



Dated

2009

THE PERSONS NAMED IN SCHEDULE 1

and

EXETER SCIENCE PARK LIMITED

SHAREHOLDERS AGREEMENT

relating to

EXETER SCIENCE PARK LIMITED

© Bevan Brittan LLP

Fleet Place House 2 Fleet Place Holborn Viaduct London EC4M 7RF
T +44(0)870 194 1000 F +44(0)870 194 7800

Kings Orchard 1 Queen Street Bristol BS2 0HQ
T +44(0)870 194 1000 F +44(0)870 194 1001

Interchange Place, Edmund Street, Birmingham, B3 2A
T +44(0)870 194 1000 F +44(0)870 194 5001

www.bevanbrittan.com

M-3727043-3

Contents

Item	Page
1	DEFINITIONS AND INTERPRETATION 1
2	COMPLETION 11
3	FINANCING THE COMPANY 13
4	MANAGEMENT OF THE COMPANY 15
5	DIRECTORS 17
6	ACCOUNTING MATTERS 20
7	DIVIDEND POLICY 21
8	TRANSFER OF SHARES 21
9	RESTRICTIONS ON SHAREHOLDERS' BUSINESS ACTIVITIES AND INTELLECTUAL PROPERTY 23
10	TERMINATION 25
11	DISPUTE RESOLUTION 26
12	ENFORCEMENT OF THE COMPANY'S RIGHTS 28
13	WARRANTIES 29
14	ASSIGNMENT AND SUB-CONTRACTING 29
15	FURTHER ASSURANCE 29
16	REMEDIES AND WAIVERS 29
17	ENTIRE AGREEMENT 30
18	CONFLICT WITH THE ARTICLES 30
19	SUBSIDIARIES 30
20	SEVERANCE 30
21	ANNOUNCEMENTS AND CONFIDENTIALITY 31
22	NOTICES 32
23	COSTS AND EXPENSES 34
24	SET-OFF 34
25	DEFAULT INTEREST 34
26	NO PARTNERSHIP OR AGENCY 34
27	COUNTERPARTS 34
28	CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 34
29	GOVERNING LAW AND JURISDICTION 35
	SCHEDULE 1 - SHAREHOLDERS 36
	SCHEDULE 2 - PARTICULARS OF THE COMPANY 37
	SCHEDULE 3 - DEED OF ADHERENCE 38
	SCHEDULE 4 – BUSINESS PLANS 41
	SCHEDULE 5 - RESERVED MATTERS 43

BETWEEN:

- (1) **Devon County Council** of Devon Hall, Topsham Road, Exeter, Devon EX2 4QD (“**DCC**”);
- (2) **The University of Exeter** (a company incorporated by Royal Charter in England and Wales with registered number RC000653) whose registered office is at The Queens Drive, Exeter, Devon EX2 4QJ (the “**University**”);
- (3) **Exeter City Council** of Civic Centre, Paris Street, Exeter EX1 1JN (“**ECC**”);
- (4) **East Devon District Council** of Knowle, Sidmouth, Devon EX10 8HL (“**EDDC**”);
- (5) **The Met Office** of Fitzroy Road, Exeter, Devon EX1 3PB (the “**Met Office**”); and
- (6) **Exeter Science Park Limited** (a company incorporated in England and Wales with registered number 6828415) whose registered office is at The Queens Drive, Exeter, Devon EX2 4QJ (the “**Company**”).

WHEREAS:

- (A) The Company (further details of which are set out in **Schedule 2**) was formed for the purpose of carrying on the Business as a joint venture between the Shareholders.
- (B) This Agreement sets out the terms on which the Shareholders have agreed to participate in the Company and the rights and obligations of each of them as Shareholders.
- (C) The Company has agreed with the Shareholders that it will comply with its obligations under this Agreement.

IT IS AGREED as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, unless the context requires otherwise:

“ Acceptance Period ”	has the meaning given to it in Clause 11.5 ;
“ Additional Loan ”	has the meaning given to it in Clause 3.6 ;
“ Amounts ”	has the meaning given to it in Clause 11.4 ;
“ Articles ”	means the articles of association in the agreed form to be adopted by the Company at Completion as amended or replaced from time to time in accordance with this Agreement;
“ Auditors ”	means the auditors of the Company from time to

	time;
"Background Intellectual Property"	means Intellectual Property, excluding Foreground Intellectual Property, which is identified and recorded by the Board as Background Intellectual Property and as being owned or controlled by one of the Parties and useful to the Company for one or more specific Business related purposes;
"Board"	means the board of directors of the Company from time to time;
"Business"	means the business of: <ul style="list-style-type: none"> (a) the establishment, development and operation of the science park; and (b) such other activity or business as the Shareholders shall determine from time to time in accordance with this Agreement establishment, development and operation of the Company;
"Business Day"	means a day (other than a Saturday or Sunday) on which banks are open for business in London;
"Business Information"	means all information of whatsoever nature (whether oral, written or in any other form) containing or consisting of material of a technical, operational, administrative, economic, marketing, planning, human resources, legal, business or financial nature, or in the nature of Intellectual Property of any kind and relating to the Company or any subsidiary undertaking of the Company from time to time;
"Business Plans"	means the Strategic Business Plan and the Operational Business Plan;
"Change of Control"	in relation to a Shareholder occurs if a person who did not previously have Control (as that term is defined in section 416 of ICTA) of such Shareholder acquires Control of such Shareholder (other than as a result of a Merger or a solvent restructuring of such Shareholder's Group) and for the purpose of assessing whether there has been a Change of Control, references to a person shall include a reference to any 2 or more persons who are acting in concert (as that phrase is defined in the City Code on Takeovers and Mergers);
"Companies Acts"	means the Companies Act 1985, the Companies Act

2006 (to the extent it is in force), the Companies Consolidation (Consequential Provisions) Act 1985, the Companies Act 1989 and part V of the Criminal Justice Act 1993 and where any specific provision of the Companies Act 1985 is referred to, this will include, where relevant, any equivalent provision of the Companies Act 2006;

"Completion"	means the performance by the parties of their obligations pursuant to Clause 2 ;
"Compulsory Transfer Notice"	has the meaning given to it in the Articles;
"Confidential Business Information"	means Business Information which is confidential or not generally known;
"Contributing Shareholder"	has the meaning given to it in Clause 3.6 ;
"Deed of Adherence"	means a deed in the form set out in Schedule 3 ;
"Default Event"	has the meaning given to it in Clause 8.7 ;
"Defaulting Shareholder"	has the meaning given to it in Clause 8.7 ;
"Directors"	means all the directors of the Company from time to time;
"Dispute Resolution Notice"	means a notice in writing referring to the matter in dispute and specifying that the provisions of Clauses 11.2 to 11.9 (inclusive) shall apply;
"Dispute Resolution Period"	has the meaning given to it in Clause 11.2.1 ;
"Encumbrances"	means liens, charges, mortgages, pledges, equities, encumbrances securing any obligation of any person, preferential arrangements (including retention of title arrangements) and other rights, interests and claims of any nature whatsoever;
"Fair Value"	has the meaning given to it in the Articles;
"First Adjourned Meeting"	has the meaning given to it in Clause 5.12 ;
"First Nominated Representative"	means :
	(a) in the case of DCC, ECC and EDDC, the Head of Paid Services;
	(b) in the case of the University, the Registrar and Secretary; and

