

Companies Act 1985  
PRIVATE COMPANY LIMITED BY SHARES  
Company Number 4512301

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ARTICLES OF ASSOCIATION

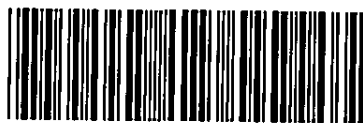
-of-

OXITEC LIMITED

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(Adopted on 4 September 2007 and  
amended by written resolution passed  
on 12 November 2008)

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Companies Act 1985  
PRIVATE COMPANY LIMITED BY SHARES  
Company Number 4512301

ARTICLES OF ASSOCIATION  
of  
OXITEC LIMITED

**1. PRELIMINARY**

- 1.1 The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Table A to F) (Amendment) Regulations 2007 (SI 2007.2541) and The Companies (Tables A to F)(Amendment)(No.2) Regulations 2007 (SI 2007/2826) shall apply to the Company and shall be the Articles of Association of the Company save in so far as they are excluded or varied by these Articles.

- 1.2 In these Articles:-

**"Acquirer"**

means a person so defined in the definition of "Special Change of Control";

**"acting in concert"**

has the meaning of that phrase under the City Code on Takeovers and Mergers as in force and construed at the date of adoption of these Articles;

**"Affiliate"**

means any person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, another person or entity (for purposes of this definition, "control" means the power, whether held directly or indirectly, to direct or cause direction of management and policies through ownership of voting securities, contract or otherwise);

**"Article"**

means an Article contained in these Articles;

**"Board"**

means the board of directors of the Company from time to time;

**"Mr Clay"**

means Mr Landon Thomas Clay;

**"East Hill"**

means East Hill University Spinouts III LLC, East Hill University Spinouts IV LLC, East Hill University Spinouts Fund I LP and East Hill University Spinouts Fund II LP;

**"East Hill Director"**

means any director to be appointed in accordance with Article 8.6;

**"Group Company"**

means, in relation to a Member, any subsidiary or holding company (as such expressions are defined in section 736 Companies Act 1985) of such Member, or any subsidiary of such holding company;

**"Investors"**

means East Hill, Isis College Funds, the Oxford Funds and Mr Clay;

**"Isis College Funds"**

the Isis College Fund No. 1 Limited Partnership and the Isis College Fund No. 2 Limited Partnership or any other fund which is associated or affiliated to the Isis College Funds which invests in or wishes to invest or acquire shares in the Company from time to time (and which subsequently does so);

**"Majority Change of Control"**

means the acquisition (whether by purchase, transfer or otherwise but excluding a transfer of Shares made in accordance with Article 6 (Transferring Shares)) by any person, including a Member of the Company (an "Acquirer"), of any interest in any Shares if, upon completion of that acquisition, the Acquirer, together with persons acting in concert or connected with him, would hold or beneficially own more than 50 per cent of the Shares;

**"Members"**

means the holders for the time being of the Shares;

**"OCP"**

means Oxford Capital Partners Limited of 201 Cumnor Hill, Oxford OX2 9PJ;

**"OCP Director"**

means any director to be appointed in accordance with Article 8.7;

**"Oxford Funds"**

means the Oxford Gateway Fund No. 2, the Oxford Gateway Fund No. 3 and the Oxford Gateway Fund No. 4 or any other fund which invests or wishes to invest or acquire shares in the Company from time to time (and

which subsequently does so) , of which OCP or any associated company of OCP is the manager;

**"Oxford Fund Affiliate"**

means OCP, the Oxford Funds, any investment fund which is managed or advised by OCP or any of its associated companies, any nominee, trustee or custodian for the investors in the Oxford Funds and any investor in any of the Oxford Funds;

**"Options"**

means options granted or to be granted to directors, employees and consultants of the Company over not more than 33,801 shares in aggregate representing 10% of fully diluted issued share capital;

**"Ordinary Shares"**

means ordinary Shares of £0.01 each in the capital of the Company having the rights set out in these Articles;

**"Permitted Transferee"**

means a person to whom a Shareholder transfers any Share(s) pursuant to Article 6.2, 6.13 or 6.16;

**"Qualifying Parties"**

means each of Dr Luke Alphey, the University and each of the Investors (for so long as they each together with their Permitted Transferees, hold at least ten per cent of the issued Shares);

**"Regulation"**

means a regulation in Table A;

**"Relevant Securities"**

means:

- (a) Shares in the capital of the Company; and
- (b) any right to subscribe for, or to convert any security into, Shares in the capital of the Company (other than Shares so allotted);

**"Sale"**

means completion of a successful offer to purchase 90% or more of the issued Share capital of the Company (or 90% or more of all such capital including any already held by the Offeror);

