

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or from an appropriately authorised independent financial adviser if you are in a territory outside the UK.**

Copies of this Document are being sent to Shareholders. If you have sold or otherwise transferred all of your ReGen Ordinary Shares please forward this Document and the accompanying Form of Proxy at once to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or transferred part only of your holding in ReGen Ordinary Shares you should retain this Document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Unless otherwise stated, defined terms in this Document have the meanings given to them in the Section entitled "Definitions".

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

All of the issued NewCo Shares are to be transferred to Shareholders and no NewCo Shares have been marketed to, nor are any available for purchase, in whole or in part, by the public in the UK or elsewhere in connection with the Demerger.

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## **REGEN THERAPEUTICS PLC**

(to be renamed Alexander David Investments PLC)

*(Incorporated in England and Wales with registered number 3508592)*

### **Proposals relating to the Demerger of ReGen Business, Reduction of Capital, Adoption of Investing Policy, Placing, Change of Name and Notice of General Meeting**

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This Document has been prepared in connection with the demerger of the ReGen Business from ReGen and, unless the context otherwise requires, assumes that the resolutions proposed in connection with the Demerger which are set out in the notice of General Meeting at the end of this Document will be passed and that the Demerger is effected.

This Document does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security. **This Document does not constitute a prospectus or prospectus equivalent document.**

You are recommended to read the whole of this Document but your attention is drawn, in particular, to the letter to Shareholders from the Chairman of ReGen recommending that you vote in favour of the Proposals set out in this Document.

**Notice of a General Meeting of ReGen, to be held at the offices of Bird & Bird LLP, 15 Fetter Lane, London EC4A 1JP at 11.00 a.m. on 28 January 2011, is set out at the end of this Document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 11.00 a.m. on 26 January 2011. Completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting in person at the General Meeting.**

Some of the statements in this Document about ReGen and NewCo include forward-looking statements which reflect the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue", and similar statements are of a future or forward-looking nature. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause ReGen's and NewCo's actual performance to differ materially from that indicated in these statements. Any forward-looking statements in this Document reflect the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to ReGen's and NewCo's operations, results of operations, growth strategy and liquidity. These forward-looking statements speak only as of the date of this Document. Subject to any obligations under the AIM Rules, ReGen undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to ReGen and/or NewCo are expressly qualified in their entirety by this paragraph.

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	12 January 2011
Latest Time and Date for Receipt of Forms of Proxy for the General Meeting	11.00 a.m. on 26 January 2011
General Meeting	11.00 a.m. on 28 January 2011
Last day of dealings in ReGen Ordinary Shares on AIM cum entitlement to participate in the Demerger	10 February 2011
Record Time for the purposes of determining the Shareholders entitled to participate in the Demerger and the grant of New Warrants	6.00 p.m. on 14 February 2011
Bonus Issue	15 February 2011
Court hearing to confirm Reduction of Capital	16 February 2011
Reduction of Capital becomes effective	17 February 2011
Expected date of the Demerger	18 February 2011
Change of name of ReGen Therapeutics Plc to Alexander David Investments Plc	18 February 2011
CREST accounts credited with NewCo Shares	18 February 2011
Posting of share certificates for the NewCo Shares to certificated Shareholders	By 8 March 2011
Posting of warrant certificates for the New Warrants to Shareholders	By 8 March 2011

**Notes:**

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory Information Service.

All times shown in this Document are UK times unless otherwise stated.

These times and dates are indicative only and will depend, among other things, on the date on which the Court sanctions the Reduction of Capital.

## DEFINITIONS

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

<b>“Act”</b>	the Companies Act 2006.
<b>“Alexander David”</b>	Alexander David Securities Limited.
<b>“ADS Warrant”</b>	the warrant over 29.9 per cent. of the enlarged issued share capital of the Company immediately following completion of the Proposals as described on page 14 of this Document.
<b>“AIM”</b>	a market operated by the London Stock Exchange plc.
<b>“AIM Rules”</b>	the rules for AIM companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM.
<b>“Articles”</b>	the Articles of Association of the Company.
<b>“‘B’ Ordinary Shares”</b>	the ‘B’ ordinary shares of 2.8 pence each in the capital of the Company to be issued to Shareholders by way of a Bonus Issue, carrying the rights and restrictions summarised in Part III of this Document.
<b>“Board”</b>	the Board of Directors of ReGen.
<b>“Bonus Issue”</b>	the proposed capitalisation of amounts standing to the credit of the Share Premium Account into ‘B’ Ordinary Shares to be issued to Shareholders on the basis of one ‘B’ Ordinary Share for each existing ReGen Ordinary Share held at the Record Time.
<b>“Business Day”</b>	a day (other than a Saturday or Sunday) on which banks are open for business in London.
<b>“Capita Registrars”</b>	a trading name of Capita Registrars Limited.
<b>“Colostrinin<sup>TM</sup>”</b>	ReGen’s proprietary proline-rich polypeptide complex derived from colostrum.
<b>“Company” or “ReGen”</b>	ReGen Therapeutics Plc and, after the Demerger, Alexander David Investments PLC.
<b>“Court”</b>	the High Court of Justice of England and Wales.
<b>“Court Order”</b>	the order of the Court confirming the Reduction of Capital.
<b>“CREST”</b>	the computerised settlement system used to facilitate the transfer of title to shares in uncertificated form operated by Euroclear.
<b>“Demerger”</b>	the demerger of the ReGen Business from the Company to be implemented pursuant to a reduction of capital of the Company under Section 641 of the Companies Act 2006.
<b>“Directors”</b>	the directors of the Company at the date of this Document, as detailed on page 6 of this Document.
<b>“Document”</b>	this circular.
<b>“Form of Proxy”</b>	the form of proxy enclosed with this Document to be used by Shareholders in connection with the General Meeting.

