facto control. No persons are acting in concert (as defined in the Takeover Code) with MGL in relation to the Capitalisation.

MGL is currently interested in 18.16 per cent. of the voting rights of the Company. In the event that the Capitalisation is approved at the General Meeting, MGL will not be restricted from making an offer for the Company.

As the interest of MGL in the voting rights of the Company will increase to 42.01 per cent., due to the Capitalisation, MGL would normally be obliged to make a general offer, pursuant to Rule 9 of the Takeover Code, to all other Shareholders to acquire their Ordinary Shares. However, in this instance, the Panel has agreed to waive the obligation to make a general offer that would otherwise arise as a result of the Capitalisation subject to the approval of the Independent Shareholders on a poll at the General Meeting which will be sought pursuant to Resolution 3. To be passed, this Resolution will require the approval of a simple majority of votes cast on that poll. Only Independent Shareholders will be entitled to vote on this Resolution.

For the avoidance of doubt, this waiver applies only in respect of increases in shareholdings of MGL resulting from the Capitalisation and not in respect of other increases in its holdings. MGL has not taken part in any decision of the Board relating to the proposal to seek a waiver of Rule 9 from the Panel.

## 10. Resolutions

The Resolutions to be proposed at the General Meeting are, in summary, as follows:

- (1) an ordinary resolution, to grant the Directors authority to allot the Capitalisation Shares in connection with the Capitalisation;
- (2) a special resolution, to disapply pre-emption rights granted under the Act, in respect of the allotment of the Capitalisation Shares in connection with the Capitalisation; and
- (3) an ordinary resolution to approve the Rule 9 Waiver, which will be taken on a poll and in respect of which only Independent Shareholders will be entitled to vote.

The authorities set out in Resolutions 1 and 2 are in addition to the existing authorities conferred on the Directors by Shareholders at the Company's Annual General Meeting held on 23 January 2019. Resolutions 1 and 3 are ordinary resolutions and require a simple majority of those voting in person or on a poll by proxy to vote in favour of the Resolutions. Resolution 2 is a special resolution and will require approval by not less than 75 per cent. of the votes cast by Shareholders voting in person or on a poll by proxy. As described above, only Independent Shareholders will vote on Resolution 3.

## 11. Action to be taken

A notice convening the General Meeting to be held at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH at 11.00 a.m. on 21 January 2020 is set out at the end of this Document. A Form of Proxy for use by Shareholders in connection with the General Meeting is also enclosed with this Document.

Whether or not you propose to attend the General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Company's registrars, by post or by hand (during normal business hours only) to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, as soon as possible and in any event so as to arrive no later than 11.00 a.m. on 17 January 2020. Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

Irrevocable undertakings have been entered into between the Company and each of the Directors who hold Existing Ordinary Shares pursuant to which each Director has agreed, *inter alia*, to vote in favour of the Resolutions in respect of the Existing Ordinary Shares held by them and which represent, in aggregate, 0.61 per cent. of the Company's current issued share capital.

An irrevocable undertaking has been entered into between the Company and MGL pursuant to which MGL has agreed, *inter alia*, to vote in favour of the Resolutions in respect of the Existing Ordinary Shares held by it and which represent, in aggregate, 18.16 per cent. of the Company's current issued share capital (save

that MGL cannot and will not vote on the Rule 9 Waiver Resolution).

## 12. Overseas Shareholders

The distribution of this Document and the Form of Proxy in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this Document and/or accompanying documents come, should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. Nonetheless, Shareholders who receive this Document and a Form of Proxy in accordance with Rule 9 of the Takeover Code, may vote on the Resolutions set out in the Notice of General Meeting, attached at the end of this Document, by returning the Form of Proxy to the Registrars, so as to be received by no later than 11.00 a.m. on 17 January 2020.

## 13. Financial Information

The published audited accounts of the Group for the last two financial years ended on 30 September 2018 and 30 September 2017 and the Group's unaudited interim financial statements for the six month period ended 31 March 2019 are available from the Company's website [www.redxpharma.com](http://www.redxpharma.com).

## 14. Additional Information

Your attention is drawn to the additional information set out in Parts II to V of this Document.

## 15. Recommendation

The Board, which has been so advised by WG Partners, believes that the Capitalisation, the Rule 9 Waiver and the Resolutions are fair and reasonable as far as the Independent Shareholders are concerned and are in the best interests of the Company, its employees and the Shareholders as a whole. In providing such advice to the Board, WG Partners has taken into account the Directors' commercial assessments.

**The Directors believe that MGL's continued support of the Company and the commitment by MGL to capitalise the Loan is necessary to ensure the success of the Company. If the Resolutions are not passed then under the terms of the Loan Notes the Company will be required to repay the Loan in full. The Directors believe that seeking to repay the Loan would be to the severe detriment of the Company. Given the Company's current and anticipated working capital requirements, the Directors believe that should the Resolutions not be passed and the Company is required to repay the Loan, the Company will not have sufficient cash resources to meet this contractual obligation making it highly likely that MGL will exercise its right to appoint an Administrator pursuant to the terms of the Security Agreement.**

Accordingly, the Directors unanimously recommend that:

- (a) Shareholders vote in favour of Resolutions 1 and 2 to be proposed at the General Meeting; and
- (b) Independent Shareholders vote in favour of Resolution 3 to be proposed at the General Meeting,

as they intend to do in respect of their own holdings of Ordinary Shares.