**"Section"**

means save where expressly provided to the contrary a section of the Companies Act 1985, as it may be amended or re-enacted from time to time;

**"Shares"**

means Ordinary Shares;

**"Special Change of Control"**

means the acquisition (whether by purchase, transfer or otherwise but excluding a transfer of Shares made in accordance with Article 6 (Transferring Shares)) by any person, including a Member of the Company ("an Acquirer"), of any interest in any Shares if, upon completion of that acquisition, the Acquirer, together with persons acting in concert or connected with him, would hold or beneficially own more than 70 per cent of the Shares;

**"Subsidiaries"**

means any subsidiary of the Company as such expression is defined in Section 736 of the Companies Act 1985;

**"University"**

means the Chancellor, Masters and Scholars of the University of Oxford;

**"University Director"**

means any director to be appointed in accordance with Article 8.5; and

**"University Funds"**

means any limited partnership or other similar investment vehicle in which the University and/or any of the colleges of the University are participants from time to time.

**"2006 Act"**

means the Companies Act 2006, as it may be amended or re-enacted from time to time.

- 1.3 In Regulation 1 "execution" includes both signature under hand and execution under seal.
- 1.4 Regulations 24, 41, 59, 64, 73 to 80, 87, 89, 94 to 97, 101 and 118 shall not apply to the Company.
- 1.5 Headings in these Articles shall not affect their interpretation.

**2. PRIVATE COMPANY**

The Company is a private company.

### 3. SHARES

#### *Authorised Share Capital*

- 3.1 At the date of adoption of these Articles, the Company's authorised Share capital is £4,000, made up of 400,000 Shares.

#### *Directors' Power to Issue Shares*

- 3.2 The directors can decide how to deal with any Shares which have not been issued. The directors can allot those Shares on any terms. The directors can also grant options to acquire Shares, for example, in exchange for a certain sum of money. Or the directors can dispose of the Shares in any other way. The directors have complete freedom to decide who they deal with, when they deal with the Shares, and the terms that they deal on. However, the directors must obey the provisions of the Act and these Articles relating to authority and pre-emption rights (including, but not limited to, the provisions contained in Articles 3.3 - 3.6 inclusive).

#### *Directors' Authority to Issue Shares*

- 3.3 The directors are authorised, generally and without conditions, under Section 80 to allot Relevant Securities. They are authorised to allot them for a period of five (5) years from the date of adoption of these Articles. The Members can, by passing ordinary resolutions, renew or extend this period for periods of no more than five (5) years each and they may revoke this authority.
- 3.4 The directors may, before the authority in Article 3.3 expires, make an offer or enter into an agreement which could require them to allot Relevant Securities after that authority expires. They may allot Relevant Securities after that authority expires under the terms of such an offer or agreement.
- 3.5 The maximum amount of Relevant Securities that may be allotted under the authority in Article 3.3 is that number of Relevant Securities up to an issued share capital with an aggregate nominal value of £3,492.51.

#### *Persons who may be allotted Shares*

- 3.6 Save in respect of Shares issued pursuant to the Options, which the directors will be free to issue (without having to comply with the provisions of this Article), if the directors want to issue Shares, they must first offer the Shares to the Members of the Company in proportion (so far as possible) to the numbers of Shares currently held by them. The offer shall be at the same price and on the same terms to each Member and shall be made by notice sent by the directors to the Members which gives details of the number of Shares offered and giving a deadline before which the Members must accept the offer. The deadline must be more than thirty (30) days after the day the notice was sent to the Members. After the deadline, the Members who have not responded to the offer will be deemed to have refused it.

After the deadline, any Shares which have not been accepted by Members will be offered to the Members who accepted the original offer in proportion to their current Shareholding. This offer will be made in the same manner as the original offer.

- 3.7 Any Shares which:

- 3.7.1 have not been accepted by any Members after being offered under Article 3.6; or
- 3.7.2 could not be offered under Article 3.6 without being offered in fractions;

may be allotted in accordance with the powers given to the directors by Article 3.2. However, the directors may not deal with the Shares on terms which are more favourable than the terms on which the Shares were originally offered to the Members.

- 3.8 An offer of Shares made to the University pursuant to Article 3 shall, as the University directs, entitle either:

- (a) the University; or
- (b) the University Funds or a nominee appointed by the University Funds where the University Funds retain the entire beneficial interest in such Shares;

to subscribe for such Shares.

- 3.9 An offer of Shares made to any Investor (or its Affiliate(s) holding Ordinary Shares) pursuant to Article 3 shall, as the Investor directs, entitle either:

- (a) the Investor; or
- (b) any of the Investor's Affiliates (including in the case of the Oxford Funds any Oxford Fund Affiliate) or a nominee appointed by the Investor where the Investor or any of its Affiliates (including in the case of the Oxford Funds any Oxford Fund Affiliate) retain the entire beneficial interest in such Shares

to subscribe for such Shares.