<b>“GCPUL”</b>	Guildford Clinical Pharmacology Unit Limited.
<b>“General Meeting”</b>	the general meeting of the Company, notice of which is set out at the end of this Document, convened for 11.00 a.m. on 28 January 2011, and any adjournment thereof.
<b>“Hearing Date”</b>	the date on which the Court Order confirming the Reduction of Capital is made.
<b>“Interim Placing”</b>	the fundraising by way of a placing of ReGen Ordinary Shares to raise £55,000 prior to the Demerger, as described in this Document.
<b>“Investment Committee”</b>	the committee of the Board constituted to approve and manage investments in accordance with the Investing Policy.
<b>“Investing Company”</b>	a company which has as its primary business and objective, the investing of its funds in securities, businesses or assets of any description, as defined by AIM Rule 15.
<b>“Investing Policy”</b>	the investing policy the Company will follow as set out on pages 10 and 11 of this Document.
<b>“London Stock Exchange”</b>	London Stock Exchange plc.
<b>“NewCo”</b>	ReGen NewCo Limited, and, after the Demerger, to be re-named ReGen Therapeutics Limited.
<b>“NewCo Shares”</b>	the ordinary shares of £0.001 each in the capital of NewCo.
<b>“New Warrants”</b>	the warrants over ReGen Ordinary Shares to be granted in connection with the Placing and to Shareholders (as described on pages 13 and 14 of this Document).
<b>“Overseas Shareholders”</b>	Shareholders with registered addresses outside the UK or who are citizens or residents of countries outside the UK.
<b>“Placing”</b>	the conditional fundraising by way of a placing of ReGen Ordinary Shares to raise £1,500,000 immediately following the Demerger, as described in this Document.
<b>“Placing Price”</b>	0.5 pence per ReGen Ordinary Share, being the issue price of the new ReGen Ordinary Shares pursuant to the Interim Placing and the Placing.
<b>“Proposed Directors”</b>	the proposed directors of the Company after the Demerger, as set out on page 12 of this Document.
<b>“Proposals”</b>	the proposals detailed in this Document relating to the Demerger including the Bonus Issue, Demerger, the Reduction of Capital, the adoption of the Investing Policy, the proposed change of name to Alexander David Investments PLC and the Placing.
<b>“Record Time”</b>	the time and date for the purposes of determining the Shareholders entitled to participate in the Demerger and to receive New Warrants, being 6.00 p.m. on 14 February 2011 (or such later date as the Board may determine).
<b>“Reduction of Capital”</b>	the proposed reduction of capital of the Company under the Companies Act 2006, as described in this Document.

<b>“ReGen Business”</b>	the manufacture, sale and distribution of Colostrinin™ and all rights and assets related thereto owned by ReGen and its subsidiaries together with all rights and assets owned by ReGen and its subsidiaries in relation to zolpidem.
<b>“ReGen Deferred A Shares”</b>	the deferred A shares of 4.9 pence each in the capital of the Company.
<b>“ReGen Deferred B Shares”</b>	the deferred B shares of 9.99 pence each in the capital of the Company.
<b>“ReGen Options”</b>	the options to subscribe for ReGen Ordinary Shares in existence at the date of this Document.
<b>“ReGen Ordinary Shares”</b>	the ordinary shares of 0.01 pence each in the capital of the Company.
<b>“ReGen Register”</b>	the register of members of ReGen.
<b>“ReGen Warrants”</b>	the warrants to subscribe for ReGen Ordinary Shares in existence at the date of this Document.
<b>“Registrars”</b>	the share registrar of the Company being Capita Registrars.
<b>“Regulatory Information Service”</b>	one of the regulatory information services authorised by the Financial Services Authority to receive, process and disseminate regulatory information in respect of listed companies.
<b>“Resolutions”</b>	the resolutions set out in the notice of General Meeting at the end of this Document and ‘Resolution’ shall mean any one of them as appropriate.
<b>“Shareholders”</b>	holders of ReGen Ordinary Shares.
<b>“Share Premium Account”</b>	the share premium account of the Company.
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland.
<b>“zolpidem”</b>	a prescription medication used for the short-term treatment of insomnia.

**PART I**  
**LETTER FROM THE CHAIRMAN**

**REGEN THERAPEUTICS PLC**  
*(Incorporated in England and Wales with registered number 3508592)*

*Directors:*

Percy Lomax *(Executive Chairman)*  
Norman Lott *(Finance Director)*  
Timothy Shilton *(Development Director)*  
Martin Small *(New Projects Director)*  
Peter Garrod *(Non-Executive Director)*

*Registered Office:*  
73 Watling Street  
London EC4M 9BJ

12 January 2011

*To Shareholders and holders of ReGen Options and ReGen Warrants*

Dear Shareholder

**Proposed Demerger of the ReGen Business, Reduction of Capital, Adoption of Investing Policy, Placing, Change of Name and Notice of General Meeting**

**1. Introduction**

As announced today, ReGen proposes to demerge its existing business into a new company and transfer the shares of that new company to the Shareholders. ReGen will then become an Investing Company.

The Demerger will allow Shareholders to hold shares in two distinct entities with separate strategic, capital and economic characteristics and management teams:

- ReGen Therapeutics Plc (to be renamed Alexander David Investments PLC) will be an Investing Company (whose shares are traded on AIM) which will target investment opportunities predominately in basic resources and the oil and gas sectors.
- ReGen NewCo Limited (to be renamed ReGen Therapeutics Limited), (whose shares are intended to be traded on JP Jenkins) shall carry on the business of the manufacture and sale of Colostrinin™.

The Demerger will constitute a fundamental change of business of the Company which, under Rule 15 of the AIM Rules, requires Shareholder approval. Accordingly, in accordance with the AIM Rules and the Act, the Company is required to send a circular to Shareholders setting out the reasons for, and principal terms of, the Demerger. This Document also provides details of the proposed Reduction of Capital, Investing Policy and Placing, and seeks Shareholders' approval for the Demerger, the Reduction of Capital, the adoption of the Investing Policy and issue of new ReGen Ordinary Shares pursuant to the Placing.

The purpose of this Document is to:

- explain the background to and reasons for the Proposals;
- explain why the Board believes the Proposals are in the best interests of Shareholders and why it unanimously supports the Proposals;
- explain the Proposals and the Resolutions to be put to Shareholders at the General Meeting; and

- recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting to be held at 11.00 am at the offices of Bird & Bird LLP, 15 Fetter Lane, London EC4A 1JP on 28 January 2011 and which are set out in the notice of General Meeting at the end of this Document.