	(c) in the case of the Met Office, the CEO;
"Foreground Intellectual Property"	means all and any Intellectual Property, excepting Background Intellectual Property, which is identified and recorded by the Board as Foreground Intellectual Property and which has been created by the Company, an employee of the Company, a Party, an employee of a Party or a Director nominated by a Party, in the course of undertaking any activity for the benefit of the Company;
"Group"	in relation to a party means that party, any subsidiary (as that term is defined in section 736 of the Companies Act 1985) of that party, any other company of whom that party is a subsidiary and any other subsidiary of any such company from time to time;
"IA"	means the Insolvency Act 1986;
"ICTA"	means the Income and Corporation Taxes Act 1988;
"Initial Contribution"	has the meaning given to it in Clause 2.3 ;
"Insolvency"	means any of the following: <ul style="list-style-type: none"> (a) the presentation of a petition, or the convening of a meeting for the purpose of considering a resolution, for the winding up or dissolution of, the passing of any resolution for the winding up or dissolution of, or the making of a winding up order against or order for the dissolution of, a party; (b) the appointment of a receiver, administrative receiver, receiver and manager, administrator, sequestrator or similar officer over all or any of the assets or undertaking of a party, the making of an administration application or presentation of a petition for an administration order, or the making of an administration order, in relation to a party; (c) the proposal of, application for or entry into of a compromise or arrangement or voluntary arrangement, or any other scheme, composition or arrangement in satisfaction or composition of any of its debts or other arrangement for the benefit of its creditors

generally, by a party with any of its creditors (or any class of them) or any of its members (or any class of them) or the taking by any party of any action in relation to any of the same or the filing of any documentation for the purpose of obtaining a moratorium pursuant to section 1A and paragraph 7 of schedule A1 of IA in relation to a party;

- (d) the taking by any creditor (whether or not a secured creditor) of possession of, or the levying of distress or enforcement or some other process upon, all or part of the property, assets or undertaking of a party;
- (e) the deemed inability of a party which is a company to pay its debts within the meaning of section 123 of IA or a party which is an individual appearing to be unable to pay a debt or to have no reasonable prospect of being able to pay a debt within the meaning of section 268 of IA;
- (f) the suspension of payment of debts by a party or the inability or admission of inability of a party to pay its debts as they fall due;
- (g) the ceasing by a party to carry on the whole or a substantial part of its business;
- (h) the presentation of a petition for bankruptcy, or the making of a bankruptcy order, in respect of a party, the occurrence of circumstances in respect of a party which would enable the presentation of a bankruptcy petition under part IX of IA or the making of an application for an interim order or the making of an interim order under section 252 of IA in relation to a party; or
- (i) the occurrence of an event or circumstance in relation to a party similar to any of those referred to in paragraphs (a) to (h) above in any jurisdiction other than England and Wales

and the term "**Insolvent**" shall be construed accordingly;

"Intellectual Property"

means patents, inventions, registered designs, trademarks, applications for any of the foregoing or

the right to apply therefor in any part of the world; design rights including Community designs, database rights, copyrights, rights in the nature of copyright, topography rights; trade names, logos, get-up, domain names; know-how and trade secrets; and any similar or equivalent rights arising or subsisting anywhere in the world;

"Intellectual Property Rights"

means all patents, utility models, trade marks, trade or business names, logos or straplines, domain names, copyright, moral rights, rights to prevent passing off or unfair competition, database rights, rights in designs, know how and all other intellectual or industrial property rights, in each case whether registered or unregistered and including applications or rights to apply for them and together with all extensions and renewals of them, and in each and every case all rights or forms of protection having equivalent or similar effect anywhere in the world;

"Level One Reserved Matters"

means the matters specified in **Part I of Schedule 5**;

"Level Two Reserved Matters"

means the matters specified in **Part II of Schedule 5**;

"Loan Amount"

has the meaning given to it in **Clause 11.4**;

"London Stock Exchange"

means London Stock Exchange plc;

"Merger"

means the creation of a new entity or the amalgamation, reconstruction or other arrangement of a Shareholder with another Shareholder whereby the functions, business, assets, rights, responsibilities and liabilities of either or both Shareholders are assumed assigned transferred or novated to either another Shareholder or a new entity formed or created especially for that purpose;

"Non-Defaulting Shareholder"

has the meaning given to it in **Clause 8.7**;

"Non Executive Chairman"

means the Director nominated by the Board from time to time in accordance with **Clause 5.4** to be chairman;

"Non-Executive Directors"

means the Director(s) nominated by the Board from time to time in accordance with **Clause 5.7** to be independent non-executive directors;

"Non-Contributing Shareholder"

has the meaning given to it in **Clause 3.6**;

"Offer"

has the meaning given to it in **Clause 11.4**;

"Offeree"	has the meaning given to it in Clause 11.4 ;
"Offer Notice"	has the meaning given to it in Clause 11.4 ;
"Offeror"	has the meaning given to it in Clause 11.4 ;
"Operational Business Plan"	<p>means the initial operational business plan of the Company in the agreed form and any subsequent operational business plan of the Company which:-</p> <p>(a) detail the operational and funding requirements of the Company for each year of operation;</p> <p>(b) where possible incorporate the general characteristics and operational characteristics at Schedule 4;</p> <p>to be adopted in the case of the initial operational business plan at Completion covering the period from the date of Completion to the first anniversary of the Completion and in the case of any subsequent operational business plan as prepared and reviewed annually in accordance with Clause 4.4.6 from time to time;</p>
"Purchaser"	has the meaning given to it in Clause 11.9 ;
"Restricted Business"	means any business which is competitive with any of the businesses of the Company or any subsidiary undertaking of the Company from time to time as carried on from time to time during a Shareholder's membership of the Company (for the purpose of any provision of Clause 9 to the extent it applies to that Shareholder while it still holds Shares) or as carried on at the date that Shareholder ceased to hold Shares (for the purpose of any provision of Clause 9 to the extent it applies to that Shareholder after it ceases to hold Shares);
"Sale"	means the entire issued share capital of the Company becoming beneficially owned by the same person or persons connected with each other;
"Second Representative"	<p>Nominated means:</p> <p>(a) in the case of DCC, ECC and EDDC, the respective leaders of the councils;</p>

	(b) in the case of the University, the Vice Chancellor; and
	(c) in the case of the Met Office, the Chairman of the Met Office board;
"Seller"	has the meaning given to it in Clause 11.9 ;
"Share Amount"	has the meaning given to it in Clause 11.4 ;
"Shareholder Loans"	means any and all amounts advanced to the Company by the Shareholders (or any of them) from time to time pursuant to Clause 3.2 and in relation to a particular Shareholder means all such amounts so advanced by that Shareholder;
"Shareholders"	means the person(s) registered as holder(s) of the Shares from time to time;
"Shareholder's Solicitors"	means Bevan Brittan LLP of Interchange Place, 151-155 Edmund Street, Birmingham B3 2TA;
"Shares"	means the ordinary shares of £10 each in the capital of the Company and any shares issued in exchange therefor by way of conversion or reclassification and any shares representing or deriving from such shares as a result of any increase in or reorganisation or variation of the capital of the Company from time to time;
"Specified Proportion"	means, in relation to a Shareholder, a fraction the numerator of which is the total number of Shares held by that Shareholder for the time being and the denominator of which is the total number of Shares (including Shares held by the said Shareholder) in issue for the time being and the expression "Specified Proportions" in relation to the Shareholders shall be construed accordingly;
"Strategic Business Plan"	means the initial strategic business plan of the Company in the agreed form and any subsequent strategic business plan of the Company which:- <ul style="list-style-type: none"> (a) identifies the longer strategic vision of the Company over successive 3 year periods including an appropriate level of financial projections; (b) incorporate the general characteristics and operational characteristics at Schedule 4

to be adopted in the case of the initial strategic business plan at Completion covering the period from Completion to the Third anniversary of completion and in the case of any subsequent strategic business plan as prepared and revised every 3 years in accordance with **Clause 4.4.7** from time to time;

"SWRDA"	means the South West Regional Development Agency;
"Third Dispute Resolution Period"	has the meaning given to it in Clause 11.2.3 ;
"Transfer Notice"	has the meaning given to it in the Articles;
"Working Hours"	means 9.30 a.m. to 5.30 p.m. on a Business Day.