#### *Effect of Companies Act*

- 3.10 Articles 3.6 and 3.7 are subject to Section 80. Sections 89(1) and 90(1) to (6) (inclusive) shall not apply to the Company.
- 3.11 Shares may be held by nominees or custodians on behalf of any of the Investors and these Articles shall be construed accordingly.

#### **4. LIEN**

- 4.1 In Regulation 8, the words "(not being a fully paid Share)" shall be replaced with the words "(whether fully paid or not)".
- 4.2 The Company shall have a first and paramount lien on all Shares (whether fully paid or not) registered in the name of any person who is indebted to, or is in any way liable to, the Company for that indebtedness or liability. This lien will apply even if that person is a joint owner of Shares and it will also bind that person's estate or trustee in bankruptcy.

## **5. FORFEITING SHARES**

This Article 5 will apply if the directors make a call in respect of a Member's Shares and the Member does not pay. If the Company has to pay any costs or expenses in connection with the Member's failure to pay the call, the directors may decide that the Member will also be liable for those costs or expenses. Regulations 18 and 21 shall be altered accordingly.

## **6. TRANSFERRING SHARES**

6.1 The directors shall not register a transfer of any Shares unless the transfer is in accordance with this Article 6. However, if the Qualifying Parties agree in writing, the restrictions in this Article 6 may be waived, for example, to facilitate a trade sale, merger or public offering, or in other circumstances where it is appropriate to introduce a new Member as purchaser of an outgoing Member's Shares. The directors shall not in any circumstances register a transfer of any Shares to an infant, a bankrupt or a person of unsound mind. If a transfer is made in accordance with this Article 6, the directors shall register it, whether or not the Shares being transferred are fully paid up. Regulation 24 shall be modified accordingly.

6.2 The directors shall register a transfer of Shares, or a transmission of Shares:

6.2.1 by a Member to a relative of a Member;

6.2.2 by the personal representatives of a deceased Member to a relative of that Member;

6.2.3 by a Member to trustees of a trust created by that Member (by deed or will) where the persons beneficially interested under the trust are:-

(a) that Member; and/or

(b) relatives of that Member; or

6.2.4 by trustees of any such trust as referred to above to new trustees provided there is no change in beneficial ownership of the Shares; or

6.2.5 by a person to a person who is the beneficial owner of such Shares or (in the case of the legal title only) to a different or additional nominee or trustee on behalf of the beneficial owner; or

6.2.6 being a transfer pursuant to a Sale.

For the purpose of this Article 6, a relative of a Member is their mother or father, or their mother or father's lineal descendants or their husband or wife.

6.3 If a Member ("the Seller") wants to transfer their Shares, and Article 6.2 does not apply, they must obtain the prior agreement in writing of the Qualifying Parties and give a written notice to the directors ("the Transfer Notice"). The Transfer Notice must be accompanied by the Share certificates for the Shares to be transferred. It must state both the number and the class of the Shares that the Seller wants to transfer.

6.4 The Transfer Notice will make the directors the Seller's agents to sell the Seller's Shares. The directors will therefore be able to sell the Shares referred to in the



Transfer Notice ("the Sale Shares"). However, the directors may only sell the Sale Shares at the Fair Value. How the Fair Value is worked out is explained in Article 6.5. The Seller cannot revoke the Transfer Notice unless the directors agree, or if it is allowed by this Article 6.