Yours faithfully

**Iain Ross**

*Chairman*

## PART II

### TERMS AND CONDITIONS OF THE LOAN NOTES

#### 1. Background

- 1.1 The Company and MGL entered into the Loan Agreement and the Security Agreement on 10 June 2019. On 10 June 2019, the Company made a drawdown of £1 million in principal amount pursuant to the Loan Agreement and issued £1 million of Loan Notes to MGL. On 13 November 2019, the Company made a drawdown of a further £1.5 million in principal amount pursuant to the Loan Agreement and issued £1.5 million of Loan Notes to MGL.
- 1.2 On 30 September 2019, at the request of the Company, MGL and the Company entered into the Amendment Letter pursuant to which certain amendments were made to the terms of the Loan Notes. In consideration of MGL agreeing to those amendments, the Company agreed, if Loan Notes were outstanding on the Maturity Date, to add the Amendment Fee to the principal amount of Loan Notes outstanding on the Maturity Date. On 11 November 2019, MGL and the Company entered into the Second Amendment Letter pursuant to which certain further amendments were made to the terms of the Loan Notes. The summary of the material terms of the Loan Notes set out below includes the amendments made by the Amendment Letter and the Second Amendment Letter.
- 1.3 Following the initial drawdown of £1 million on 10 June 2019, the balance of the Loan could be drawn-down by the Company no later than 31 December 2019 in up to two further tranches of not less than £500,000 each. In addition, if the Company had undertaken a Financing Round (as defined below) while Loan Notes were still outstanding, the Company would have been required to drawdown the remaining available balance under the Loan Agreement on completion of such Financing Round, so that MGL would hold Loan Notes in the aggregate principal amount of £2.5 million. A “Financing Round” is any issue of shares by the Company to one or more persons in respect of which the aggregate cash subscription proceeds received, or unconditionally due to be received, by the Company are at least £10 million or such lesser amount as the noteholder may determine in its absolute discretion (provided such amount is at least £1 million). A “Financing Round” does not include an issue of shares on (i) capitalisation of the Loan Notes or (ii) the exercise of any outstanding employee or other share options or (iii) the exercise of any of the warrants issued by the Company to its landlord, Alderley Park Limited, on 27 February 2019.

#### 2. Security

Pursuant to the Security Agreement, the Loan Notes are secured by fixed and floating charges over substantially all of the business and assets of the Company, Redx Oncology Limited, Redx Immunology Limited and Redx Anti-Infectives Limited.

#### 3. Repayment

- 3.1 The Loan Notes are repayable in full (together with all accrued interest) on 31 December 2019.
- 3.2 In addition, if by 31 January 2020 the Company has not obtained in connection with a potential capitalisation of the Loan Notes:
  - 3.2.1 if any proposed capitalisation would result in the noteholder or any other person being required to make a Rule 9 takeover offer for the Company, a waiver from the Takeover Panel and the Company's Shareholders of the requirement to make such an offer; and
  - 3.2.2 authority from the Company's Shareholders to issue Ordinary Shares in the Company free of pre-emption rights on capitalisation of the Loan Notes,then the noteholder can, in its sole discretion, at any time after 31 January 2020, require the Company to repay the Loan Notes in full (together with all accrued interest).

- 3.3 If a Control Transaction is completed, the Company must immediately repay the principal amount of Loan Notes outstanding (plus all accrued interest) together with a prepayment fee equal to 30 per cent. of the principal amount of the Loan Notes outstanding. A “Control Transaction” means:
- (a) any agreement (including a scheme of arrangement) for the sale to a single buyer, or to one or more buyers as part of a single transaction, of (i) all or substantially all of the assets of the Company or the Group (taken as a whole) or (ii) all or substantially all of the Company’s issued shares; or
  - (b) a merger or similar reorganisation of the Company, provided that the persons who immediately before the transaction are shareholders of the Company hold less than 50 per cent. of the voting rights in the surviving or acquiring entity immediately after completion of such transaction.

A Control Transaction does not include a Financing Round.

- 3.4 The Loan Notes are also repayable on demand in the event of certain standard events of default (“Default Events”) occurring, including:
- 3.4.1 any member of the Group being insolvent or entering into insolvency, administration or similar proceedings;
  - 3.4.2 any member of the Group proposing a company voluntary arrangement or similar proposal;
  - 3.4.3 the Company failing to make any payment when due pursuant to the Loan Notes;
  - 3.4.4 any member of the Group ceasing to carry on its business;
  - 3.4.5 any member of the Group failing to comply with any provision of the Loan Notes or related agreements;
  - 3.4.6 if the noteholder reasonably believes that the Company will not be able to repay the Loan Notes or will become insolvent, go into administration or enter into similar proceedings; or
  - 3.4.7 if any other borrowings of any member of the Group are declared, or become capable of being declared, prematurely due and payable or are not repaid within 14 days of becoming due.

#### **4. Interest**

- 4.1 The rate of interest payable on the Loan Notes was 10 per cent. per annum until 15 August 2019 and since 16 August 2019 has been, and currently is, 24 per cent. per annum. Interest becomes due and payable on:
- 4.1.1 any capitalisation of the Loan Notes; or
  - 4.1.2 any repayment of the Loan Notes, including on the Maturity Date.
- 4.2 If a Default Event has occurred, the interest rate increases to 34 per cent. per annum for the period during which the Default Event is continuing.

#### **5. Capitalisation**

- 5.1 The Loan Notes are not convertible. However, the noteholder may request that the Company capitalise the whole of the Loan Notes (and not part only) including accrued interest in certain circumstances. Notwithstanding any other provision of the Loan Notes, they are not capable of being capitalised into Ordinary Shares unless:
- 5.1.1 prior to any capitalisation, the Company’s Shareholders have passed resolutions authorising the Company to issue Ordinary Shares on a capitalisation of Loan Notes on a non-pre-emptive basis; and
  - 5.1.2 any capitalisation would not result in the noteholder or any other person(s) being required to make a general offer for the Company’s shares pursuant to Rule 9 of the Takeover Code or, if it would result in such an obligation to make a Rule 9 Offer, then a waiver of the obligation to make such an offer has been obtained from the Takeover Panel and has been approved by the Company’s Shareholders.