1.2 In this Agreement, unless the context requires otherwise:

- 1.2.1 references to clauses, paragraphs, recitals and schedules are references to clauses and paragraphs of, and recitals and schedules to, this Agreement;
- 1.2.2 a reference to any statute or statutory provision shall include any subordinate legislation made under the relevant statute or statutory provision and shall be construed as a reference to such statute, statutory provision or subordinate legislation as it may have been, or may from time to time be, amended, modified or re-enacted (with or without modification);
- 1.2.3 references to a "**person**" shall be construed so as to include any individual, firm, corporation, government, state or agency of a state or any joint venture, trust, association or partnership (whether or not having separate legal personality);
- 1.2.4 references to any gender shall include every gender, and the singular shall include the plural and vice versa;
- 1.2.5 references to "**indemnify**" and "**indemnifying**" any person against any circumstance include indemnifying and keeping that person harmless from all actions, claims and proceedings from time to time made against that person and all loss or damage and all payments, costs or expenses (including legal fees and taxes) made or incurred by that person as a consequence of or which would not have arisen but for that circumstance;
- 1.2.6 references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most

nearly approximates in that jurisdiction to the English legal term (and references in this paragraph to "England" and "English" shall also include a reference to "Wales" and "Welsh" respectively);

- 1.2.7 a person shall be deemed to be "**connected**" with another if that person is connected with that other within the meaning of section 839 of ICTA;
 - 1.2.8 words and expressions defined in the Companies Acts shall have the same meanings;
 - 1.2.9 references to writing shall include any mode of reproducing words in a legible and non-transitory form;
 - 1.2.10 references to a "**party**" or the "**parties**" are to a party or the parties to this Agreement from time to time and any person who agrees to be bound by the provisions of this Agreement from time to time in accordance with **Clause 8.5** but, for the avoidance of doubt, shall not refer to any person who has ceased to have any obligations under this Agreement from time to time;
 - 1.2.11 the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;
 - 1.2.12 general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
 - 1.2.13 references to a "**month**" shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or, if there is no numerically corresponding day in the next calendar month, the last day in the next calendar month;
 - 1.2.14 any requirement upon a Shareholder to procure a particular matter or thing shall be deemed to include an obligation to exercise its powers as a Shareholder, and to use its reasonable endeavours to procure that any Director appointed by it shall (subject to his fiduciary and other legal duties owed to the Company) exercise his powers as a director, to procure such matter or thing; and
 - 1.2.15 references to a document in the "**agreed form**" are to a document in a form agreed by the parties and initialled by or on behalf of each of them for the purpose of identification.
- 1.3 The schedules form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement, and any reference to this Agreement shall include the schedules.

- 1.4 The recitals and headings to clauses and schedules are for convenience only and shall not affect the construction or interpretation of this Agreement.

2 COMPLETION

- 2.1 Completion shall take place immediately after the signature of this Agreement.

- 2.2 At Completion:

- 2.2.1 the Shareholders shall deliver or cause to be delivered to the other Shareholders:

2.2.1.1 a copy, certified as being a true, complete and up-to-date copy, of any power of attorney under which this Agreement or any document required to be executed or delivered under the terms of this Agreement has been so executed or delivered on behalf of the Shareholder; and

2.2.1.2 a copy, certified as being a true, complete and up-to-date copy, of the resolutions of the board of directors of any Shareholder authorising the execution, delivery and performance of this Agreement and all agreements, deeds and instruments contemplated by this Agreement and authorising named persons to sign such documents on behalf of the Shareholder; and

- 2.2.2 the parties shall procure that a general meeting of the Company is held at which the articles of association in the agreed form are adopted by the Company as its articles of association.

- 2.3 Upon completion of all the matters referred to in **Clause 2.2** each Shareholder shall apply to subscribe for the number of Shares specified against its name in the third column of the table at **Schedule 1**, and shall pay to the Company the subscription monies due on Completion as specified in the fifth column of the table at **Schedule 1** (the “**Initial Contributions**”).

- 2.4 The Initial Contributions shall be made in cash.

- 2.5 The remaining monies owed by each Shareholder, as specified in the sixth column of the table at **Schedule 1** (the “**Balance**”), shall be paid in accordance with the Operational Business Plan.

- 2.6 If any Shareholder (the “**Non-Paying Shareholder**”) shall fail to pay the Balance in accordance with **Clause 2.5** on the Business Day specified in the Operational Business Plan, then until the Balance is paid to the Company the Non-Paying Shareholder shall not be entitled to:-

- 2.6.1 vote at any general meeting or any separate meeting of the Company whether on a show of hands or on a poll, or
- 2.6.2 dispose of the Shares registered in the name of the Non-Paying Shareholder, or
- 2.6.3 be paid or receive any dividend declared or other distribution on the Shares registered in the name of the Non-Paying Shareholder

and the director appointed (if any) by the Non-Paying Shareholder pursuant to **Clause 5.2** shall not be entitled to attend, speak or vote at any Board meetings or count towards the quorum of the Board meetings.

2.7 The Shareholders agree that all outstanding payments for Shares made after Completion shall only be made in cash and that they each remain responsible for the balance of their total contributions as specified in the sixth column of the table at **Schedule 1**.

2.8 In the event of a Merger:-

2.8.1 the Shareholders severally undertake to each other and the Company (at its own expense) that it shall and shall use all reasonable endeavours to procure that any necessary third party shall execute and deliver such documents and perform such acts as may be reasonably required to give full effect to the Merger;

2.8.2 the Company undertakes to each of the Shareholders (at its own expense) and so far as it is lawfully able to use its reasonable endeavours to procure that any necessary third party shall execute and deliver such documents and perform such acts as may be reasonably required to give full effect to the Merger.

the merged entity shall be responsible for and shall assume the share subscription obligations and payment obligations of each of the Shareholders who are the subject of the Merger.

2.9 Upon completion of all the matters referred to in **Clause 2.2**:

2.9.1 the parties shall procure that a meeting of the Board is held at which it shall be resolved that:

2.9.1.1 the Shares applied for pursuant to **Clause 2.3** are allotted credited as partly paid, the appropriate entries are made in the registers of allotments and members of the Company and share certificates are issued in respect of the Shares so allotted;

2.9.1.2 David Allen is appointed as the first chairman of the Board until such time as the Directors agree on the appointment of an independent non-executive director to be the chairman of the Board; and

2.9.1.3 the Business Plans are approved and adopted.

- 2.10 Unless otherwise varied as a result of a Merger, the approximate share ownership proportions set out in the last column of the table at **Schedule 1** shall be maintained throughout the life of this Agreement.
- 2.11 Each Shareholder shall at Completion deliver to the Company such waivers and/or consents as may be required to enable the matters referred to in this **Clause 2** to be completed.