- 6.5 The Fair Value will be agreed between the Seller and the directors within fourteen (14) days after the directors have received the Transfer Notice. If agreement cannot be reached, the Company's auditors will decide what the Fair Value is. In doing this, the Company's auditors will act as experts and not as arbitrators. Their decision will be binding on both the directors and the Seller. In making their determination, the auditors will value the Sale Shares on the basis of an arms length transaction between willing seller and buyer. The calculation of the Fair Value by the auditors will be on a "pro rata" basis. It will not include any premium for a majority interest or a discount for a minority interest.
- 6.6 If the agreement in writing of the Qualifying Parties has been given and once the Fair Value has been worked out, the directors shall offer the Sale Shares to all the Members (other than the Seller) in proportion (as far as possible) to the number of Shares held by them. They will do this by giving written notice ("the Offer Notice"). The Offer Notice will give the Fair Value and ask each Member to respond to the Offer Notice within fourteen (14) days saying;
  - 6.6.1 how many Shares they want to buy; and
  - 6.6.2 how many extra Shares they would want to buy, if they become available.
- 6.7 If the Members do not accept the offer to buy all of the Shares, the surplus Shares shall be used to satisfy the claims of the Members who said in their response to the Offer Notice that they wanted extra Shares. The surplus Shares will be offered to those Members in proportion to the number of Shares held by each of them. However, a Member will not have to take more Shares than they wanted. If any of the Sales Shares cannot be offered to the Members without being divided into fractions, the directors will decide who those Sale Shares shall be offered to.
- 6.8 Once the fourteen (14) day period after the Offer Notice has ended, the directors will send a written notice to the Seller stating the number of Sale Shares that the Members want to buy ("the Sale Notice"). If the Members wish to buy some, but not all, of the Sale Shares, the Seller may withdraw the Transfer Notice. The Seller must do this by giving written notice to the directors ("the Counter Notice") within twenty one (21) days of receiving the Sale Notice.
- 6.9 If Members are willing to buy all of the Sale Shares, or if the Seller has not sent a Counter Notice within the twenty one (21) day period, the Seller must transfer the Sale Shares to the Members specified in the Sale Notice. However, the Seller does not have to transfer the Sale Shares until he or she has been offered payment for all of them.
- 6.10 If the Seller must transfer the Sale Shares, but does not, then:
  - 6.10.1 the directors shall authorise a person to execute stock transfer forms for the Sales Shares in favour of the buying Members;

- 6.10.2 the directors will (subject to stamping of the stock transfer forms) enter the names of the buying Members in the Register of Members as the holders of the Sale Shares in accordance with the Sale Notice; and
- 6.10.3 the Company can receive and give a good discharge for any payment for the Sale Shares.

The Company will hold any money received for the Sale Shares in a separate bank account as trustee for the Seller. The Company will pay the Seller that money on demand. The Company does not have to pay the Seller any interest on the money.

- 6.11 The Seller may sell and transfer any Sale Shares not sold to Members under this Article 6 to any person but only with the prior written consent of the Qualifying Parties. Furthermore:

- 6.11.1 the Seller must send the directors a copy of the terms of sale of the Sale Shares;
- 6.11.2 the Seller cannot sell the Sale Shares on better terms than the terms that were offered to the Members; and
- 6.11.3 any sale must be within six (6) months after the date of the Sale Notice;

- 6.12 The directors may ask the following people to give the Company any information or evidence that they feel is necessary to ensure that a transfer of Shares complies with this Article 6:

- 6.12.1 a Member;
- 6.12.2 a Member's trustee in bankruptcy;
- 6.12.3 a deceased Member's personal representative;
- 6.12.4 a corporate Member's liquidator; or
- 6.12.5 a person named as a transferee in a stock transfer form lodged with the Company for a registration.

If:

- (a) the directors do not get the information or evidence they have asked for within a reasonable time; or
- (b) the information or evidence that they do receive shows that a Transfer Notice ought to be given for Shares;

then the directors may resolve that the Member must transfer the Shares concerned. If they do this, the Member who is shown in the Register of Members as holding the Shares will be deemed to have served a Transfer Notice.

- 6.13 Notwithstanding any other provision of these Articles:
  - 6.13.1 the University may transfer Shares to any of its Group Companies or Affiliates provided that if such transferee ceases to be its Group Company or Affiliate the transferor shall procure that the Shares are immediately transferred back to it or another Group Company or Affiliate or to any University Fund;
  - 6.13.2 East Hill may transfer Shares to any of its Group Companies or Affiliates provided that if such transferee ceases to be its Group Company or Affiliate the

- transferor shall procure that the Shares are immediately transferred back to it or another Group Company or Affiliate;
- 6.13.3 the OCP Fund may transfer Shares to any of the OCP Fund Affiliates provided that if such transferee ceases to be an OCP Fund Affiliate the transferor shall procure that the Shares are immediately transferred back to it or another OCP Fund Affiliate;
- 6.13.4 if the OCP Fund is wound up in accordance with its terms, Shares held by or on behalf of the OCP Fund may be transferred (or remain held by) the investors of the OCP Fund (or their nominees) at the date the OCP Fund is wound up, notwithstanding that such investor would no longer be an OCP Fund Affiliate.
- 6.14 A stock transfer form for a fully paid Share must be signed by or on behalf of the transferor. If the Shares are not fully paid up, the stock transfer form must also be signed by or on behalf of the transferee.
- 6.15 Even if a Member has signed a stock transfer form for Shares, the Company will treat him or her as a holder of those Shares until the transferee's name is entered in the Register of Members for those Shares.
- 6.16 Any Shares offered under this Article to the Oxford Funds may be taken up by any of the Oxford Funds whether or not they are then an existing shareholder.
- 6.17 Any Shares offered under this Article to the Isis College Funds may be taken up by any of the Isis College Funds whether or not they are then an existing Shareholder.