**Should the Proposals not be approved by Shareholders and/or the Court or should the Company not be able to successfully raise funding in the manner described in this Document, the Board would need to explore urgently other financing opportunities for the Company including possible third party finance. Should the Company not raise such third party finance, there is a significant risk that the Company would need to cease trading.**

If the Demerger is completed, the table below summarises the Shareholders' shareholding position by way of an example using a holding of 1,000 ReGen Ordinary Shares:

	<i>ReGen*</i>	<i>New Warrants**</i>	<i>NewCo</i>
Market on which shares are tradeable	AIM	Unlisted	J.P. Jenkins
Shareholding before Demerger	1,000	0	0
Shareholding after Demerger	1,000	100	1,000

\* to be renamed Alexander David Investments Plc after the Demerger

\*\* New Warrants are exercisable at 0.5 pence per ReGen Ordinary Share

## **2. Demerger of ReGen Business**

### **2.1 *Background to and Reasons for the Demerger***

Since its incorporation in 1998, ReGen has striven to generate revenue from Colostrinin™. Initially Colostrinin™ was developed as a pharmaceutical compound to treat Alzheimer's disease. A successful pharmaceutical product of this nature may have generated significant returns for Shareholders.

Efficacy had been shown in a number of trials but most importantly RG-010, a double blind trial to Western European standards carried out in Poland, showed a statistically significant effect in Alzheimer's disease. Unfortunately, it became apparent that as a consequence of its complex nature, Colostrinin™ could not be characterised and therefore produced to the exacting standards demanded for a pharmaceutical product.

As a consequence of the inability to produce a pharmaceutical standard product the Company set out in 2003 to develop a nutraceutical business armed with convincing clinical data. The first licensing deal was signed in 2006 and the product was first marketed in Australia in July 2007 and in the US in October 2007. Since then the product has been marketed and sold in Cyprus, Poland, UK, Turkey and India. However, the sales of the product have not been at the level anticipated for a pharmaceutical or even the Company's initial expectations for a nutraceutical.

The Board has also tried to diversify and add other operations to its portfolio. These include GCPUL and Sciencom Limited, the latter owning certain rights in relation to zolpidem. However, neither has generated any profit and were a significant drain on ReGen's cash resources. GCPUL has now been closed and we currently have no potential licensees for our rights in relation to zolpidem.

The initial set up of the Company at the time of its flotation on AIM had been as a significant business with all the required non-executive directors and staffing levels. The Directors reacted in 2007/8 to the oncoming financial crisis and lowered its expectations of revenues from Colostrinin™ by reducing the Company's size and payroll. The total cash spend of the Company in 2009 was less than payroll costs in 2001 and nearly £2,000,000 lower in total expenditure than in 2007. The ReGen Ordinary Shares, however, are still admitted to trading on AIM, which requires the services of a nominated adviser, broker and significant legal and accounting advice and the current revenue generated by the Company from Colostrinin™ does not form the basis for a sustainable business for a publicly traded company.



Despite some encouraging recent developments in sales and potential sales, the Board has given much consideration to the likely results of the business going forward, and concluded that Shareholder interests would ultimately be better served by a different business model. Accordingly, the Board considered alternative options for the Company including a proposal made by the Company's broker, Alexander David, to change the business of the Company to that of an Investing Company, i.e. a company which has as its primary business, the investing of its funds in securities, business or assets, but to also maintain the ReGen Business in another more cost effective corporate entity.

The Board believes that, given the current financial and trading position of the Company, the proposal to change the business of the Company to that of an Investing Company is in the best interests of the Shareholders as a whole.

To achieve this change of business it is proposed to demerge the ReGen Business into a newly incorporated private limited company, with the shares in that company being transferred to the Shareholders.

## 2.2 ***Summary of the Demerger***

The Demerger will be effected by taking the following steps:

- the transfer of the ReGen Business to NewCo in consideration for which NewCo will issue NewCo Shares to ReGen. This step has already been effected;
- a bonus issue of 'B' Ordinary Shares to Shareholders on a one for one basis (*see further below*); and
- following a reduction of ReGen's share capital (in accordance with the Act), Shareholders who are on the ReGen Register at the Record Time will receive:

### ***One NewCo Share for each ReGen Ordinary Share***

Shareholders will also continue to hold their existing ReGen Ordinary Shares and the Company will be renamed Alexander David Investments PLC.

The Demerger is conditional (among other things) on:

- the approval by Shareholders of the Resolutions at the General Meeting to be held on 28 January 2011; and
- the confirmation of the Reduction of Capital by the Court.

### ***Bonus Issue***

There will be a bonus issue out of the Company's share premium account of 'B' Ordinary Shares on the basis of one 'B' Ordinary Share for every one existing ReGen Ordinary Share held by a Shareholder on the register of members at the Record Time.

The Bonus Issue is being effected to clarify that the NewCo Shares are transferred to Shareholders as a repayment of capital.

The aggregate nominal value of all the 'B' Ordinary Shares to be issued pursuant to the Bonus Issue will be up to £2,520,000, being equal to the approximate market capitalisation of the Company at the close of business on the Business Day which is two days prior to the date of this Document. It is intended, for tax purposes, that this aggregate nominal value of the 'B' Ordinary Shares is in excess of the likely market value of the NewCo Shares immediately following the Demerger.

A summary of the rights and restrictions attaching to the 'B' Ordinary Shares is set out in Part III of this Document. However, the 'B' Ordinary Shares will be cancelled as part of the Reduction of Capital and the capital thereon repaid to Shareholders by the transfer of NewCo Shares. Accordingly, the 'B' Ordinary Shares will not be listed or admitted to trading on AIM or any other investment exchange or trading platform and cannot be held in CREST. No share certificates will be issued in respect of the 'B' Ordinary Shares nor will any such shares exist after the Demerger.



### *Proposed amendments to the Articles of Association*

A number of amendments to the Articles of Association are required to implement the Proposals and require approval at the General Meeting. Such amendments include the insertion into the Articles of Association of the rights and restrictions attaching to the 'B' Ordinary Shares. Such rights and restrictions are summarised in Part III of this Document. In addition, the reference to authorised share capital of the Company will be updated to reflect that this concept no longer applies to the Company and a provision providing for the Chairman to have a casting vote will be inserted.

### *Reduction of Capital*

In order to effect the Demerger, the Company is proposing to cancel all of the 'B' Ordinary Shares issued pursuant to the Bonus Issue by reducing the Company's share capital in accordance with the provisions of the Act. This will involve the cancellation of part of the Company's share capital account.