3 FINANCING THE COMPANY

- 3.1 If the Company requires finance or debt funding in addition to that already provided by the Shareholders or to be provided by the Shareholders (or any of them) pursuant to this Agreement and as set out in **Schedule 1**, it shall endeavour to seek and obtain such debt funding or finance for such amount and on such terms from third party sources as set out in the Business Plan or as otherwise determined by the Board. Such further finance may be by way of grants, further subscriptions for shares, shareholder loans or borrowing from a third party.
- 3.2 Subject to **Clause 3.7**, the Shareholders agree that, to the extent that the Company's capital requirements cannot be financed from third party sources in accordance with **Clause 3.1**, any additional finance required shall be contributed to the Company by the Shareholders in the Specified Proportions (as those proportions may be varied by the further issues and/or transfer of shares in accordance with this Agreement or the Articles) by way of loan upon each Shareholder being given not less than 10 Business Days prior notice by the Board specifying the amount of the loan required from that Shareholder and the Business Day on which it is required to be advanced provided always that:
- 3.2.1 the aggregate amount which the Shareholders may between them be required to contribute to the Company pursuant to this **Clause 3.2.1** shall not exceed the aggregate of the total contribution set out against its name in the fourth column of the table at **Schedule 1** and the amount which each Shareholder may be required to so contribute shall be limited to its Specified Proportion of such sum; and
- 3.2.2 the obligations of each Shareholder under this **Clause 3.2** shall cease upon the Insolvency of the Company.

The Company shall not be entitled to enforce this **Clause 3.2**.

- 3.3 Shareholder Loans shall not be secured over all or any part of the assets and undertakings of the Company or any subsidiary of the Company from time to time. If so required by any bank or other financial institution providing finance for the Company or such subsidiary, such Shareholder Loans shall rank in terms of priority behind any security created by the Company or such subsidiary in favour of any such bank or financial institution and the Shareholders shall enter into and

shall procure that the Company or such subsidiary enters into any deed or instrument regulating priorities as shall be necessary to give effect to the provisions of this **Clause 3.3**.

- 3.4 No Shareholder shall be obliged to provide additional finance to the Company in excess of the amount set out against its name in the fourth column of the table at **Schedule 1**. If one or more Shareholders do not wish to participate in a further round of finance, the remaining Shareholders shall be offered the opportunity to provide that finance on a pre-emptive basis *pro rata* their ownership of shares at that time.
- 3.5 Any further issues of Shares will be made on a pre-emptive basis in the Specified Proportions.
- 3.6 If any Shareholder (the “**Non-Contributing Shareholder**”) fails to provide a loan (or any part thereof) in accordance with **Clause 3.2** on the Business Day specified by the Board in the notice referred to in that clause, the other Shareholders (the “**Contributing Shareholders**”) shall be entitled (but not obliged) to lend to the Company or any subsidiary of the Company, in addition to the amount due from the Contributing Shareholder, all or part of the amount due from and not provided by the Non-Contributing Shareholder (the “**Additional Loan**”) on such terms as the Company or such subsidiary and the Contributing Shareholder may agree between them.
- 3.7 The Shareholder Loans (other than any Additional Loans) shall rank equally in all respects save only that they shall be repayable (and prepayable) along with any Additional Loans in the following order of priority:
 - 3.7.1 firstly, if and to the extent that the amount outstanding in respect of Additional Loans made by any Shareholder exceeds its Specified Proportion of the amount outstanding in respect of all Additional Loans, in reduction of such excess (including the payment of interest thereon and other costs and expenses in connection therewith);
 - 3.7.2 secondly, the Additional Loans shall be repaid to the Shareholders in the Specified Proportions (including the payment of interest thereon and other costs and expenses in connection therewith);
 - 3.7.3 thirdly, if and to the extent that the amount outstanding in respect of Shareholder Loans (other than any Additional Loan) made by any Shareholder exceeds its Specified Proportion of the amount outstanding in respect of all Shareholder Loans (other than any Additional Loan), in reduction of such excess (including the payment of interest thereon and other costs and expenses in connection therewith); and
 - 3.7.4 fourthly, between the Shareholders in the Specified Proportions (including the payment of interest thereon and other costs and expenses in connection therewith).

- 3.8 Each Shareholder Loan shall:
- 3.8.1 be unsecured;
 - 3.8.2 bear interest at the rate of 3.5% per annum above the base rate from time to time of Lloyds Banking Group PLC and to be payable quarterly in arrears; and
 - 3.8.3 be repayable, subject to **Clause 3.7**, upon liquidation of the Company or, in the case of a loan to any subsidiary of the Company, upon liquidation of that subsidiary;
- 3.9 The Shareholders agree that, subject to **Clauses 3.10** and **3.11**, the aggregate amount of any actual liability incurred by any or all of them (whether jointly and/or severally) pursuant to any guarantee or indemnity given by all of them to any third party in respect of any liabilities or obligations of the Company or any subsidiary of the Company from time to time or pursuant to any guarantee or indemnity given in respect of such liabilities or obligations by one or more of them (whether jointly and/or severally) with the consent of the other Shareholders shall be borne by them in the Specified Proportions and they shall indemnify each other accordingly.
- 3.10 If any liability in respect of any guarantee or indemnity of a type referred to in **Clause 3.9** is solely attributable to the act, omission or default of one Shareholder then, notwithstanding **Clause 3.9**, the whole of such liability shall be borne by such Shareholder who shall indemnify the other Shareholders accordingly.
- 3.11 If a Shareholder disposes of all its Shares to one or more Shareholders (other than any disposal arising from a Compulsory Transfer Notice) then the acquiring Shareholder(s) shall use all reasonable endeavours to obtain the release of the transferring Shareholder from any guarantees and indemnities in respect of any liabilities or obligations of the Company or any subsidiary of the Company from time to time which it may have given to third parties pursuant to this Agreement or with the consent of the other Shareholders and pending such release shall severally (in proportion to the nominal value of the Shares acquired by each of them from the transferring Shareholder) indemnify the transferring Shareholder in respect of any liability pursuant to any such guarantees or indemnities (save for liabilities accrued at the time of such disposal).

4 MANAGEMENT OF THE COMPANY

- 4.1 The parties agree that, save with the written consent of every Shareholder, the business of the Company shall be confined to the Business and the Shareholders shall procure that the Company uses all reasonable and proper means to maintain, improve and extend the Business in accordance with the Business Plan.
- 4.2 The parties agree to procure that any expansion, development or evolution of the Business (whether as part of the Company's main business or ancillary to it) shall

be effected through the Company or a wholly-owned subsidiary of the Company unless the prior written consent of each and every Shareholder is obtained.