## **7. GENERAL MEETINGS**

- 7.1 A notice which calls a general meeting does not need to specify the general nature of the business to be transacted, unless there is special business. All business transacted at a general meeting or at a general meeting shall be deemed to be special other than:
- 7.1.1 declaring a dividend;
- 7.1.2 consideration of accounts, balance sheets and reports of the directors and auditors; and
- 7.1.3 the fixing of the remuneration of the auditors at a general meeting. Regulation 38 shall be altered accordingly.
- 7.2 All notices of general meetings shall give information to Members about their right to appoint a proxy in accordance with Section 372(3).
- 7.3 All notices and other communications relating to a general meeting which a Member is entitled to receive shall also be sent to the directors and the auditors.
- 7.4 At a general meeting, votes may be given on a show of hands or on a poll. In either case, votes may be given either personally or by proxy.
- 7.5 The words "at the time when the meeting proceeds to business" shall be added at the end of the first sentence in Regulation 40.

- 7.6 If a quorum is not present within half an hour of the scheduled time for a general meeting, the meeting will be adjourned until the same day of the next week at the same time and place. However, the directors may decide to adjourn a general meeting to another time or place. If, at the adjourned meeting, a quorum is not present within half an hour of the scheduled time, the meeting shall be dissolved.
- 7.7 The sentence "If a body corporate is a Member of the Company then execution of a resolution by one of its directors or officers on its behalf will be sufficient." shall be added at the end of Regulation 53.
- 7.8 A quorum shall be three (3) persons entitled to vote upon the business to be transacted, each being a Member or a proxy for a Member or a duly authorised representative of a corporation. Regulation 40 shall be modified accordingly.

## **8. APPOINTING AND REMOVING DIRECTORS**

- 8.1 The maximum number and minimum number of directors may be decided by ordinary resolution of the Company from time to time. If no resolution is made, the maximum number of directors shall be seven (7) and the minimum number of directors shall be one (1). When the minimum number of directors is one (1), the sole director shall have authority to exercise all the powers and discretions granted to the directors by Table A and by these Articles. The sole director may do this by written resolution. Regulations 89 and 90 shall be altered accordingly.
- 8.2 The directors do not need to retire by rotation.
- 8.3 No person can be appointed a director at any general meetings unless:-
- 8.3.1 they are recommended by the directors; or
- 8.3.2 they are proposed by a person qualified to vote at the general meeting. In that case, the Member proposing the director must, not less than fourteen (14) and no more than thirty five (35) clear days before the date of the meeting, give notice to the Company of their intention to propose the person for appointment and also send to the Company a notice signed by that person indicating his willingness to be appointed.

Subject to this, the Company may by ordinary resolution appoint any person to be a director, either to fill a vacancy or as an additional director.

- 8.4 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director.
- 8.5 The University shall, for so long as it is a Qualifying Party, have the right to nominate one (1) director of the Company. If the University ceases to be a Qualifying Party it shall, at the request of the Board, promptly procure the removal of any director appointed by it pursuant to this Article 8.5.
- 8.6 East Hill shall, for so long as it is a Qualifying Party have the right to nominate one (1) director of the Company. If the Investor ceases to be a Qualifying Party it shall, at the request of the Board, promptly procure the removal of its director.

- 8.7 OCP shall have the right to nominate one (1) director of the Company for so long as the shares held by it or its Permitted Transferees constitute 5% or more of the issued share capital of the Company, and shall, at the request of the Board, promptly procure the removal of such director on its ceasing to be so entitled.
- 8.8 Dr Luke Alphey shall be entitled to be a director for so long as he is either the holder of not less than 10 per cent. of the issued share capital of the Company or continues to be the Company's scientific director.
- 8.9 Each party having a right to nomination under Article 8.5, 8.6 or 8.7 shall be entitled to appoint such director, and to remove and replace any director so appointed, by serving written notice to that effect on the Company, signed by or on behalf of that Party.
- 8.10 There shall be no restrictions (other than those imposed by law or by Table A) on who may be appointed a director of the Company. A person of any age may be appointed and no director will be required to vacate his office because he has reached a particular age.
- 8.11 The Company may by extraordinary resolution remove any director (other than a director appointed pursuant to Articles 8.5, 8.6 and 8.7) at any time. However:
- 8.11.1 a removal of a director will not affect any claims that the director may have against the Company for breach of contract or otherwise; and
- 8.11.2 the power to remove a director under this Article 8.11 is in addition to, and without prejudice to, Sections 303 and 304.