The cancellation of the part of the share capital account will only take effect if sanctioned by the Shareholders at the General Meeting and confirmed by the Court and upon the appropriate documents being filed and registered with the Registrar of Companies.

The Hearing Date is expected to be held on 16 February 2011 and the Reduction of Capital is expected to become effective on or around 17 February 2011.

The Company has been advised that the Court may require the Company to give an undertaking or put in place another mechanism for the protection of the Company's existing creditors. If required, the Company will provide such undertakings to the Court for the protection of creditors as it is advised by Counsel are appropriate to be given. Subject to the Company putting in place satisfactory provision for the protection of creditors, the Company has been advised that there are good prospects of the proposed cancellation of part of the share capital account being confirmed by the Court.

The Company will also endeavour to obtain third party consents in connection with the Demerger, for example from parties to contracts that are being assigned to NewCo.

It should be noted that, although it is currently the Company's intention that the Demerger should be concluded, the Company is entitled to decide not to proceed with the Demerger at any time prior to the Reduction of Capital becoming effective if it determines that it would not be in the best interests of Shareholders.

### *Net Assets of the Company*

It has come to the attention of the Board that the value of the Company's net assets has reached a level that is less than half of its called-up share capital. In such circumstances, the Board is required under Section 656 of the Act to convene a general meeting of the Company for the purposes of considering whether any, and if so what, steps should be taken to deal with the situation. This matter will be considered at the General Meeting. The steps which are recommended by the Board are set out in this Document. If the steps recommended in this Document are implemented, the Board does not consider that any additional action needs to be taken to deal with this situation.

### *Related Party Transaction*

In connection with the Demerger,

- (i) the Company is proposing to lend up to £240,000 to NewCo (*see further below*); and
- (ii) the ReGen Business has been transferred to NewCo and Timothy Shilton and Norman Lott, two of the existing Directors, have been appointed as the directors of NewCo (*see further below*).

These two aspects of the Proposals are deemed to be related party transactions (the "**Transactions**") pursuant to Rule 13 of the AIM Rules.

Percy Lomax, Martin Small and Peter Garrod are considered to be independent of the Transactions for the purposes of Rule 13. These independent directors, having consulted with the Company's nominated adviser, Cairn Financial Advisers LLP, believe that the terms of the Transactions referred to in paragraphs (i) and (ii) above are fair and reasonable insofar as the Shareholders are concerned.

#### *JP Jenkins Share Matching Facility*

JP Jenkins provides companies which are unlisted and unquoted with a facility enabling existing and prospective shareholders to deal in their shares.

It is intended that Shareholders will be able to trade their NewCo Shares via the JP Jenkins share matching facility for companies. This provides a cost effective mechanism to buy or sell shares.

Shareholders can use their existing stockbroker should they have one. Shareholders will need to instruct their existing stockbroker with a limit order who in turn will contact JP Jenkins to place the limit order on their behalf. Once the limit order has been executed, the Shareholder will receive a contract note from their stockbroker.

Should a Shareholder not have a stockbroker they can use the services of JP Jenkins once the required paperwork has been completed.

The JP Jenkins share matching facility is open to take limit orders and match willing buyers and sellers Monday to Friday 8:00 a.m. – 4:30 p.m. excluding bank holidays.

Should you require more information regarding JP Jenkins share matching facility please contact JP Jenkins directly:

Telephone: 020 7562 3388

Email: [info@jpjenkins.co.uk](mailto:info@jpjenkins.co.uk)

### **2.3 *Proposed Board of Directors of NewCo***

The management of NewCo will be structured as follows:

- Timothy Shilton will be appointed as Chief Executive Officer; and
- Norman Lott will be appointed as Finance Director.

Mr Lott and Mr Shilton will be engaged on a part-time basis and receive the following ongoing remuneration:

- Timothy Shilton, a fee of £22,500 per annum; and
- Norman Lott, a fee of £17,500 per annum.

Percy Lomax's consultancy company will also provide consultancy services to NewCo for a transitional period and will be paid a fee of £10,000 per annum.

It is also the intention of NewCo to establish a share option plan pursuant to which the directors of NewCo and/or others (e.g. consultants and advisers) may be granted options over NewCo Shares from time to time.

## **3. *Alexander David Investments Plc***

### **3.1 *Proposed Investing Policy***

The Company will target small cap and special opportunities with a current bias towards investments in the basic resources and oil and gas sectors predominately, but not exclusively, on AIM. Such investments will focus on new and secondary equity issues but may also include some pre-IPO investments.

The table below shows the relative performance of these two sectors against the AIM All Share Index. The basic resource sector has significantly outperformed the AIM All Share Index. The oil and gas sector has been impacted by BP but the Company believes that both sectors still offer strong upside potential. However, the sector focus will be reviewed from time to time.

	<i>5 year performance (9/12/05 to 6/12/10)</i>	<i>3 year performance (4/12/07 to 6/12/10)</i>	<i>1 year performance (9/12/09 to 6/12/10)</i>
AIM All Share Index	-13.88%	-15.05%	33.84%
AIM Oil and Gas Index	1.07%	-3.36%	45.40%
AIM Basic Resources Index	93.20%	31.94%	70.68%

Source: Bloomberg

Given the wide geographic spread of natural resources, the Company will consider opportunities across the world but will attempt to negatively screen countries where the withdrawal or realisation of investment, management and legal structure is considered difficult or too risky.

Target investment companies will be expected to have proven management and a compelling growth story, but which need cash to take them through the development stage. No single investment will exceed 15 per cent. of the net assets of the Company at the time of the investment. The Company will hold investments primarily for trading purposes, though some investments may be held for longer periods. The Company intends to act, primarily, as a passive investor. After an investment has been made, it is expected that returns to Shareholders would be initially in the form of capital appreciation but the Proposed Directors will consider the payment of dividends if and when the Company has sufficient cash resources and distributable reserves.

The Company will provide an update on its investing activities at the same time as it publishes its audited annual results for the year ending 31 December 2010 and as otherwise required by the AIM Rules. The Company has no current plans to publish any regular estimate of net asset value or updates on the investments.

The key strengths of the Investing Policy are:

- Resource prices have been robust throughout the recent financial crisis;
- Resource discoveries are very attractive for growth prospects;
- Risk management ensures that no investment will exceed more than 15 per cent. of the net asset value of the Company at the time of the investment;
- Proven and experienced management team; and
- Proven and experienced advisory team.