- 4.3 The parties agree that the Board may appoint:
 - 4.3.1 executives, including a chief executive, to run the day to day operation of the Company in accordance with the Business Plan and who shall report to the Board;
 - 4.3.2 any such employees or consultants on such terms and conditions as the Board may determine (acting reasonably); and
 - 4.3.3 staff and other personnel of the Shareholders as secondees to the Company.
- 4.4 Unless the Shareholders otherwise agree in writing or save as otherwise provided or contemplated in this Agreement, or the Business Plans the Shareholders shall procure that the Company and any subsidiary of the Company from time to time shall:
 - 4.4.1 perform and comply with its obligations under this Agreement and comply with the restrictions imposed upon it under its memorandum and articles of association, and any resolutions of its members from time to time;
 - 4.4.2 carry on and conduct its business and affairs in accordance with the Business Plan and in a proper and efficient manner, for its own benefit and in accordance with sound and good business practice;
 - 4.4.3 transact all its business on arm's length terms;
 - 4.4.4 maintain with a well established and reputable insurer adequate insurance against fire and other risks normally insured against by persons carrying on the same classes of business as those carried on by the Company or subsidiary (as the case may be) or owning assets of a similar nature to those owned by the Company or subsidiary (as the case may be) and (without prejudice to the generality of the foregoing) for the full replacement or reinstatement value free from any material deduction or excess of all its assets of an insurable nature and make and diligently pursue any claims that may arise thereunder;
 - 4.4.5 keep books of account containing true and complete entries of all its dealings and transactions of and in relation to its business;
 - 4.4.6 prepare a Operational Business Plan and submit it to the Shareholders for approval (which may take the form of a written approval) not less than 2 months before the end of the preceding Operational Business Plan;

- 4.4.7 prepare a Strategic Business Plan and submit it to the Shareholders for approval (which may take the form of a written approval) not less than two months before the end of the proceeding Strategic Business Plan;
 - 4.4.8 use all reasonable endeavours to obtain and, if necessary, maintain in full force and effect all licences (including statutory licences), consents and authorities necessary to own and operate its assets and to carry on its business properly and effectively and in accordance with the Business Plan; and
 - 4.4.9 comply with all laws and regulations to which it is subject from time to time.
- 4.5 To the extent that it may lawfully do so, the Company agrees that it shall not and the Shareholders agree with each other to use their respective reasonable endeavours to procure that the Company shall not take any action, enter into any agreement or pass any resolution except with:
- 4.5.1 the written consent of all of the Shareholders in respect of the Level One Reserved Matters; and
 - 4.5.2 at least 3 Shareholders who in aggregate hold a minimum of 80% of the Shares in respect of the Level Two Reserved Matters.
- 4.6 Shareholder consent for any of the Level One Reserved Matters and/or any of the Level Two Reserved Matters may only be given to the Board by written notice from a Shareholder and not a director at a Shareholders' meeting or a Director on behalf of its appointer at a Board meeting.
- 4.7 The Shareholders agree with each other that they shall comply with the provisions of the Articles which apply to members.

5 DIRECTORS

- 5.1 Each Shareholder agrees to procure that the number of directors of the Company shall not be less 3.
- 5.2 For so long as:
 - 5.2.1 DCC or any of its successor bodies holds 49.3% or more of the Shares it shall be entitled to appoint and remove by prior notice in writing to the other Shareholders and the Company one person to be a director of the Company and to appoint such director to any committee of the Company;
 - 5.2.2 The University or any of its successor bodies holds 21.1% or more of the Shares it shall be entitled to appoint and remove by prior notice in writing to the other Shareholders and the Company one person to be a director of the Company and to appoint such director to any committee of the Company;

- 5.2.3 ECC or any of its successor bodies holds 21.1% or more of the Shares it shall be entitled to appoint and remove by prior notice in writing to the other Shareholders and the Company one person to be a director of the Company and to appoint such director to any committee of the Company;
- 5.2.4 EDDC or any of its successor bodies holds 7% or more of the Shares it shall be entitled to appoint and remove by prior notice in writing to the other Shareholders and the Company one person to be a director of the Company and to appoint such director to any committee of the Company; and
- 5.2.5 The Met Office or any of its successor bodies holds [1.5%] or more of the Shares it shall be entitled to appoint and remove by prior notice in writing to the other Shareholders and the Company one person to be a director of the Company and to appoint such director to any committee of the Company. [**BB Note – Please confirm that the rounding up of the Met to 1.5% from 1.4% to achieve 100% is agreed**]
- 5.3 The parties shall procure that SWRDA shall be entitled to appoint one person as a Director at any one time and to remove such Director and appoint another person to be a Director in his place. Any such appointment or removal shall be effected by a notice in writing signed on behalf of SWRDA by DCC and shall take effect, subject in the case of an appointment to the person to be appointed signing a consent to act, upon delivery to the registered office of the Company.
- 5.4 The Board shall be entitled to appoint one person as an independent Non Executive Chairman of the Board and to remove such Non Executive Chairman and appoint another person to be a Non Executive Chairman in his place.
- 5.5 The Non Executive Chairman shall have a casting vote at Board meetings.
- 5.6 Until such time as the Board agree on the appointment of a Non Executive Chairman, the chairman shall be appointed from amongst the Directors but shall not have a casting vote at Board meetings.
- 5.7 The Board shall be entitled to appoint at least two persons as independent Non Executive Directors of the Board and to remove such Non Executive Directors and appoint other persons to be Non Executive Directors in their place. The Non-Executive Directors shall be entitled to vote.
- 5.8 The Shareholders agree to procure that Board meetings shall be held not less than 4 times in every year in an agreed location or at the premises of one of the Shareholders unless otherwise agreed. [**should this be monthly meetings?**]
- 5.9 Unless otherwise agreed, not less than 4 weeks notice shall be given to each Director of all meetings of the Board, at the address notified from time to time by such Director to the secretary of the Company (the “**Address**”). Not less than 1 week before such Board meeting a further notice (the “**Further Notice**”) shall be

given to each Director at the Address. The Further Notice shall contain, inter alia, an agenda specifying in reasonable detail the matters to be discussed at the relevant meeting and shall be accompanied by copies of all documents and papers to be discussed at the meeting and, if sent to an address outside the United Kingdom, shall be sent by electronic communication or facsimile transmission. Matters not on the agenda for a Board meeting may not be raised at such Board meeting, and no business shall be conducted at such Board meeting in respect of such matters unless unanimously agreed in writing.

- 5.10 Save in respect of the meeting of the Board to be convened pursuant to **Clause 2.9** (when any director shall be capable of forming a quorum), the quorum for the transaction of business at any meeting of the Board (and any committee of the Board) shall be all of the Directors appointed at that time (or their nominated alternate director in accordance with **Clause 5.17**) and the Non Executive Chairman (when appointed). Each Shareholder shall take all reasonable steps to procure that any meeting of the Board, or any committee of the Board, and every general meeting of the Company has the necessary quorum throughout.
- 5.11 If a Shareholder has failed to appoint a Director (and no alternate director is appointed by that member to attend meetings) then if a meeting is called in accordance with the Articles the meeting shall be deemed quorate notwithstanding the fact that no Director appointed by a particular member is present.
- 5.12 If within half an hour of the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the directors may determine (the “**First Adjourned Meeting**”).
- 5.13 If at the First Adjourned Meeting a quorum is not present within half an hour of the time appointed for the meeting, then the First Adjourned Meeting shall stand adjourned to the same day in the next week and the same time and place or to such other day and at such other time and place as the director at the First Adjourned Meeting may determine (the “**Second Adjourned Meeting**”).
- 5.14 If at the Second Adjourned Meeting a quorum is not present within half an hour from the time appointed for the meeting due to the absence of any directors appointed by the same holder of shares as appointed those whose absence caused the First Adjourned Meeting and the Second Adjourned Meeting to be inquorate then these directors present shall form a quorum.
- 5.15 At any meeting of the Board (and any committee of the Board) the Directors present who are entitled to vote (whatever their number) shall have one vote each.
- 5.16 If any Shareholder removes its Director from office, the Shareholder who so removes its Director from office shall indemnify the remaining Shareholders and the Company in respect of any claim against the Company by such Director arising out of such removal whether for breach of contract, compensation for loss of office, redundancy, unfair dismissal or on any other account whatsoever.