## **9. ALTERNATE DIRECTORS**

- 9.1 Each director (other than an alternate director) may appoint an alternate (who need not be a director) to represent him at meetings of the Board which he is unable to attend; but, in the case of an alternate who is not a director, such appointment shall not be valid unless the appointee has been approved by a resolution of the Board, such approval not to be unreasonably withheld. Regulation 65 shall be modified accordingly. An alternate director so appointed can represent more than one director. At any meeting of the directors (or of any committee of the directors), the alternate director shall be entitled to one (1) vote for every director that he represents, as well as his own vote as a director, if he has one. However, an alternate director shall only count as one for the purpose of determining whether a quorum is present, irrespective of how many directors he represents.
- 9.2 Alternate directors will not be entitled to be paid any remuneration by the Company. However, the person who has appointed the alternate director may, by giving written notice to the Company, direct that any payment due from the Company to them should be paid to the alternate director. The first sentence of Regulation 66 is altered accordingly.
- 9.3 If something happens which could cause an alternate director, if he was a director, to vacate the office of director, then the appointment of that alternate director will automatically terminate.

## **10. POWERS AND PROCEEDINGS OF DIRECTORS**

- 10.1 Subject to Article 10.1A, if a director is in any way directly or indirectly interested in a proposed transaction or arrangement with the Company or a transaction or arrangement that has been entered into by the Company, he must declare the nature and extent of that interest to the directors in accordance with sections 177(2) and 182(2) of the 2006 Act. As long as the director does this, he may vote at the meeting and may be counted in determining that a quorum is present at the meeting. A disclosure that complies with sections 177(2) or 182(2), as applicable, of the 2006 Act will be sufficient disclosure for the purposes of Regulations 85 and 86.
- 10.1A A director need not declare an interest under Article 10.1:
- 10.1A.1 if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
- 10.1A.2 if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as being aware of anything which they ought reasonably to be aware); or
- 10.1A.3 if, or to the extent that, it concerns terms of his service contract that have been or are to be considered by a meeting of the directors or a committee of the directors appointed for the purpose under the Company's constitution.
- 10.2 The Board shall meet at least ten times each year, and shall in addition meet if any director should so require. Subject to the provisions of Article 10.4 and unless otherwise agreed by all the directors in the case of any emergency, at least fourteen (14) days' prior written notice of each Board meeting shall be given to all directors, specifying the time and place of the meeting and the matters to be discussed. Unless otherwise agreed by all of the directors, no matters may be discussed at any meeting unless they were specified in the notice convening the meeting.
- 10.3 No meeting of the Board may transact business unless a quorum is present. For these purposes a quorum of the Board is three (3) directors, present in person or by teleconference or represented by an alternate, including at least two of the University Director, the East Hill Director and the OCP Director or their alternates.
- 10.4 If a quorum is not present within half an hour of the scheduled time for a board meeting, it will be adjourned until the same time, day and place the following week. However, the directors may decide to adjourn a meeting to another time or place provided that this time is not less than seven (7) days and not more than fourteen (14) days from the time of the original meeting. If, at the adjourned meeting, a quorum is not present within half an hour of the scheduled time, it shall nevertheless be deemed quorate.
- 10.5 All resolutions of the Board shall be passed by a simple majority vote. The Chairman shall not have a casting vote and Regulation 88 shall be modified accordingly.
- 10.6 If the Company is a Member of another corporation then any director:

- 10.6.1 is authorised under Section 375 to act as the Company's representative at any meeting of such corporation or at any meeting of a class of Members of that corporation;
- 10.6.2 may sign any written resolution of the Members of that corporation; or
- 10.6.3 may act as a signatory to conclude any particular business in relation to that corporation

as if the board of directors of the Company had given its consent.

- 10.7 The directors may exercise all the powers of the Company to pay or provide pensions, annuities, gratuities, superannuation and other allowances and benefits to:-

- 10.7.1 current and former directors;
- 10.7.2 current and former employees;
- 10.7.3 dependants and relatives of current and former directors and employees

of the Company or any subsidiary or associated company. The directors are entitled to retain any benefits received by any of them as a result of their exercise of these powers.

- 10.8 If a director performs special services for the Company which are outside the normal scope of his duties, then that director may receive extra remuneration. The amount of the remuneration will be decided by the directors and will be charged as part of the Company's ordinary revenue expenses. However, the directors do not need to give extra remuneration to any director who performs special services without being requested to do so by the directors.

- 10.9 A meeting of the board of directors or of a committee may be held by means of video-conference, telephone or similar communications equipment. However, everybody who participates in the meeting must be able to hear each other. Any person participating in a meeting held in this manner shall be deemed to be present at the meeting. They will therefore count towards the quorum and be entitled to vote in any resolutions proposed to be passed at the meeting.