- 5.2 The circumstances in which the noteholder may request the Company to capitalise the Loan Notes are:
- 5.2.1 the closing of a Financing Round; or
  - 5.2.2 the Maturity Date or an earlier or later date with the agreement of the Company.
- 5.3 If the Loan Notes are capitalised on the closing of a Financing Round, the capitalisation price per share is:
- 5.3.1 70 per cent. of the price per share at which shares are issued in the Financing Round for Loan Notes voluntarily drawn down by the Company; and
  - 5.3.2 87 per cent. of the price per share at which shares are issued in the Financing Round for Loan Notes issued to the noteholder as a consequence of the anticipated Financing Round (as described in paragraph 1.3. above).
- 5.4 If the Loan Notes are capitalised on the Maturity Date or an earlier or later date with the agreement of the Company and the Company's shares are, at that time, publicly traded on (a) AIM or (b) the Official List of the FCA and the London Stock Exchange's Main Market ("Listed"), the capitalisation price per share is the lower of the volume weighted average price of the Ordinary Shares for the 10 Business Days ending on (and including):
- 5.4.1 9 June 2019, being the Business Day immediately prior to the date of the Loan Agreement; and
  - 5.4.2 30 December 2019, being the latest practicable date prior to the announcement of the Capitalisation on 31 December 2019.
- 5.5 If the Loan Notes are capitalised on the Maturity Date and at that time the Company's shares are not Listed, the capitalisation price per share is the lower of:
- 5.5.1 the volume weighted average price of the Ordinary Shares for the 10 Business Days ending on (and including) the Business Day immediately prior to the day on which the Ordinary Shares ceased to be Listed; and
  - 5.5.2 a price per share determined by reference to changes in the Group's net asset value between 10 June 2019 and the Maturity Date.
- 5.6 For so long as Loan Notes are outstanding, the Company has agreed, *inter alia*:
- 5.6.1 to use reasonable endeavours to ensure that, prior to any capitalisation, the directors of the Company are authorised to allot and issue, free from pre-emptive rights, sufficient Ordinary Shares to satisfy in full any capitalisation of the Loan Notes;
  - 5.6.2 prior to any capitalisation of the Loan Notes that would result in the noteholder or any other person(s) being required to make a general offer for the Company's shares pursuant to Rule 9 of the Takeover Code, to use reasonable endeavours to obtain from the Takeover Panel and the Company's shareholders a waiver from the requirement to make such a general offer; and
  - 5.6.3 to post a circular to its shareholders prior to 6 January 2020 convening a general meeting of the Company to (i) obtain authority to allot and issue Ordinary Shares free from pre-emption rights and (ii) a waiver of Rule 9 of the Takeover Code, in relation to any capitalisation of the Loan Notes.

## **6. Changes to the Company's Share Capital**

In the event of any change to the Company's share capital after the issue of the Loan Notes but prior to any capitalisation of the Loan Notes (including a consolidation or sub-division of Ordinary Shares) such change is to be taken into account in calculating the price at which shares are to be issued on any such capitalisation.

## **7. Information Rights**

- 7.1 The noteholder has the right to be provided with certain information by the Company for so long as any Loan Notes are outstanding, including:
- 7.1.1 monthly board packs;
  - 7.1.2 an annual budget;
  - 7.1.3 monthly management accounts, including a comparison to budget;
  - 7.1.4 annual audited accounts; and
  - 7.1.5 such financial and other information relating to the Group as the noteholder may reasonably require.

## **8. Covenants by the Company**

- 8.1 For so long as Loan Notes are outstanding, the Company is subject to certain standard positive and negative covenants in relation to the Loan Notes. The specific material covenants relating to any potential capitalisation of the Loan Notes are set out in paragraph 5 above. Such positive covenants include:
- 8.1.1 notifying the noteholder in advance of any new issue of shares (subject to certain limited exceptions); and
  - 8.1.2 notifying the noteholder in advance of any proposed Control Transaction.
- 8.2 The negative covenants include, *inter alia*, not, without the prior written consent of the noteholder (which shall not be unreasonably withheld or delayed), to:
- 8.2.1 form or conduct any business through an entity other than a member of the Group;
  - 8.2.2 enter into any recapitalisation, re-organisation or other material corporate change;
  - 8.2.3 engage in any transaction or series of transactions in which shares or other equity securities of the Company constituting more than 50 per cent. of such shares or other equity securities are sold or transferred;
  - 8.2.4 pay any dividends; or
  - 8.2.5 incur any further borrowings, subject to certain limited exceptions.

## **9. Transfers**

The Loan Notes are transferrable in whole (but not part only) by the noteholder to a member of the same group as the noteholder or any person who has the right to exercise more than 50 per cent. of the votes which may be cast on a poll at a general meeting of the noteholder on all, or substantially all, matters.

## **10. Governing Law and Jurisdiction**

The Loan Notes are governed by the laws of England and the courts of England and Wales have exclusive jurisdiction in relation to disputes.

## PART III

### INFORMATION ON MOULTON GOODIES LIMITED

The information set out in this Part III which relates to Moulton Goodies Limited (“MGL”) has been accurately reproduced from information provided by MGL. As far as Redx is aware and is able to ascertain from information provided by MGL, no facts have been omitted which would render the information in this Part III which relates to MGL inaccurate or misleading.

#### 1. Information on MGL

MGL is a private limited liability company incorporated in Guernsey. MGL is a holding company which invests internationally across an array of asset classes. MGL has a diversified strategy which includes market facing discretionary portfolios, fund investments (as a limited partner) in US and European funds, infrastructure assets, as well as direct venture capital and private equity investments. The company invests across the life sciences, financial services, manufacturing, semiconductor, technology and digital sectors. The portfolio includes holdings in over 90 SME companies. In addition to its funds portfolio and managed accounts, MGL has a current portfolio of direct investments in approximately 40 listed equities and approximately 95 unlisted equities. In total this represents over £225 million in market value. MGL intends to continue to make new investments over the next 3 years (and possibly beyond) into both private and public equities among other things, while at the same time realising its more mature assets on an opportunistic basis. MGL has no third party debt and substantial cash reserves. MGL has historically been trading profitably and its business plan reflects a continued growth in assets.

#### 2. Officers

The directors of MGL are as follows:

<i>Name</i>	<i>Title</i>
Artemis Corporate Services Limited	Director
Artemis Nominees Limited	Director
Jonathan Paul Moulton	Director
Pauline Marie Moulton	Director
Laurence Shannon McNairn	Director

#### 3. Incorporation and registered office

MGL is a private limited liability company incorporated in Guernsey with registered number 57051 and having its registered office at Trafalgar Court, 2nd Floor, East Wing, Admiral Park, St. Peter Port, Guernsey, GY1 3EL.

#### 4. Organisational structure

MGL is a private limited liability company. The sole shareholder, and sole beneficial owner, of MGL is Jonathan Paul Moulton. Jonathan Paul Moulton is the founder of private equity firm Better Capital. He sits on the ICAEW Corporate Finance Faculty Board and is a Fellow of the Institute for Turnaround Professionals. He is currently Chairman of FinnCap, the major AIM broker, The International Stock Exchange and Anti-Microbial Research Limited. He also chairs the Better Capital funds and Greensphere Capital, an alternative energy infrastructure fund. He is an active private investor with a large and diverse portfolio held by MGL and has been working in private equity since 1979. Jon regularly writes, broadcasts and speaks on corporate finance and financial matters. He is a Director of the think tank The Centre for Policy Studies. Jon is also an Honorary Fellow of University College London and a Trustee of the UK Stem Cell Foundation and of his own medical research charity which funds clinical trials. Former Managing Partner of Alchemy, Jon’s career has also included spells running Permira, CVC UK and the buy-out group of Apax, as well as being a director of numerous public and private companies including Ashmore PLC. He was also a member of the Board of the £3.8bn UK Government Regional Growth Fund.