- 5.17 Each Director shall be entitled by notice to the Company to nominate, remove and substitute one alternate. Any such appointment or removal shall be effected by a notice in writing signed by the relevant Shareholder or on their behalf by a duly authorised representative and shall take effect, subject in the case of an appointment to the person to be appointed signing a consent to act, upon delivery to the registered office of the Company. An alternate director shall not be entitled to attend or vote in that capacity at any meeting of the Board when the Director appointing him is present, but shall be entitled to receive notice of, and copies of any papers circulated before or at and minutes of, all meetings of the Board to the same extent as the Director who appointed him. An alternate director (in his capacity as such) shall be precluded from voting, counting in the quorum and/or attending any part of a meeting of the Board if the Director who appointed him would have been so.
- 5.18 The parties shall procure that SWRDA shall be entitled to appoint one person as an observer (the “**Observer**”) and to remove such Observer and appoint another person in his place. Any such appointment or removal shall be effected by a notice in writing signed by DCC and shall take effect, subject in the case of an appointment to the person to be appointed signing a consent to act, upon delivery to the registered office of the Company.
- 5.19 Any Observer shall be entitled to receive (at the same time as the Directors) notice of, and copies of any papers circulated before or at and minutes of, all meetings of the Board to the same extent as the Director who appointed him. Any Observer shall be entitled to attend any and all such meeting and to speak and place items on the agenda for discussion provided that an Observer shall not be entitled in any circumstances to vote.
- 5.20 Any Director shall resign on his appointing Shareholder ceasing to hold less than the percentage of Shares stated against the name of that Shareholder in the relevant column of **Schedule 1**. The appointing Shareholder shall indemnify the remaining Shareholders and the Company in respect of any claim against the Company by such Director arising out of such resignation whether for breach of contract, compensation for loss of office, redundancy, unfair dismissal or on any other account whatsoever. [*what happens to the number of directors on a boundary change?*]
- 5.21 If any regulatory authority passes any directive which may have material adverse change in the Business profits and prospects of the Company or proposals of the Company, then this shall be first discussed by the Board, who shall then consider if this shall require a decision of the Shareholders in accordance with the Level One Reserved Matters listed in **Part I of Schedule 5**.

6 ACCOUNTING MATTERS

- 6.1 The Company shall provide to each Shareholder:
- 6.1.1 audited accounts for the Company and any subsidiary of the Company from time to time for each financial year, prepared in accordance with accounting principles and practices generally accepted in the United Kingdom from time to time and all other

applicable laws and statutes within 2 months after the end of the financial year in question;

6.1.2 any other information reasonably required by a Shareholder; and

6.1.3 copies of the minutes of Board meetings 20 days after the relevant Board meeting.

7 DIVIDEND POLICY

7.1 Each Shareholder agrees to procure, subject to **Clause 7.3** and the Companies Acts and in the absence of written agreement to the contrary, that in respect of each financial year of the Company subject to the working capital and other financial requirements of the Company to distribute all such amounts as are lawfully available for distribution by the Company as the Board may determine to and between the Shareholders by way of dividend.

7.2 In deciding whether in respect of any financial year the Company and any subsidiaries of the Company have profits available for distribution and the amount of profits so available, the parties shall procure that the Auditors shall certify whether such profits are available or not and the amount available for distribution (if any). In giving such certificate, the Auditors shall act as experts and not arbitrators and their determination shall be binding on the parties (but, for the avoidance of doubt, not the Directors) in the absence of manifest error.

7.3 No dividend or other distribution shall be declared or made by the Company or any of its subsidiaries:

7.3.1 which is prohibited by any law or other regulation by which the Company is bound from time to time;

7.3.2 which would render the Company or such subsidiary unable to pay its debts as and when they fell due;

7.3.3 the amount of which should reasonably be retained as a provision for corporation tax or other tax liabilities or for other actual liabilities of the Company or any subsidiary of the Company which, in each case, are expected to fall due within 6 months of the date on which the declaration would otherwise be made;

7.3.4 whilst any Shareholder Loans remain outstanding save with the prior consent of the Shareholders; or

7.3.5 without the prior approval of the Shareholders.

8 TRANSFER OF SHARES

8.1 No Shareholder shall, without the prior written consent of the other Shareholders:

8.1.1 create or allow to subsist any Encumbrances over its Shares or Shareholder Loans (or any of them);

- 8.1.2 enter into any agreement in respect of the votes attached to any Shares;
 - 8.1.3 dispose of any interest in any of its Shares or Shareholder Loans other than in accordance with **Clause 8.2**; or
 - 8.1.4 agree whether or not, subject to any condition precedent or subsequent, to do any of the foregoing.
- 8.2 Provided that all applicable provisions of the Articles relating to transfers of Shares are complied with, a Shareholder shall be entitled to transfer any or all of its Shares in any of the following ways:
- 8.2.1 a transfer of Shares free from Encumbrances following service of a Transfer Notice and otherwise in accordance with the Articles;
 - 8.2.2 in accordance with **Clause 11**;
 - 8.2.3 a Shareholder being a body corporate may transfer all or some of its Shares to a member of its Group in accordance with Article 15;
 - 8.2.4 pursuant to a Compulsory Transfer Notice; or
 - 8.2.5 as agreed in writing by the Shareholders from time to time.

and, furthermore, shall be entitled to assign its Shareholder Loans to any person to whom it transfers any of its Shares (provided such assignment takes place simultaneously with such transfer). A Shareholder which assigns a Shareholder Loan in accordance with this **Clause 8.2** shall notify the Company of such assignment as soon as reasonably practicable following completion of the assignment.

- 8.3 Shares shall be transferred at the price agreed by the Shareholders and the Board which shall not be more than the market value of the Shares. If the Shareholder and the Board are unable to agree the market value of the Shares then the Shares shall be transferred at Fair Value determined by the Company auditors or an independent accountant pursuant to Article 26.
- 8.4 The Company shall not register any transfer of Shares made in breach of the foregoing provisions of this **Clause 8** and the Shares comprised in any transfer so made shall carry no rights whatsoever unless and until the breach is rectified.
- 8.5 Any party proposing to transfer any Shares to any person (other than a Shareholder) shall procure that, before such person is registered as a holder of any share in the Company, such person shall enter into a Deed of Adherence. The Company shall not register any such person as the holder of any shares until a Deed of Adherence has been executed by that person. Upon being so registered that person shall be deemed to be a party to this Agreement and shall be entitled to the benefit of such provisions of this Agreement as, prior to such transfer, benefited the person who transferred Shares to that person.