The potential risks of the Investing Policy are:

- Any significant and sustained falls in various resource materials and oil and gas prices will adversely affect the performance of the Company's portfolio;
- There could be a need for the Company to raise further funds in order to progress future development plans; and
- Small caps are highly volatile and may be illiquid.

#### *AIM Rule 15*

In accordance with AIM Rule 15, the Investing Policy must be approved by Shareholders in a general meeting and the Company must implement the Investing Policy or make an acquisition or acquisitions which constitute a reverse takeover under the AIM Rules within 12 months of the Company becoming an Investing Company. Failure to do so will result in the suspension of the ReGen Ordinary Shares on AIM pursuant to AIM Rule 40. If following suspension of the ReGen Ordinary Shares in accordance with AIM Rule 40, the ReGen Ordinary Shares have not been re-admitted to trading on AIM within six months, the admission of the ReGen Ordinary Shares to trading on AIM will be cancelled and the then directors of the Company will convene a general meeting of the Shareholders to consider whether to continue seeking investment opportunities or to wind up the Company and distribute any surplus cash back to Shareholders. The assessment of whether or not the Investing Policy has been implemented must be made to the satisfaction of AIM.

### 3.2 ***Proposed Changes to the Board***

All of the Directors of the Company, other than Percy Lomax and Norman Lott, will resign from the Board. In addition, all of the executive Directors will be terminated as employees of the Company.

In order to significantly reduce the debts of the Company, the Directors have agreed on completion of the Demerger to waive all claims they have for their salaries and benefits that have been deferred over the last 30 months to November 2010 amounting to approximately £430,000. However, the Directors will receive payments in respect of the termination of their employment as follows (the “**Director Compensation Payments**”):

- All Directors will be entitled to their contractual notice period (being in the case of Percy Lomax, Timothy Shilton, Norman Lott and Martin Small, 12 months and in the case of Peter Garrod, 3 months), in an amount of £378,562.50, of which £80,000 shall be paid in cash following completion of the Demerger with the balance to be paid in ReGen Ordinary Shares (“**Compensation Shares**”) and options over ReGen Ordinary Shares. These options will have an exercise price of 0.01 pence and shall be exercisable for a period of 5 years.
- These termination payments will create an immediate tax liability for the Directors and therefore the Company has agreed to use reasonable endeavours to arrange for the prompt sale of some or all of the Directors’ Compensation Shares to provide all or part of the necessary funds to meet that tax liability and other liabilities of the Directors. In the event that the Company is unable to arrange such sale prior to the end of February 2011, the Company has agreed to pay the Directors additional cash to meet their tax and other liabilities up to an aggregate amount of £82,562.50. In these circumstances, the Directors will not be entitled to receive the relevant proportion of their Compensation Shares.

Details of Percy Lomax, Norman Lott and the other Proposed Directors are as follows:

#### **Percy Lomax BSc Econ., FCSI – *Chairman of the Company***

Percy is currently Chairman of ReGen but has had a long career in London in both corporate stock broking and company analysis. The most well known companies in which he has worked include Robert Fleming, Vivian Gray, Prudential Bache and Teather & Greenwood. He has significant knowledge of start-ups and fundraising for small companies. He is a Fellow of The Chartered Securities Institute by examination and continues his professional development.

#### **Norman Lott – *Finance Director***

Norman qualified as a chartered accountant in 1980 with Ernst & Whinney and joined Peat Marwick Mitchell & Company in their Hong Kong office in 1981. From 1984 onwards he held a number of senior financial positions in commerce and industry before joining ReGen as Finance Director in June 1999. He has had over ten years’ experience of working in various part time Finance Director and non-executive roles for a number of public companies.

#### **David Scott FCSI – *Director***

David is Chief Executive of Alexander David and has over 20 years of corporate broking and investment banking experience in advising small and medium-sized companies on both the Official List and AIM. He has extensive experience in private equity and advising unquoted companies. David began his career in the corporate finance department of L Messel & Co and has since been a director of corporate broking at ING Barings, a director of Resolution Partners Limited and, more recently, a director of corporate finance at Lewis Charles. David is a co-founder of Alexander David and its corporate finance department.

#### **Michael Hicks MCSI – *Director***

Michael is Chairman of Alexander David and has over 50 years of experience in the financial services sector. He was dealing partner at Simon & Coates Stockbroker, where he worked for 21 years and at Frank H Statham Stockbrokers for 5 years. He joined Prudential Bache as director

of UK dealing and risk management and, following that, was director and head of sales trading of Société Générale Stockbrokers. He remains active in the financial services sector and is a member of the Guild of International Bankers and a Freeman of the City of London.

The Proposed Directors believe their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of suitable investment opportunities. When necessary, other external professional advisers (including Alexander David) will be engaged to assist in the sourcing and due diligence of prospective opportunities. All such advisers will be engaged on arm's length terms. The Proposed Directors will also consider appointing additional directors with relevant experience if the need arises.

The Chairman will have a casting vote on all resolutions proposed by the Board and on which he is eligible to vote.

The Proposed Directors will receive the following ongoing remuneration:

- The Chairman will be paid a fee of £18,000 per annum; and
- Other Directors will be paid a fee of £12,000 per annum.

### 3.3 ***Investment Committee***

Following completion of the Proposals, the Board intends to authorise the formation of an Investment Committee comprising Percy Lomax, Norman Lott and Michael Hicks.

The Investment Committee will be responsible for:

- approving every investment, sale or purchase prior to the transaction being agreed;
- appointing and delegating specialist activities such as investment advisers, legal and accounting professionals;
- negotiating terms for investment; and
- monitoring performance of investments and reporting to the Board.

## 4. **Financing of the Company and NewCo Prior to and after the Demerger**

### 4.1 ***The Company***

The Company has today placed, pursuant to the Interim Placing, 11,000,000 new ReGen Ordinary Shares at 0.5 pence per ReGen Ordinary Share to raise £55,000, before expenses to fund its general working capital requirements pending the Demerger.

Furthermore, Alexander David, the Company's existing broker, has pursuant to the Placing conditionally placed 300,000,000 new ReGen Ordinary Shares at 0.5 pence per ReGen Ordinary Share to raise £1,500,000, before expenses. The Placing is conditional on completion of the Demerger.