## 5. Disclosure of interests and dealings in shares

### 5.1 Definitions

For the purposes of this Part III:

- (a) **“acting in concert”** has the meaning attributed to it in the Takeover Code;
- (b) **“arrangement”** includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) **“associate”** of any company means:
  - (i) its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which any such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associated company” status);
  - (ii) its connected advisers and persons controlling, controlled by or under the same control as such connected advisers; and
  - (ii) its directors and the directors of any company covered in (i) above (together in each case with their close relatives and related trusts).
- (d) **“connected adviser”** has the meaning attributed to it in the Takeover Code;
- (e) **“connected person”** has the meaning attributed to it in section 252 of the Act;
- (f) **“control”** means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control;
- (g) **“dealing”** or **“dealt”** includes the following:
  - (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
  - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
  - (iii) subscribing or agreeing to subscribe for relevant securities;
  - (iv) the exercise or conversion of any relevant securities carrying conversion or subscription rights (whether in respect of new or existing securities);
  - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
  - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
  - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (h) **“derivative”** includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (i) **“disclosure date”** means 2 January 2020, being the latest practicable date prior to the posting of this Document;
- (j) **“disclosure period”** means the period commencing on 3 January 2019, being the date 12 months prior to the date of the posting of this Document and ending on the disclosure date;



- (k) “**exempt principal trader**” or “**exempt fund manager**” has the meaning attributed to it in the Takeover Code;
- (l) being “**interested**” in relevant securities includes where a person:
- (i) owns relevant securities;
  - (ii) has a right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
  - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
  - (iv) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
- (m) “**relevant MGL securities**” means shares in MGL (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (n) “**relevant Redx securities**” means shares in Redx (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;
- (o) “**relevant securities**” means relevant MGL securities or relevant Redx securities; and
- (p) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, agreement to sell or any delivery obligation or right to require any other person to purchase or take delivery.

## 5.2 MGL interests in Redx

MGL is currently interested in 18.16 per cent. of the voting rights of the Company. MGL has agreed to the Capitalisation pursuant to which its outstanding Loan to the Company will be capitalised into 52,030,789 new Ordinary Shares (representing 29.15 per cent. of the Enlarged Share Capital).

The relevant interests in Redx and its maximum potential controlling position, as at 2 January 2020 and following completion of the Capitalisation will be as follows:

<i>Name</i>	<i>Current</i>		<i>Post-Capitalisation</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage holding in Redx</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of<sup>1</sup> Enlarged Share Capital</i>
MGL	22,968,107	18.16	74,998,896	42.01

1. Assuming no further issue of Ordinary Shares, save for the Capitalisation Shares.

## 5.3 Market dealings in relevant Redx securities by MGL

No dealings have taken place during the disclosure period in relevant Redx securities by MGL, or any other person acting in concert with MGL.

#### 5.4 Other

As at the close of business on the disclosure date, save as disclosed in this paragraph 5:

- (a) MGL had no interest in or right to subscribe for, nor had any short position in relation to, any relevant Redx securities, nor had it dealt in any relevant Redx securities during the disclosure period;
- (b) none of the directors of MGL (including any members of such directors' respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Redx securities, nor had any such person dealt in any relevant Redx securities during the disclosure period;
- (c) no person acting in concert with MGL had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Redx securities, nor had any such person dealt in any relevant Redx securities during the disclosure period;
- (d) there were no arrangements which existed between MGL, or any person acting in concert with MGL, and any other person in connection with or dependent upon the outcome of the Capitalisation; and
- (e) neither MGL nor any person acting in concert with MGL had borrowed or lent any relevant Redx securities, save for any borrowed shares which have either been on-lent or sold.

#### 5.5 MGL's intentions regarding Redx's business

MGL first invested in Redx in 2010 when it was a private company and has continued to support the Company over the years. With the recent sale of the BTK and Pan-RAF assets, MGL believes that the scientific expertise and business model continues to be proven. MGL has invested more than £5 million to date into the Company and continues to be supportive of the business as a shareholder.

MGL has informed the Board that it currently intends to allow Redx to run its business in line with the Company's proposed strategy, as detailed further in paragraph 5 of Part I of this Document.

MGL does not have any intentions regarding Redx's business that would affect:

- the strategic plans of the Company;
- the research and development functions of the Company;
- the employment of the Group's personnel, including the continued employment of, or the conditions of employment of, any of the Group's management or the balance of the skills and functions of the Group's employees and management;
- the locations of Redx's business or operating subsidiaries, including the location of Redx's headquarters or the functions of its headquarters;
- contributions into Redx's pension schemes, the accrual of benefits for existing members or the admission of new members; or
- the maintenance of any existing trading facilities for the relevant Redx securities.

MGL does not have any intentions with regard to any redeployment of the fixed assets of the Group.

#### 5.6 MGL material contracts

The following contracts are all the material contracts (not being contracts entered into in the ordinary course of business) which have been entered into within two years prior to the date of this Document by MGL:

- (a) a revolving loan agreement dated 14 August 2019 in the principal amount of £10 million between Jonathan Paul Moulton (as lender) and MGL (as borrower). The revolving loan has a 99 year maturity date and bears no interest. It is drawn and repaid from time to time; and
- (b) an amended and restated loan agreement dated 14 August 2019 (amending and restating a loan agreement dated 15 May 2017) having a principal amount outstanding of £50 million between

Jonathan Paul Moulton (as lender) and MGL (as borrower). The loan has a 99 year maturity date and bears no interest.

## **6. Financial Information on MGL**

There is currently no requirement for MGL, a Guernsey company, to file its annual accounts with the registrar of companies. However, in accordance with recognised corporate governance procedures and Part XV Section 243 of the Companies (Guernsey) Law 2008, MGL prepares and approves its financial statements within 12 months of the financial year end. In accordance with Part XVI Section 256 of the Companies (Guernsey) Law 2008, the company's members have passed a waiver resolution exempting the company from the requirement to have its accounts audited under Part XVI Section 255 of the Companies (Guernsey) Law 2008.

The Capitalisation will have no effect on the earnings, assets and liabilities of MGL save that the interest bearing secured Loan will be converted into non-interest bearing Ordinary Shares.