- 8.6 The parties shall do or procure the doing of all acts or things necessary to give effect to the provisions of this Agreement and the Articles concerning the transfer of Shares and the Shareholders shall procure that (subject always to **Clause 8.5**) a meeting of the Board is duly convened to, and the Shareholders shall procure that their respective Director shall, approve and register each transfer of Shares permitted or required by any provision of this Agreement or the Articles (subject to the same being duly stamped or adjudicated or certified nil duty payable).
- 8.7 If any Shareholder (the "**Non-Defaulting Shareholder**") believes another Shareholder is in material breach of any provision of this Agreement or any of the documents referred to in it, it may call a meeting of the Non-Defaulting Shareholders. If the Non-Defaulting Shareholders agree there is a material breach and (if such breach is capable of remedy) they may by written notice to the "**Defaulting Shareholder**", notify it of the breach and the action they require the Defaulting Shareholder to take to remedy the breach. If the Defaulting Shareholder fails to remedy such breach within 20 Business Days from the service of a written notice a "**Default Event**" is deemed to have arisen. **[BB Note – see rider]**
- 8.8 [On the occurrence of a Default Event the Non-Defaulting Shareholders have the option to serve a Compulsory Transfer Notice on the Defaulting Shareholder in order to acquire (at par value or at market value determined by the Company auditors) the Defaulting Shareholder's Shares *pro rata* their ownership of Shares at that time.]
- 8.9 The Non-Defaulting Shareholders shall also be entitled to issue a Compulsory Transfer Notice if the Defaulting Shareholder suffers a Change of Control or becomes Insolvent.
- 8.10 Upon the service of a Compulsory Transfer Notice, Articles 23 to 25 shall take effect.
- 8.11 The rights of the parties under **Clause 8.7** to **Clause 8.9** shall be without prejudice to any claim that any party may have against any other for damages for breach of contract.
- 8.12 Upon any transfer of Shares pursuant to a Compulsory Transfer Notice, any Director appointed by the Defaulting Shareholder shall immediately cease to hold office and the Defaulting Shareholder shall indemnify the other Shareholders and the Company in respect of any claim against the Company by any such Director arising from such cessation whether for breach of contract, compensation for loss of office, redundancy, unfair dismissal or on any other account whatsoever.

9 RESTRICTIONS ON SHAREHOLDERS' BUSINESS ACTIVITIES AND INTELLECTUAL PROPERTY

- 9.1 Each Shareholder undertakes with the other Shareholders and the Company that it will not, and will procure that each member of its Group will not, either alone or in conjunction with or on behalf of any other person, do any of the following things:

- 9.1.1 neither during nor within 2 years after such Shareholder's membership of the Company:
 - 9.1.1.1 solicit the custom or business of the Company;
 - 9.1.1.2 solicit or entice away from the employment of the Company any person who was at any time during such Shareholder's membership of the Company an employee of the Company;
 - 9.1.1.3 interrupt relations with key suppliers of the Company; or
 - 9.1.1.4 be engaged or (except as the holder of shares in a listed company which confer not more than 1% of the votes which could normally be cast at a general meeting of the company) directly or indirectly interested in carrying on in the United Kingdom a Restricted Business; - [**compare to 9.2**]
- 9.1.2 disclose to any other person or (in any way which may be detrimental to the business of the Company) use any Confidential Business Information for so long as that information remains confidential; or
- 9.1.3 assist any other person to do any of the foregoing things.
- 9.2 [On or after Completion each Shareholder shall notify and consult with the other Shareholder if it has established or participated, or if it should establish itself or participate, in the establishment of a rival science park in the South West, and all third party interests shall be declared by other Directors and Shareholders.]
[what happens after consultation? Should this be extended to 2 years after ceasing to be a member?]
- 9.3 The Background Intellectual Property of each Shareholder belongs to that Shareholder and this Agreement does not transfer in any way to another Shareholder or to the Company subject to **Clauses 9.7 and 9.8** any Intellectual Property. No Party has any right under this Agreement to use any other Shareholder's brand names or logos without the prior written consent of the other Shareholder.
- 9.4 Each Shareholder severally warrants to the other Shareholders in respect of the Background Intellectual owned or controlled by that Shareholder that, to the best of its knowledge and belief, it is the owner of the Background Intellectual Property or that it is duly licensed to use the Background Intellectual Property, and that the use of the content of the Background Intellectual Property for the Business will not infringe any Intellectual Property Rights or other proprietary or rights of any natural or legal person.

9.5 Each Shareholder severally hereby grants to the Company a non exclusive, royalty free [transferable/irrevocable] licence to use the relevant Background Intellectual Property in respect of the Background Intellectual Property owned or controlled by that Shareholder for the Business or purposes identified and recorded by the Board from time to time.

[BB Note – If Background IPR is to be exploited, developed by JVCo, or sub-licensed to others, should this be a reserved matter?]

9.6 Ownership of Foreground Intellectual Property shall vest in the Company. The Company shall take appropriate action to protect its rights in Foreground Intellectual Property from time to time.

9.7 If a Defaulting Shareholder receives a Compulsory Transfer Notice under this Agreement then the licence granted by the Defaulting Shareholder pursuant to **Clause 9.5** to use the Background Intellectual Property shall continue and shall not be automatically terminated.

9.8 If a Shareholder ceases to have any legal or beneficial ownership in any Shares or Shareholder Loans (the “**Relevant Event**”) and provided that the Shareholder is not in receipt of a Compulsory Transfer Notice under this Agreement then the licence granted by the Shareholder to use the Background Intellectual Property pursuant to **Clause 9.5** shall continue for a period of 12 months starting from the first Business Day following the Relevant Event.

9.9 Each undertaking contained in this **Clause 9** shall be construed as a separate undertaking and if one or more of the undertakings is held to be against the public interest or unlawful or in any way an unreasonable restraint of trade, the remaining undertakings shall continue to bind the Shareholders.

9.10 If any undertaking contained in this **Clause 9** is found to be invalid or unenforceable but would be valid or enforceable if some part of the undertaking were deleted or the period or area of application reduced or amended, the undertaking in question shall apply with such modification(s) as may be necessary to make it valid.

9.11 The provisions of this **Clause 9** shall cease to have effect (save in respect of any accrued liabilities) in the event that this Agreement is terminated in accordance with **Clause 10.1** or **10.2.**]

10 TERMINATION

10.1 Subject to the provisions of **Clause 11.2**, the provisions of this Agreement shall continue in force until the Shareholders agree in writing to terminate it.

10.2 This Agreement shall, unless the Shareholders otherwise agree, automatically terminate on the first to occur of the following dates:

10.2.1 the date of completion of the Company’s winding-up;

- 10.2.2 the date on which the original Shareholders cease to own together more than 50% of the Shares;
 - 10.2.3 the date on which the Company is owned by a single Shareholder; or
 - 10.2.4 the date of a Sale.
- 10.3 Subject to **Clause 10.4**, this Agreement shall (save in respect of those provisions which are expressed to continue in force after termination) cease to have effect as regards any Shareholder upon the first date on which that Shareholder has no legal or beneficial interest in any Shares or Shareholder Loans.
- 10.4 Termination of this Agreement for whatsoever reason shall not affect any accrued rights or liabilities of any person or any liability or obligation arising under or pursuant to the Articles or any other agreement or arrangement between any of the parties hereto nor, other than where this Agreement is terminated pursuant to **Clause 11.1** or **11.2** and save where this Agreement expressly provides to the contrary, affect the provisions of **Clauses 1, 3.7, 3.8, 3.9, 3.10, 3.11, 5.16, 5.20, 8.12, 9, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 28 and 29** and this **Clause 10.4** which shall continue in full force and effect after termination.

11 DISPUTE RESOLUTION

- 11.1 Any Shareholder may serve a Dispute Resolution Notice upon any other Shareholder within 5 Business days of the occurrence of a dispute or disagreement occurs between the Shareholders in relation to any of the Level One Reserved Matters.
- 11.2 Following service of a Dispute Resolution Notice:
- 11.2.1 each Shareholder shall use all reasonable endeavours to resolve the dispute or disagreement which caused the dispute but if such dispute or disagreement is not resolved within one month of service of the Dispute Resolution Notice (the “**Dispute Resolution Period**”) the Shareholders shall procure that their Directors shall within 5 Business Days of the end of the Dispute Resolution Period refer the dispute to the First Nominated Representatives.
 - 11.2.2 the respective parties shall severally procure that the First Nominated Representative shall use all reasonable endeavours to resolve the dispute or disagreement referred to them but if such dispute or disagreement is not resolved within one month of the date at which the referral is made to the last of the First Nominated Representatives (the “**Second Dispute Resolution Period**”) the Shareholders shall procure that the Directors shall within 5 Business Days of the end of the Second Dispute Resolution Period refer the dispute to the Second Nominated Representative.