Subscribers of the new ReGen Ordinary Shares in the Placing will also receive:

#### ***One New Warrant for every ten (10) ReGen Ordinary Shares subscribed***

For the purposes of calculating the number of New Warrants to be granted to subscribers in the Placing, fractional entitlements will be disregarded.

Each New Warrant will entitle the holder to subscribe for one ReGen Ordinary Share at the Placing Price and will have an exercise period of two years.

Two of the Proposed Directors have subscribed for ReGen Ordinary Shares in the Placing. David Scott has subscribed for 600,000 ReGen Ordinary Shares and Michael Hicks has subscribed for 100,000 ReGen Ordinary Shares.



The 311,000,000 new ReGen Ordinary Shares to be issued pursuant to the Interim Placing and the Placing, which will represent 79.86 per cent. of the enlarged issued share capital of the Company (in aggregate amounting to 389,446,548 ReGen Ordinary Shares on completion of the Placing), will rank *pari passu* in all respects with the existing ReGen Ordinary Shares in the Company.

The Placing proceeds will be used to cover the costs of the Proposals, the Directors Compensation Payments, the payment of existing creditors, the proposed loan to NewCo, general working capital purposes and for new investments in accordance with the Investing Policy.

**Alexander David will receive an advisory fee of £10,000 and a placing commission of 5 per cent. of the gross funds raised in the Placing. In addition, for the arrangement and structuring of the new business of the Company, Alexander David will receive on completion of the Demerger a warrant of 29.9 per cent. of the share capital of the Company in issue immediately following the Placing. The ADS Warrant will have an exercise price equal to the Placing Price and shall be exercisable for a period of 5 years from the date of completion of the Demerger.**

An application will be made to the London Stock Exchange for the new ReGen Ordinary Shares issued pursuant to the Placing to be admitted to trading on AIM and admission is expected on or around 18 February 2011.

The Board recognise that, as a result of the Interim Placing and the Placing, Shareholders will experience significant dilution to their shareholdings. Accordingly, it is proposed that immediately following the Demerger, Shareholders at the Record Time will be granted:

***One New Warrant for every ten (10) ReGen Ordinary Shares***

Each New Warrant will entitle the holder to subscribe for one ReGen Ordinary Share at the Placing Price and will have an exercise period of two years.

For the purposes of calculating the number of New Warrants to be granted to Shareholders, fractional entitlements will be disregarded.

The instrument constituting the New Warrants will be available for inspection at the General Meeting and will after the Demerger be available on the Company's website [www.regentherapeutics.com](http://www.regentherapeutics.com). Following the Demerger, the Company will announce its new website address via a Regulatory Information Service.

#### **4.2 NewCo**

NewCo will require further funding before the ReGen Business can become profitable.

Accordingly, to assist NewCo, the Company has agreed to lend NewCo up to £240,000 for its general working capital purposes. The loan will be secured by a debenture over NewCo's assets and will carry interest at the rate of 10 per cent. per annum. Capital and interest shall only be repayable in cash after a period of 36 months, unless the Company elects to repay earlier, although such amounts may at any time, at the election of either the Company or NewCo, be converted into NewCo Shares at a price per share to be determined by the Company and NewCo with regard to the then financial and trading performance of NewCo and the trading activity of NewCo Shares on the JP Jenkins Share Matching Facility provided that the Company shall never hold 3 per cent. or more of the issued share capital of NewCo at any one time following any such conversion.

In addition, NewCo will issue to the Company, 2,880,000 NewCo Shares as a fee for the giving of the loan. These NewCo Shares will represent approximately 3.2 per cent. of NewCo's issued share capital immediately following the Demerger.

#### **5. Taxation**

Please refer to Part II of this Document for a general guide on the UK tax position under current UK legislation. Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should obtain their own tax advice.

## **6. Overseas Shareholders**

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the Proposals. Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this Document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Proposals, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with any necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdictions.

This Document has been prepared for the purposes of complying with English law and the rules of AIM and the information disclosed may not be the same as that which would have been disclosed if this Document had been prepared in accordance with the laws of jurisdictions outside the UK.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN THIS DOCUMENT IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

**Overseas Shareholders should consult their own legal and tax advisors with respect to the legal and tax consequences of the Proposals in their particular circumstances.**

## **7. General Meeting**

Completion of the Proposals is conditional, *inter alia*, on approval by Shareholders at a General Meeting of the Company. Accordingly, there is set out at the end of this Document a notice convening the General Meeting of the Company for 11.00 a.m. on 28 January 2011 to be held at the offices of Bird & Bird LLP, 15 Fetter Lane, London EC4A 1JP.

At the General Meeting, it will be considered whether any and, if so, what steps should be taken to deal with the fact that the Company's net assets are less than half of the called up share capital. In addition, the following resolutions will be proposed at the General Meeting:

### ***Ordinary Resolutions***

1. THAT the Investing Policy set out in the Document be approved and the Directors of the Company be empowered to carry the same into effect.
2. THAT the Directors be authorised to issue up to 550,000,000 ReGen Ordinary Shares pursuant to the Placing, the ADS Warrant, the New Warrants, the Director Compensation Payments, the settlement payments to creditors of the Company and generally up to 19,500,000 ReGen Ordinary Shares (representing approximately 5 per cent. of the issued share capital of the Company immediately following the Placing).

### ***Special Resolutions***

3. THAT the Bonus Issue and the Reduction of Capital be approved.
4. THAT the name of the Company be changed to Alexander David Investments PLC.
5. THAT the Articles be amended.
6. That conditional upon the passing of resolution 2 above, the Directors be authorised to issue up to 550,000,000 ReGen Ordinary Shares on a non-preemptive basis pursuant to the Placing, the ADS Warrant, the New Warrants, Director Compensation Payments, the settlement payments to creditors of the Company and generally up to 19,500,000 ReGen Ordinary Shares (representing approximately 5 per cent. of the issued share capital of the Company immediately following the Placing).



## **8. Documents Available**

This Document is available on the Company's website [www.regentherapeutics.com](http://www.regentherapeutics.com). Copies of this Document will also be available to the public, free of charge at the Company's registered office 73 Watling Street, London EC4M 9BJ during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for one month from the date of this Document.

The instrument constituting the New Warrants will be available for inspection at the General Meeting and will after the Demerger be available on the Company's website [www.regentherapeutics.com](http://www.regentherapeutics.com). Following the Demerger, the Company will announce its new website address via a Regulatory Information Service.