In relation to the Capitalisation, MGL does not have any intentions regarding MGL's business that would affect:

- the employment of MGL's personnel, including the continued employment of, or the conditions of employment of, any of its management or the balance of the skills and functions of its employees and management; or
- the locations of MGL's business, including the location of its headquarters or the functions of its headquarters.

## **7. Arrangements**

Neither MGL nor any persons acting in concert with it have entered into agreements, arrangements or understandings (including any compensation arrangement) with any of Redx's Directors, recent Directors, Shareholders, recent Shareholders or any person interested or recently interested in Existing Ordinary Shares which are connected with or dependent upon the outcome of the Capitalisation. MGL has not entered into any agreement, arrangement or understanding to transfer any interest acquired in Redx, as a result of the Capitalisation, to any person.

## PART IV

### ADDITIONAL INFORMATION

#### 1. Responsibility of the Company and the Directors

The Company and the Directors, whose names are set out on page 12 of this Document, accept responsibility for all the information contained in this Document (other than the information for which responsibility is accepted pursuant to paragraph 2 of this Part IV). To the best of the knowledge and belief of the Company and 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.

#### 2. Responsibility of MGL

For the purposes of Rule 19.2 of the Takeover Code only, the directors of MGL (whose names are set out on page 23 of this Document) accept responsibility for the information contained in this Document relating to MGL. To the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 3. Directors of Redx

The Directors of Redx and their respective functions are as follows:

<i>Directors</i>	<i>Position</i>
Iain Ross	Non-Executive Chairman
Lisa Anson	Chief Executive Officer
Dr. James Mead	Chief Financial Officer
Dr. Bernhard Kirschbaum	Non-Executive Director
Peter Presland	Non-Executive Director

#### 4. Directors' Interests

4.1 As at 2 January 2020 (being the latest practicable date prior to the publication of this Document) and, subject to and immediately following Admission, the interests of the Directors, their immediate families and persons connected with the Directors (within the meaning of sections 252-255 of the Act) (all of which are beneficial unless otherwise stated) in the issued share capital of the Company are as follows:

<i>Name</i>	<i>As at 2 January 2020</i>		<i>On Admission<sup>1</sup></i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares</i>
Iain Ross	600,000	0.47	600,000	0.34
Lisa Anson	0	0	0	0
Dr. James Mead	0	0	0	0
Dr. Bernhard Kirschbaum	50,000	0.04	50,000	0.03
Peter Presland	120,000	0.09	120,000	0.07

1. Assuming no further issue of Ordinary Shares, save for the Capitalisation Shares.

- 4.2. In addition to the interests of the Directors set out above, the following options over Ordinary Shares have been granted to the Directors and are in force as at 2 January 2020 (being the latest practicable date prior to the publication of this Document):

<i>Name</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise Price (Pence)</i>	<i>Vesting Date</i>
Lisa Anson	600,000	13.75	4th June 2018
Lisa Anson	600,000	20	4th June 2018
Lisa Anson	600,000	27	4th June 2019
Lisa Anson	600,000	35	4th June 2019
Lisa Anson	600,000	42.5	4th June 2020
Lisa Anson	600,000	50	4th June 2020
Dr. James Mead	200,000	13.75	13th February 2019
Dr. James Mead	200,000	20	13th February 2019
Dr. James Mead	200,000	27	13th February 2020
Dr. James Mead	200,000	35	13th February 2020
Dr. James Mead	200,000	42.5	13th February 2021
Dr. James Mead	200,000	50	13th February 2021

## 5. Directors' Service Contracts

- 5.1 The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to each Director by the Group for services in all capacities to the Group in respect of the financial year ended 30 September 2019, together with total amounts set aside or accrued by the Group to provide pension, retirement or similar benefits to each Director, were as follows:

<i>Name of Director</i>	<i>Remuneration and Benefits in kind (£'000)</i>	<i>Pension Benefits (£'000)</i>
Iain Ross	80,000	nil
Lisa Anson	390,000	26,362
Dr. James Mead	96,667	4,883
Dr. Bernhard Kirschbaum	46,000	nil
Peter Presland	45,000	nil

- 5.2 The details of the Directors' service contracts or appointment letters, all of which are between each individual Director and Redx, are as follows. Save as disclosed, none of the Directors' service contracts have been amended during the past six months:

(a) *Iain Ross*

Mr Ross is engaged as a non-executive Director and Chairman of the Company pursuant to the terms of a letter of appointment dated 18th April 2017. The appointment was for an initial period of 3 years, is continuing on the same basis and may be terminated by either party giving to the other 6 months' written notice. The appointment will terminate immediately if he breaches the terms of his appointment, or he is incompetent, guilty of gross misconduct and/or any serious or persistent negligence. Mr Ross receives fees of £80,000 per annum (plus VAT if applicable), subject to annual review by the Board. The Company will also reimburse Mr Ross for all expenses reasonably incurred in the proper performance of his duties.

(b) *Lisa Anson*

Ms Anson is engaged as the Chief Executive Officer of the Company and entered into a service agreement with the Company dated 23rd April 2018. The agreement may be terminated by either party giving to the other not less than 6 months' written notice or the Company may terminate the employment by making a payment in lieu of notice. Ms Anson's basic salary is £300,000 per annum, subject to annual review. Ms Anson is also entitled to receive a discretionary bonus of up to 100 per cent. of annual salary from time to time. Ms Anson is eligible to participate in the Group

pension scheme to which the Company makes contributions of 10 per cent. of her salary. She also has the benefit of private health insurance (for Ms Anson and her family) and critical illness cover and is entitled to life assurance cover equal to 4 times base salary. Ms Anson is entitled to 30 days paid holiday in each calendar year in addition to statutory holidays.

(c) *Dr. James Mead*

Dr. Mead is the Chief Financial Officer of the Company and entered into a service agreement with the Company dated 16th November 2018. The agreement may be terminated by either party giving to the other 6 months' written notice or the Company may terminate the employment by making a payment in lieu of notice. Dr Mead's basic salary is £145,000 per annum. Dr. Mead is also entitled to receive a discretionary bonus of up to 50 per cent. of his annual salary from time to time. Dr. Mead is eligible to participate in the Group pension scheme to which the Company makes contributions of 5 per cent. of his salary. He is entitled to life assurance cover equal to 4 times his base salary. Dr. Mead is entitled to 25 days paid holiday in each calendar year in addition to statutory holidays.