#### 10A

- 10A.1 The Board may, subject to Article 10A.3, authorise any matter which relates to a situation in which a director (the "**Relevant Director**") has, or can have, a direct or indirect interest which conflicts or possibly may conflict, with the interests of the Company and which would, if not so authorised, result in a breach of duty by the Relevant Director under section 175 of the 2006 Act ("**a Relevant Situation**").

- 10A.2 The Relevant Director seeking authorisation in respect of a Relevant Situation must declare to the Board the nature and extent of his interest in that Relevant Situation as soon as is reasonably practicable. The Relevant Director must provide the Board with such details as are necessary for the Board to decide whether or not to authorise the Relevant Situation. The Relevant Director must also provide such additional information as may be requested by the Board.

10A.3 Any director (including the Relevant Director) may propose that a Relevant Situation be authorised by the Board. Such proposal and any authorisation given by the Board shall be effected in the same way that any other matter may be proposed to and resolved upon by the Board in accordance with the provisions in these Articles save that:

10A.3.1 the Relevant Director and any other director with an interest in the Relevant Situation shall not count towards the quorum nor vote on any resolution giving such authorisation; and

10A.3.2 a Relevant Director may, if the other directors so decide, be excluded from any meeting of the Board or any committee of directors while the Relevant Situation is under consideration.

10A.4 Where the Board authorises a Relevant Situation:

10A.4.1 the Board may (whether at the time of giving the authorisation or subsequently):

(a) require that a Relevant Director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the Board or otherwise) related to the Relevant Situation; and

(b) impose upon a Relevant Director such other terms for the purpose of dealing with the Relevant Situation as it may determine;

10A.4.2 the Relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Board in relation to the Relevant Situation;

10A.4.3 the Board may provide that where the Relevant Director obtains or has obtained (through his involvement in the Relevant Situation and otherwise than through his position as a director of the Company) information that is confidential to a third party, the director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs;

10A.4.4 the terms of the authorisation must be recorded in writing (but the authority will be effective whether or not the terms are so recorded); and

10A.4.5 the Board may revoke or vary such authorisation at any time but this will not affect anything done by the Relevant Director prior to such revocation or variation in accordance with the terms of such authorisation.

10A.5 For the purposes of this Article 10A, a conflict of interest includes a conflict of interest and duty and a conflict of duties.

## **11. COME ALONG OPTION**

11.1 If any one or more Members (together the "Selling Shareholders") wish to sell on arm's length terms any interest in Shares which would result in a Special Change of Control, the Selling Shareholders (or, after the transfer by them of their Shares to the Acquirer resulting in the Special Change of Control, the Acquirer) shall have the option ("the Come Along Option") to require all the other holders of Shares and any



persons who become shareholders after the service of the notice referred to in Article 11.2 to transfer all their Shares to the Acquirer or as the Acquirer shall direct in accordance with this Article 11.

- 11.2 The Selling Shareholders or the Acquirer may exercise the Come Along Option by giving notice to that effect (a "Come Along Notice") to all such other Shareholders and any persons who become shareholders after the service of the Come Along Notice (together the "Called Shareholders") at any time after the Selling Shareholders have agreed to transfer the Shares held by them giving rise to the Special Change of Control. A Come Along Notice shall specify that the Called Shareholders are required to transfer all their Shares (the "Called Shares") pursuant to Article 11.1, the price at which the Called Shares are to be transferred (calculated in accordance with Article 11.4) and the proposed date of transfer.
- 11.3 A Come Along Notice is irrevocable but the Come Along Notice and all obligations thereunder will lapse if the Come Along Notice is given before the transfer of Shares resulting in the Special Change of Control and for any reason there is not a Special Change of Control caused by a transfer of Shares by the Selling Shareholders to the Acquirer within 3 months of the date of the Come Along Notice.
- 11.4 The Called Shareholders shall be obliged to sell the Called Shares at the price per Share at which the relevant transfer of Shares referred to in Article 11.1 takes place or took place.
- 11.5 Completion of the sale of the Called Shares shall take place on the date specified for that purpose by the Selling Shareholders or the Acquirer except that:
- (a) such person may not specify a date that is less than 14 days after the date of the Come Along Notice;
  - (b) if the Come Along Notice is given by the Selling Shareholders, the date so specified by the Selling Shareholders shall be the same date as the date proposed for completion of the sale of the Shares giving rise to the Special Change of Control,

unless all of the Called Shareholders, the Selling Shareholders and the Acquirer agree otherwise.