## **9. Action to be Taken**

A Form of Proxy is enclosed for use at the General Meeting. Whether or not you intend to be present at the General Meeting in person, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed on it and return it to Capita Registrars as soon as possible and, in any event, so as to arrive not later than 11.00 a.m. on 26 January 2011. Unless the Form of Proxy is received by this date and time, it will not be valid.

The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person if you so wish.

## **10. Recommendation**

The Directors are unanimously in favour of the Proposals, which they consider are in the best interest of the Shareholders as a whole. Accordingly, the Directors unanimously recommend the Shareholders to vote in favour of the Resolutions at the General Meeting as they intend to do so, or to procure to be done, in respect of their aggregate beneficial holdings of 1,356,059 ReGen Ordinary Shares, representing approximately 1.7 per cent. of the existing issued share capital of the Company.

Yours faithfully

Percy Lomax  
*Chairman*

## PART II

### UNITED KINGDOM TAXATION

**The statements in this Part II do not constitute tax advice and are intended as a general guide only to the UK tax position under current UK legislation. Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should obtain their own tax advice.**

#### **1 General**

**The following statements do not constitute tax advice and are intended as a general guide only to certain UK tax consequences of receiving the NewCo Shares pursuant to the Demerger. These statements are based on current UK legislation and published HM Revenue & Customs (“HMRC”) practice as at the date of this Document, both of which are subject to change at any time, possibly with retrospective effect. These statements apply only to Shareholders who are resident (and, in the case of individuals only, ordinarily resident and domiciled) solely in the UK for UK tax purposes, who hold the ReGen Ordinary Shares and NewCo Shares as an investment, to whom NewCo Shares are transferred on the Demerger and who are the absolute beneficial owners of the ReGen Ordinary Shares and NewCo Shares. The statements are not addressed to: (i) special classes of Shareholders such as, for example, dealers in securities, broker-dealers, insurance companies and collective investment schemes; (ii) Shareholders who hold their ReGen Ordinary Shares as part of hedging or conversion transactions; (iii) Shareholders who have (or are deemed to have) acquired their ReGen Ordinary Shares by virtue of an office or employment or who are officers or employees; or (iv) Shareholders who hold their ReGen Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate shareholder, through a permanent establishment or otherwise).**

**Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should obtain their own tax advice.**

#### **2 The Demerger and the Reduction of Capital**

##### ***Taxation of UK Shareholders***

For the purposes of UK taxation of chargeable gains, the Demerger and the Reduction of Capital should be treated as a part disposal of ReGen Ordinary Shares. This will, subject to any reliefs that may be available for any Shareholder, be subject to taxation at 28 per cent. for individual Shareholders subject to UK capital gains tax and, for Shareholders subject to corporation tax (if any) at the appropriate corporation tax rate. However, it is anticipated that most, if not all Shareholders will crystallise a capital loss on the repayment of share capital via the receipt of NewCo Shares.

For the purposes of computing the gain or loss on the repayment of capital, it will be necessary to apportion the costs of acquisition of the ReGen Ordinary Shares for capital gains tax purposes between what is disposed of and what is retained on the basis of the market value of the ReGen Ordinary Shares and the NewCo Shares received on the Demerger and in this respect HMRC should accept the value of the ReGen Ordinary Shares on the first day on which market values for the shares are quoted following the Demerger. The cost of the acquisition of the NewCo Shares will, for capital gains purposes, be the market value on the date of the Demerger.

A liability to taxation of chargeable gains may arise on a subsequent disposal of ReGen Ordinary Shares or NewCo Shares.

Shareholders who are individuals should not incur a liability to UK income tax and UK corporate shareholders (if any) should not incur a charge to UK corporation tax on income on the Reduction of Capital and Demerger to the extent that it is treated as representing a repayment of capital on the ‘B’ Ordinary Shares. It is intended that the capital of the ‘B’ Ordinary Shares is in excess of the likely market value of the NewCo Shares. The Directors consider that the proposed transactions are not being undertaken for tax avoidance purposes such that the arrangements should not fall within interpretation

rules which can overlook certain transactions if carried out for tax avoidance purposes (the “Ramsay” principle) and should not fall within specific anti-avoidance rules contained in Chapter 1 of Part 13 ITA 2007 (as the company is not a close company) and Part 15 CTA 2010 (as, so far as the Directors are aware, there are no corporate shareholders within the charge to corporation tax).

### ***Taxation of ReGen***

Based upon the Directors’ valuations of the respective ReGen assets, the tax losses carried forward in ReGen and the Directors’ view as to the anticipated current year tax losses, the Directors are of the opinion that there should not be any corporation tax liability in ReGen or its subsidiaries on the transfer of the ReGen Business to NewCo and the subsequent transfer of NewCo Shares to Shareholders in satisfaction of the repayment of capital.

The Directors are also of the view that the transfer of the ReGen Business to NewCo should constitute a transfer of a going concern for VAT purposes and should therefore be outside the scope of VAT.

There should be no material stamp duty or Stamp Duty Reserve Tax liability on the transfer of the assets of ReGen to NewCo and the subsequent transfer of NewCo Shares to Shareholders in satisfaction of the repayment of capital.

## **PART III**

### **RIGHTS AND RESTRICTIONS ATTACHING TO THE 'B' ORDINARY SHARES**

#### **Income**

The 'B' Ordinary Shares shall confer no right to participate in the profits of the Company.

#### **Capital**

Except as provided in the next paragraph, on a return of capital on a winding-up or otherwise (including a Court approved reduction of capital paid up on the 'B' Ordinary Shares pursuant to the Act), the holders of the 'B' Ordinary Shares shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company, the amount paid up or credited as paid up on each 'B' Ordinary Share held by them.

On a winding-up, the holders of the 'B' Ordinary Shares shall not be entitled to any further right of participation in the profits or assets of the Company in excess of that specified in the paragraph above. In the event that there is a winding-up and the amounts available for payment are insufficient to pay the amounts due on all of the 'B' Ordinary Shares in full, the holders of the 'B' Ordinary Shares shall be entitled to their pro-rata proportion of the amounts to which they would otherwise be entitled.

The aggregate entitlement of each holder of the 'B' Ordinary Shares on a winding-up in respect of all of the 'B' Ordinary Shares held by him shall be rounded up to the nearest pence.