(d) *Dr. Bernhard Kirschbaum*

Dr. Kirschbaum is engaged as a non-executive Director of the Company pursuant to the terms of a letter of appointment dated 1st December 2015. The appointment was for an initial period of 3 years, is continuing on the same basis and may be terminated by either party giving to the other 1 months' written notice. The appointment will terminate immediately if he breaches the terms of his appointment, or he is incompetent, guilty of gross misconduct and/or any serious or persistent negligence. Dr. Kirschbaum receives fees of £46,000 per annum (plus VAT if applicable), subject to annual review by the Board. The Company will also reimburse Dr. Kirschbaum for all expenses reasonably incurred in the proper performance of his duties.

(e) *Peter Presland*

Mr Presland is engaged as a non-executive Director of the Company pursuant to the terms of a letter of appointment dated 19th September 2017. The appointment was for an initial period of 3 years, is continuing on the same basis and may be terminated by either party giving to the other 3 months' written notice. The appointment will terminate immediately if he breaches the terms of his appointment, or he is incompetent, guilty of gross misconduct and/or any serious or persistent negligence. Mr Presland receives fees of £45,000 per annum (plus VAT if applicable), subject to annual review by the Board. The Company will also reimburse Mr Presland for all expenses reasonably incurred in the proper performance of his duties.

## 6. Material Contracts

The following contracts are all the material contracts (not being contracts entered into in the ordinary course of business) which have been entered into within the two years prior to the date of this Document by members of the Group:

(a) **Irrevocable undertakings**

- (i) Irrevocable undertakings dated 3 January 2020 have been entered into between the Company and each of the Directors who hold Existing Ordinary Shares pursuant to which each Director has agreed, *inter alia*, to vote in favour of the Resolutions in respect of the Existing Ordinary Shares held by them.
- (ii) An irrevocable undertaking dated 3 January 2020 has been entered into between the Company and MGL pursuant to which MGL has agreed, *inter alia*, to vote in favour of the Resolutions in respect of the Existing Ordinary Shares held by them (save that MGL cannot and will not vote on Resolution 3).

(b) **The Loan**

In connection with the Loan, the following agreements were entered into (and further details of which are set out in Part II of this Document):

- (i) the Loan Agreement dated 10 June 2019 between MGL and the Company pursuant to which MGL subscribed for the Loan Notes and the Company agreed to issue the Loan Notes to MGL;
- (ii) the Loan Notes issued by the Company on and dated 10 June 2019 (in the principal amount of £1 million) and 13 November 2019 (in the principal amount of £1.5 million) evidencing the amount of the Loan drawn-down by the Company;
- (iii) the Security Agreement dated 10 June 2019 and entered into between MGL (as Security Agent) and each of the Company, Redx Oncology Limited, Redx Immunology Limited and Redx Anti-Infectives Limited (together the “Redx Charging Companies”) pursuant to which each of the Redx Charging Companies granted security for the Loan in the form of fixed and floating charges over substantially all of their business and assets;
- (iv) the Amendment Letter dated 30 September 2019 between MGL and the Company pursuant to which certain amendments were made to the terms of the Loan Notes; and
- (v) the Second Amendment Letter dated 11 November 2019 between MGL and the Company pursuant to which certain further amendments were made to the terms of the Loan Notes.

(c) **Property Lease**

On 27 February 2019, the following agreements were entered into in connection with the Company’s lease to its business premises at Alderley Park:

- (i) an agreement to surrender between the Company and Alderley Park Limited pursuant to which the Company agreed to surrender to Alderley Park Limited all its title and interest in its lease for (i) the second floor, Block 3, Mereside Park and (ii) part of the ground floor, Block 33, Mereside Park, due to such premises being surplus to the Company’s space requirements. In consideration for Alderley Park Limited accepting the surrender the Company agreed to make various payments to Alderley Park Limited, including payments on account of rent, service charge and utilities for the period ending on 30 September 2020;
- (ii) a deed of surrender in relation to the Company’s lease for the second floor, Block 3, Mereside Park between the Company and Alderley Park Limited pursuant to which the Company surrendered to Alderley Park Limited all of the Company’s title and interest in the Company’s lease for the second floor, Block 3, Mereside Park;
- (iii) a second deed of surrender in relation to the Company’s lease for part of the ground floor, Block 33, Mereside Park between the Company and Alderley Park Limited pursuant to which the Company surrendered to Alderley Park Limited all of the Company’s title and interest in the Company’s lease for part of the ground floor, Block 33, Mereside Park; and
- (iv) a warrant instrument between the Company and Alderley Park Limited pursuant to which the Company granted warrants to Alderley Park Limited to subscribe for 750,000 Ordinary Shares. Warrants over 250,000 Ordinary Shares vested on 27 February 2019 and the exercise price per Ordinary Share in respect of these warrants is 13.75 pence (as to 125,000 warrants) 20 pence (as to 125,000 warrants). Warrants over 250,000 Ordinary Shares vest on 27 February 2020 and the exercise price per Ordinary Share in respect of these warrants is 27 pence (as to 125,000 warrants) and 35 pence (as to 125,000 warrants). Warrants over 250,000 Ordinary Shares vest on 27 February 2021 and the exercise price per Ordinary Share in respect of these warrants is 42.5 pence (as to 125,000 warrants) and 50 pence (as to 125,000 warrants). The warrants become exercisable on 27 February 2021 or, if earlier, following a takeover offer or other transaction which results in a third party obtaining control of the majority of the voting rights attaching to the Company’s Ordinary Shares or a transaction or series of transactions resulting in the sale or transfer of the whole or the majority of the business or assets of the Company (a “Change of Control Event”). Only vested warrants can be exercised. The warrants lapse and cease to be exercisable on 26 February 2029 or 14 days after a Change of Control Event. per cent. The warrants are not transferrable except to companies in the same group as Alderley Park Limited. The warrant instrument also contains standard adjustment provisions whereby the number of Ordinary Shares subject to the warrants and/or the exercise price may be adjusted in certain circumstances, including where there has been a consolidation or sub-division of Ordinary Shares.



(d) **WG Partners Engagement Letter**

In connection with the Rule 9 Waiver, the Company and WG Partners entered into an engagement letter dated 19 September 2019 pursuant to which WG Partners agreed to provide financial advisory services in relation to the Rule 9 Waiver. The Company has, pursuant to the engagement letter, agreed to pay a fee to WG Partners on completion of the engagement.