- 11.6 If any of the Called Shareholders shall make default in selling its Called Shares in accordance with this Article 11, any director of the Acquirer or some other person duly nominated by resolution of the Company's directors for that purpose shall forthwith be deemed to be the duly appointed attorney of such Called Shareholders with such power to execute, complete and deliver in the name and on behalf of such Called Shareholders a transfer of the relevant Called Shares and any such director or other person may receive and give a good discharge of the purchase money on behalf of such Called Shareholders and (subject to the transfer being duly stamped) enter the name of the third party in the Register of Members as the holder or holders by transfer of the Called Shares so purchased by him or them. The Company shall forthwith pay the purchase money into a separate bank account in the Company's name and shall hold such money on trust (but without interest) for such Called Shareholders until they shall deliver up a certificate or certificates for the relevant Shares to the Company and they shall thereupon be paid the purchase money.

## **12. MAJORITY CHANGE OF CONTROL**

- 12.1 Notwithstanding any other provision in these Articles, no sale or transfer or other disposition of any interest in any Share shall have any effect, if it would result in a Majority Change of Control, unless before the transfer is lodged for registration the Acquirer has made a bona fide offer in accordance with this Article 12 to purchase at the Specified Price (as defined in Article 12.3.) all the Shares held by the Members (except any Member which has expressly waived its right to receive such an offer for the purpose of this Article 12).
- 12.2 An offer made under Article 12.1 shall be in writing open for acceptance for at least 21 days, and shall be deemed to be rejected by any Member who has not accepted it in accordance with its terms within 21 days and the consideration under such an offer shall be settled in full on completion of the purchase and within 30 days of the date of the offer.
- 12.3 For the purposes of Article 12.1:
- 12.3.1 the expressions "transfer", "transferor" and "transferee" include respectively the renunciation of a renounceable letter of allotment and any renouncer and renounee of such letter;
- 12.3.2 the expression "Specified Price" means a price per Share equal to the highest price paid or payable by the Acquirer or persons acting in concert with him or connected with him for any Shares within the last 6 months plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the specified Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as part of the overall consideration paid or payable for the specified Shares;
- 12.3.3 If any part of the Specified Price is payable otherwise than in cash any Member may require, as a condition of his acceptance of the offer made under this Article 12, to receive in cash on transfer all or any of the price offered for the Shares sold by him pursuant to the offer.

## **13. SELL ALONG**

Notwithstanding any other provisions of these Articles, no Member will (either acting alone or in concert with any other Member or Members) transfer or agree to transfer any interest in any Shares to any person who is not already a Member unless such person makes an irrevocable offer, open for acceptance for not less than thirty (30) days, to acquire the same proportion of Shares from the other Members as such person intends to acquire from the selling Members, at the highest price per Share and on terms no less favourable than those offered to the selling Members.

## **14. BORROWING**

The directors may exercise all the powers of the Company to: -

- 14.1 borrow money without limit as to amount on such terms and in such manner as they think fit;
- 14.2 grant any mortgage, charge or standard security over all or any part of its undertaking, property and uncalled capital; and
- 14.3 subject (in the case of any security convertible into Shares) to Section 80, issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

## **15. WINDING UP**

On a return of capital on a winding up or otherwise the Company's assets available for distribution among the Members shall be applied as follows:

- (a) first in repayment of the aggregate of the nominal amount of the ordinary Shares and any premium paid on subscription for them;
- (b) second in payment of any declared but unpaid dividends up to the date of commencement of the winding up or return of capital; and
- (c) third amongst the holders of the Ordinary Shares in proportion to the number of Ordinary Shares held by them

Regulation 117 shall not apply.

## **16. NOTICES**

- 16.1 In regulation 112 the words "or by telex or fax" shall be inserted before the words "or by sending it by" and the words "first class" shall be inserted before the words "post in a pre-paid envelope".
- 16.2 Where notice is communicated by telex or fax then the notice shall be deemed to be given at the time it is correctly transmitted to the person to whom it is addressed.

## **17. COMPANY SEAL**

- 17.1 A document can only be sealed with the Company seal if the directors authorise this. The directors shall decide who will sign any document that the seal is affixed to. If the directors do not decide this then the documents will be signed by any director and also by the secretary or another director. Share certificates do not have to be sealed with the seal and Regulation 6 is modified accordingly.
- 17.2 The Company is authorised under Section 39 to have one or more official seals which can be used outside the United Kingdom. The directors may exercise this power.

## **18. OFFICERS' INDEMNITY**

Insofar as the following provisions are not avoided by Section 310:-

- 18.1 every director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or in relation to the performance of the duties of his office, including any liability incurred by him in defending any proceedings, either civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with an application under Section 144 or Section 727 in which relief is granted to him by the Court; and
- 18.2 no director or other officer shall be liable to the Company or any third party for any loss or damage suffered by the Company arising out of that person's performance of their duties of office.
- 18.3 Subject to the provisions of the Act, the directors may purchase and maintain insurance at the expense of the Company for the benefit of any director or other officer of the Company against any liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done by him as a director or officer of the Company.