The holders of the 'B' Ordinary Shares shall not be entitled to any further right of participation in the assets of the Company.

#### **Voting and general meetings**

The holders of 'B' Ordinary Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting.

#### **Class rights**

A reduction by the Company of the capital paid up or credited as paid up on the 'B' Ordinary Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the 'B' Ordinary Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the 'B' Ordinary Shares.

Without prejudice to the foregoing, the Company is authorised to reduce (or purchase shares in) its capital of any class or classes and such reduction (or purchase) shall not involve a variation of any rights attaching to the 'B' Ordinary Shares for any purpose or require the consent of the holders of the 'B' Ordinary Shares.

#### **Transferability**

The 'B' Ordinary Shares shall not be transferable.

**PART IV**  
**NOTICE OF GENERAL MEETING**

**REGEN THERAPEUTICS PLC**

*(Company Number 3508592)*

**NOTICE IS HEREBY GIVEN** that a general meeting of ReGen Therapeutics Plc (the “**Company**”) will be held at the offices of Bird & Bird LLP, 15 Fetter Lane, London EC4A 1JP on 28 January 2011 at 11.00 a.m. for the purpose of considering the matters, and if thought fit, passing the following resolutions, which will be proposed as indicated:

**Section 656, Companies Act 2006**

Whether any and if so what steps should be taken to deal with the fact that the Company’s net assets are less than half of the called up share capital.

**Ordinary Resolutions**

1. THAT the Investing Policy set out in the circular to Shareholders dated 12 January 2011 be and it is hereby approved and the directors of the Company be empowered to carry the same into effect.
2. THAT in accordance with Section 551 of the Companies Act 2006 as amended (the “**2006 Act**”) the directors of the Company be authorised generally and unconditionally (in substitution for all other existing authorities pursuant to Section 551 of the 2006 Act, to the extent not utilised at the date this resolution is passed) authorised to exercise all the powers of the Company to allot shares in the Company and/or grant rights to subscribe for or convert any security into shares in the Company (“**Rights**”) provided that the authority conferred by this resolution shall be limited to the allotment of shares in the Company and/or the grant of Rights up to an aggregate nominal amount of £55,000 such authority (unless previously revoked, varied or renewed) to expire on the conclusion of the Annual General Meeting of the Company to be held in 2011 or, if earlier, 15 months after the date on which this resolution has been passed, provided that the Company may, before such expiry, make an offer, agreement or other arrangement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors of the Company may allot such shares or grant Rights in pursuance of such offer, agreement or other arrangement as if the authority conferred hereby had not expired.

**Special Resolutions**

3. THAT:
  - a. the directors of the Company be authorised to capitalise a maximum sum not exceeding £2,520,000 standing to the credit of the share premium of the Company in paying up in full up to 90,000,000 ‘B’ Ordinary Shares of 2.8 pence each in the capital of the Company (“**B’ Ordinary Shares**”) and in accordance with Section 551 of the Companies Act 2006, as amended, the directors of the Company be authorised generally and unconditionally to exercise all the powers of the Company to allot and distribute such ‘B’ Ordinary Shares credited as fully paid to holders of Ordinary Shares of 0.01 pence each in the capital of the Company (“**Existing Ordinary Shares**”) on the register of members of the Company at close of business on 14 February 2011 or such later time as the directors of the Company may determine on the basis of one ‘B’ Ordinary Share for every one Existing Ordinary Share; and

- b. subject to a confirmation order from the High Court of Justice of England and Wales, the capital of the Company following the capitalisation issue referred to in Resolution 3(a) above be reduced by up to £2,520,000 by cancelling and extinguishing altogether all of the issued 'B' Ordinary Shares and that the amount paid up or credited as paid up on each 'B' Ordinary Share be repaid to the Shareholders by the transfer of all the ordinary shares of £0.001 each in the capital of ReGen NewCo Limited, a wholly owned subsidiary of the Company, ("**ReGen NewCo Shares**") on the basis of one ReGen NewCo Share for every one Existing Ordinary Share.
4. THAT conditional upon the passing of resolution 3 above, the above name of the Company be changed to Alexander David Investments PLC.
5. THAT conditional upon the passing of resolution 3 above, the Articles of Association of the Company (the "**Articles**") shall be and are hereby amended with immediate effect in the manner set out in the amended form of Articles produced to the meeting and signed by the Chairman for the purpose of identification.
6. THAT, subject to resolution 2 above being duly passed, in substitution for any existing and unexercised authorities, the directors of the Company be and are hereby generally empowered to allot equity securities (within the meaning of Section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by resolution 2 above as if Section 561 of the 2006 Act or any pre-emption provisions contained in the Company's Articles of Association did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities up to an aggregate nominal value of £55,000 such authority and power (unless previously revoked, substituted, varied or renewed) to expire on the earlier to occur of 15 months after the passing of this resolution or the conclusion of the Annual General Meeting of the Company to be held in 2011, provided that the Company may prior to such expiry make any offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities pursuant to any such offer, agreement or other arrangement as if the power hereby conferred had not expired.

BY ORDER OF THE BOARD

*Registered Office:*  
73 Watling Street  
London EC4M 9BJ

Percy Lomax  
*Director*

Date: 12 January 2011

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the Company as at 6.00 p.m. on 27 January 2011 shall be entitled to attend and vote at this General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after such time shall be disregarded in determining the rights of any person to attend or vote at this General Meeting.
2. Any member who is entitled to attend and vote at this General Meeting is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the meeting. To appoint more than one proxy, additional Forms of Proxy may be obtained by contacting the Registrars or you may photocopy the form. If you appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. A proxy need not be a member of the Company. Completion and return of the Form of Proxy will not preclude a member from attending and voting at this General Meeting. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
4. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.

5. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with CRESTCo’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer’s agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo 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 sponsors or voting service providers are referred, in particular, to those Sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
6. A Form of Proxy is enclosed which to be effective must be completed, signed and received by the Company’s registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 48 hours before the time of the General Meeting. You can only appoint a proxy using the procedures set out in these notes and in the notes to the enclosed Form of Proxy.
7. In accordance with Section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Companies Act 2006. Persons nominated to receive information rights under Section 146 of the Companies Act 2006 who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149(2) of the Companies Act 2006, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.