**7. General**

- 7.1 WG Partners is registered in England and Wales (with number OC369354) and has its principal place of business at 85 Gresham Street, London, EC2V 7NQ. WG Partners has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its advice herein and the references to its name in the form and context in which they are included.
- 7.2 Cantor Fitzgerald is registered in England and Wales (with number 2505767) and has its registered office at 5 Churchill Place, London E14 5HU. Cantor Fitzgerald has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its advice herein and the references to its name in the form and context in which they are included.

**8. No significant change**

There has been no known significant change in the financial or trading position of the Group since 31 March 2019, being the end of the period covered by the Group's latest published unaudited interim financial statements, incorporated by reference in Part V of this Document, save for the fact that the Company entered into the Loan on 10 June 2019 and received a \$3.5 million upfront cash payment on 10 July 2019 following the sale of its pan-RAF inhibitor programme to Jazz Pharmaceuticals plc. These two items have been the principal enablers of the extension of the Company's cash runway through to the end of March 2020, as described in paragraph 6 of Part I of this Document.

**9. Market quotations**

The following table shows the closing middle market quotations of Existing Ordinary Shares, as derived from the Daily Official List of the London Stock Exchange on the first business day of each of the six months immediately before the date of this Document and on 2 January 2020 (being the latest practicable date prior to the posting of this Document).

<i>Date</i>	<i>Price per Ordinary Share (pence)</i>
2 January 2020	8.00
2 December 2019	7.00
1 November 2019	7.25
1 October 2019	8.00
2 September 2019	9.75
1 August 2019	11.25
1 July 2019	6.25



## **10. Additional disclosure required by the Takeover Code**

Defined terms used in this paragraph 9 of Part IV shall have the meaning given to them in paragraph 5.1 of Part III. As at the close of business on the disclosure date, save as disclosed elsewhere in this Document:

- (a) none of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had an interest in or a right to subscribe for, or had any short position in relation to, any relevant Redx securities;
- (b) no associate of Redx had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Redx securities;
- (c) no pension fund of Redx or of an associate of Redx had any interest in or right to subscribe for, or had any short position in relation to, any relevant Redx securities;
- (d) no employee benefit trust of Redx or of an associate of Redx had any interest in or right to subscribe for, or had any short position in relation to, any relevant Redx securities;
- (e) no connected adviser to Redx or to an associate of Redx or to a person acting in concert with Redx, nor any person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or exempt fund manager) had any interest in or right to subscribe for, or had any short position in relation to, any relevant Redx securities;
- (f) neither Redx nor any of the Directors (including any members of such directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant MGL securities, nor has any such person dealt in any relevant MGL securities during the disclosure period;
- (g) Redx has not redeemed or purchased any relevant Redx securities during the disclosure period;
- (h) there were no arrangements which existed between Redx or any person acting in concert with Redx and any other person; and
- (i) neither Redx nor any person acting in concert with Redx had borrowed or lent any relevant Redx securities, save for any borrowed shares which have either been on-lent or sold.

## **11. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekdays (Saturdays, Sundays and public holidays excepted) at the Company's registered office, Block 33, Mereside, Alderley Park, Macclesfield, SK10 4TG and the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH and may be viewed on the Company's website (<http://www.redxpharma.com/>), until Admission:

- (a) the Articles of Association;
- (b) the consent letters referred to in paragraph 7 of this Part IV;
- (c) the audited consolidated accounts of the Group for the two financial years ended 30 September 2018 and 30 September 2017 and the unaudited interim financial statements for the six month period ended 31 March 2019;
- (d) the irrevocable undertakings from the Directors;
- (e) the irrevocable undertaking from MGL as described in paragraph 6(a)(ii) of this Part IV;
- (f) the material contracts as described in paragraphs 6(b) to 6(d) of this Part IV; and
- (g) this Document.

## PART V

### FINANCIAL INFORMATION INCORPORATED BY REFERENCE

As required under the rules of the Takeover Code the information listed below relating to Redx is hereby incorporated by reference into this Document and available on the Company's website at [www.redxpharma.com](http://www.redxpharma.com).

The Annual Report and Accounts of Redx for the two years ended 30 September 2018 and 30 September 2017 and the unaudited interim financial statements for the six months ended 31 March 2019 are available in "read-only" format and can be printed from the Redx website.

If you are reading this Document in hard copy, please enter the above web address in your web browser to be brought to the relevant documents. If you are reading this document in soft copy, please click on the web address above to be brought to the relevant documents.

Redx will provide without charge, to each person to whom a copy of this Document has been delivered, upon their written or verbal request, a copy of this Document and any documents incorporated by reference in this Document. Hard copies of any documents incorporated by reference in this Document will not be provided unless such a request is made. Requests for hard copies of any such document should be directed to: the company secretary at Redx Pharma plc, Block 33, Mereside, Alderley Park, Macclesfield, SK10 4TG, UK or by telephone on +44 (0) 1625 469 900, on business days (i.e. Monday to Friday) between 9.00 a.m. and 5.00 p.m.

<i>No.</i>	<i>Information incorporated by reference</i>	<i>Source of information</i>
1.	Turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, the amount absorbed by dividends per share for Redx for the two years ended 30 September 2018 and 30 September 2017 and for the six months ended 31 March 2019	Redx Annual Report & Accounts 2018, Consolidated Statement of Comprehensive Income on page 43 and dividend information on page 29.  Redx Annual Report & Accounts 2017, Consolidated Statement of Comprehensive Income on page 33 and dividend information on page 19.  Interim results for the six months ended 31 March 2019, Consolidated Statement of Comprehensive Income on page 5.
2.	A statement of the assets and liabilities shown in the audited accounts for Redx for the two years ended 30 September 2018 and 30 September 2017 and for the six months ended 31 March 2019	Redx Annual Report & Accounts 2018, Consolidated Statement of Financial Position, on page 44.  Redx Annual Report & Accounts 2017, Consolidated Statement of Financial Position, on page 34.  Interim results for the six months ended 31 March 2019, Consolidated Statement of Financial Position on page 7.
3.	A cash flow statement as provided in the audited accounts for Redx for the two years ended 30 September 2018 and 30 September 2017 and the six months ended 31 March 2019	Redx Annual Report & Accounts 2018, Consolidated Statement of Cash Flows, on page 46.  Redx Annual Report & Accounts 2017, Consolidated Statement of Cash Flows, on page 36.  Interim results for the six months, ended 31 March 2019, Consolidated Statement of Cash Flows, on page 9.

<i>No.</i>	<i>Information incorporated by reference</i>	<i>Source of information</i>
4.	Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures	<p data-bbox="805 201 1410 280">Redx Annual Report &amp; Accounts 2018, the Notes to the Financial Statements on pages 47 to 66.</p> <p data-bbox="805 280 1410 358">Redx Annual Report &amp; Accounts 2017, Notes to the Financial Statements on pages 37 to 58.</p> <p data-bbox="805 358 1410 459">Interim results for the six months ended 31 March 2019, Notes to the Financial Statements on pages 10 to 17.</p> <p data-bbox="805 459 1410 537">Information in relation to 1, 2, 3 and 4 above has not been published in an inflation adjusted form.</p>

**NOTICE OF GENERAL MEETING**

**REDX PHARMA PLC**

*(Incorporated and registered in England and Wales with registered number 7368089)*

NOTICE IS HEREBY GIVEN that a General Meeting of Redx Pharma plc (the “**Company**”) will be held at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH at 11.00 a.m. on 21 January 2020 for the purpose of considering and, if thought fit, passing the following Resolutions, of which Resolutions 1 and 3 will be proposed as ordinary resolutions and Resolution 2 will be proposed as a special resolution. Resolution 3 will be taken on a poll of Independent Shareholders as required by the City Code on Takeovers and Mergers.

In this Notice words and defined terms shall have the same meanings as words and defined terms in the Document to which this Notice is attached.

**ORDINARY RESOLUTION**

1. THAT, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act (in addition to all existing authorities conferred upon the Directors pursuant to section 551 of the Act, which shall continue in full force and effect), to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or convert any security into such shares (all of which transactions are hereafter referred to as an allotment of “Relevant Securities”) up to an aggregate nominal value of £520,307.89 in connection with the Capitalisation, provided that such authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) 18 months after the date of the passing of this Resolution, but the Company may before such expiry, revocation or variation make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry, revocation or variation and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired or been revoked or varied.

**SPECIAL RESOLUTION**

2. THAT, subject to and conditional only on the passing of Resolution 1 above, (and in addition to all existing unexercised powers of the Directors under sections 570 and 571 of the Act, which shall continue in full force and effect) the Directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash 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 such power shall:
  - (a) be limited to the allotment of equity securities up to an aggregate of £520,307.89 in nominal value in connection with the Capitalisation; and
  - (b) subject to the continuance of the authority conferred by Resolution 1 above, expire (unless previously renewed, varied or revoked by the Company in general meeting) 18 months after the date of the passing of this Resolution save that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted after such expiry, revocation or variation and the Directors may allot equity securities in pursuance of such offer or agreement as if such power hereby conferred had not expired or been revoked or varied.

### **ORDINARY RESOLUTION**

3. THAT, the waiver granted by the Panel on Takeovers and Mergers of the obligations which would otherwise arise on MGL (as set out in the circular to which this Notice is attached) to make a general offer to the Shareholders of the Company pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the issue to them of New Ordinary Shares in the Company pursuant to the Capitalisation (as defined and described in the circular to which this Notice is attached) be and is hereby approved.

BY ORDER OF THE BOARD

**Andrew Booth**  
*Company Secretary*

Dated: 3 January 2020

*Registered office:*  
Block 33, Mereside  
Alderley Park  
Macclesfield  
SK10 4TG

## Notes

1. A form of proxy is enclosed for your use.
2. A member of the Company entitled to attend and vote at the General Meeting may appoint one or more proxies to exercise all or any of his rights to attend, to speak and to vote on his/her behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her. Each such proxy will have the right to vote on a poll in respect of the number of votes attaching to the number of shares in respect of which the proxy has been appointed. Where more than one joint member purports to appoint a proxy in respect of the same shares, only the appointment by the most senior member will be accepted, as determined by the order in which their names appear in the Company's register of members. 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. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a duly certified copy of that power or other authority (if any), must be completed, signed and deposited with the Company's registrars, Equiniti Limited, in the envelope provided to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, by no later than 11.00 a.m. on 17 January 2020 (or not less than 48 hours before the time of any adjourned meeting), or, in the case of a poll taken more than 48 hours after the date of the meeting (or adjourned meeting), not less than 24 hours before the time appointed for the taking of the poll. Members who intend to appoint more than one proxy can obtain additional forms of proxy from Equiniti Limited. 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. If you are a CREST member, see note 6 below.
3. An abstention option has been included on the form of proxy. The legal effect of choosing the abstention option on any resolution is that the member 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. Completion of a form of proxy or any CREST Proxy Instruction (as defined below) will not preclude a member from attending and voting in person at the meeting or any adjournment thereof should he/she wish to do so.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders registered in the register of members of the Company as at 6.30 p.m. on 17 January 2020 or, in the event that the meeting is adjourned, in the register of members of the Company not less than 48 hours before the time of the adjourned meeting, shall be entitled to attend and vote (whether in person or by proxy) at the General Meeting in respect of the number of shares registered in their name at the relevant time. Subsequent changes to entries in the register of members 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).
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held at 11.00 a.m. on 21 January 2020 at the offices of Covington & Burling LLP, 265 Strand, London WC2R 1BH and any adjournment(s) thereof by using the procedures described in the CREST Manual available via [www.euroclear.com](http://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 sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

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 Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual available via [www.euroclear.com](http://www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Company's agent, Equiniti Limited (CREST Participant ID: RA19), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company'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 proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited 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) take(s)) 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 sponsor or voting service provider 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.

7. Any corporation that is a member can appoint one or more corporate representatives who have one vote each on a show of hands and otherwise may exercise on its behalf all of its powers as a member provided that they do not do so in different ways in relation to the same shares.
8. Members, proxies and authorised representatives will be required to provide their names and addresses for verification against the register of members and proxy appointments received by the Company before entering the meeting. Each authorised representative must produce proof of his or her appointment, in the form of the actual appointment or a certified copy. Other than this, there are no procedures with which any such persons must comply in order to attend and vote at the meeting.
9. Members, proxies and authorised representatives may raise questions at the meeting concerning the business being dealt with at the meeting and will receive answers, except that a question need not be answered where it would interfere unduly with the

conduct of the meeting, would involve the disclosure of confidential information, where the answer has already been given on a website in the form of an answer to a question or where it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

**Communication**

10. You may not use any electronic address (within the meaning of Section 333(4) of the Act) provided in this Notice of Meeting (or in any related documents including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