- 11.2.3 the respective parties shall severally procure that the Second Nominated Representative shall use all reasonable endeavours to resolve the dispute or disagreement referred to them within one month of the date at which the referral is made to the last of the Second Nominated Representatives (the “**Third Dispute Resolution Period**”).
- 11.3 If at the end of the Third Dispute Resolution Period the dispute is still unresolved:
- 11.3.1 any Shareholder may procure that the dispute be resolved before a single arbitrator, and if all the Shareholders agree, an independent single arbitrator will be appointed to deliver a definitive resolution which will be binding on all the Shareholders; and/or
- 11.3.2 the Shareholders may offer to transfer their shares in accordance with **Clause 11.4** to **Clause 11.9** (inclusive) below, wind the Company up or seek such other remedies as they see fit.
- 11.4 In accordance with **Clause 11.3.2**, if the dispute remains unresolved by the end of the Third Dispute Resolution Period any Shareholder (the “**Offeror**”) may give a notice (the “**Offer Notice**”) within the period of 10 Business Days following expiry of the Third Dispute Resolution Period to the other Shareholder(s) (the “**Offeree(s)**”) offering either (at the Offeree’s option) to sell to the Offeree all (but not some only) of their Shares and Shareholder Loans which are owned by the Offeror or to buy all (but not some only) of the Shares and Shareholder Loans owned by the Offeree for the amount per Share (“**Share Amount**”) and/or amount per £1 outstanding on such Shareholder Loans (the “**Loan Amount**” and together with the Share Amount the “**Amounts**”) specified in the Offer Notice (the “**Offer**”).
- 11.5 The Offeree shall have a period of 10 Business Days (the “**Acceptance Period**”) following the date of receipt of the Offer Notice in which it may by notice to the Offeror:
- 11.5.1 elect to purchase (or for a nominee of the Offeree to purchase) all (but not some only) of the Offeror’s Shares and Shareholder Loans; or
- 11.5.2 elect to sell all (but not some only) of its Shares and Shareholder Loans to the Offeror (or such person as the Offeror shall nominate)
- in either case at a price equal to the Amounts.
- 11.6 If the Offeree fails to make an election pursuant to **Clause 11.5** within the Acceptance Period the Offeror shall within 5 Business Days following the expiry of the Acceptance Period by notice to the Offeree:

- 11.6.1 elect to purchase (or for a nominee of the Offeror to purchase) all (but not some only) of the Offeree's Shares and Shareholder Loans; or
- 11.6.2 elect to sell all (but not some only) of its Shares and Shareholder Loans to the Offeree (or such person as the Offeree shall nominate)

in either case at a price equal to the Amounts.

- 11.7 If each Shareholder delivers an Offer Notice and both notices are received or deemed to be received upon the same day, then the Offer Notice which specifies the higher aggregate Amounts shall take effect and the other Offer Notice shall be of no effect.
- 11.8 Once an Offer Notice has been served it shall be irrevocable and, subject to **Clause 11.7**, any Offer Notice served subsequently shall be of no effect.
- 11.9 If either Shareholder (the "**Purchaser**") becomes obliged or agrees under the terms of **Clause 11.4** to **Clause 11.7** (inclusive) to purchase the Shares and Shareholder Loans belonging to the other (the "**Seller**"), the sale of such Shares and Shareholder Loans shall be completed on such date (being a Business Day) as the Purchaser may specify to the Seller provided that the date so specified shall not be less than 10 nor more than 15 Business Days after the expiry of the Acceptance Period.

12 ENFORCEMENT OF THE COMPANY'S RIGHTS

- 12.1 The Company undertakes with the non-defaulting shareholders that if the/any shareholder or any person connected with any such shareholder is in material breach of any obligation (the "**Defaulting Shareholder**") which the Defaulting Shareholder owes to the Company (whether under this Agreement or otherwise) or has misapplied or retained or become liable or accountable for any money or property of the Company or any subsidiary of the Company from time to time, or has been guilty of any misfeasance or breach of fiduciary or other duty in relation to the Company or any such subsidiary or is under any obligation to indemnify the Company or any such subsidiary against any liability, the prosecution of any right of action of the Company or any such subsidiary in respect thereof shall be passed to the Directors of the non-defaulting shareholders who shall have full authority on behalf of the Company to negotiate, litigate and settle any claim arising therefrom and the Defaulting Shareholder shall take all steps within its power to give effect to the provisions of this **Clause 12.1**.
- 12.2 The Company hereby covenants with each of the Shareholders that any monies or property which it or any of its subsidiaries from time to time may recover or receive as a result of the operation of this **Clause 12.1** shall be applied by the Company or such subsidiary (as the case may be) in a proper and efficient manner and for the benefit of the Company or such subsidiary (as the case may be).

13 WARRANTIES

13.1 Each Shareholder warrants to the other Shareholder(s) and to the Company that:

13.1.1 it has full power and authority to enter into and perform this Agreement and all other agreements or documents which it is required to enter into pursuant to this Agreement and this Agreement, and such other agreements and documents will when executed constitute, binding obligations of such Shareholder; and

13.1.2 without prejudice to the provisions of **Clause 8.2**, all Shares subscribed for or acquired by it from time to time shall be subscribed for or acquired, and the rights in respect of any Shareholder Loan advanced by it to the Company from time to time shall be owned and held by it, as sole beneficial owner and for its sole benefit.

14 ASSIGNMENT AND SUB-CONTRACTING

14.1 No party shall without the prior written consent of the other parties assign, transfer, charge or deal in any other manner with this Agreement or any of its rights hereunder, or purport to do so, nor sub-contract any or all of its obligations hereunder, provided that this **Clause 14.1** shall not prevent a Shareholder from transferring its Shares or Shareholder Loans pursuant to any provision of this Agreement and the Articles. Each party hereby undertakes and represents to the other parties that it is entering into this Agreement only for its own benefit.

14.2 Subject always to compliance with **Clause 8.5**, this Agreement shall be binding on and shall enure for the benefit of each party's successors and permitted assigns (including any person to whom it transfers its Shares).

15 FURTHER ASSURANCE

Each party shall at its own cost and expense, on being required to do so by another party now or at any time in the future, do or procure the doing of all such acts and things and/or execute or procure the execution of all such deeds and documents in a form satisfactory to such other party which such other party may reasonably consider necessary for giving effect to this Agreement.

16 REMEDIES AND WAIVERS

16.1 No delay by any party in exercising, or failure by any party to exercise, any right, power or remedy provided by law or under this Agreement or any document referred to in it shall:

16.1.1 operate as a waiver of that or any other right, power or remedy; or

16.1.2 affect the other terms of this Agreement or any document referred to in it.

- 16.2 The single or partial exercise of any right, power or remedy provided by law or under this Agreement or any document referred to in it shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 16.3 A waiver of any breach of or default under this Agreement or any document referred to in it shall not constitute a waiver of any other breach or default and will not prevent a party from subsequently requiring compliance with the waived obligation.
- 16.4 The rights, powers and remedies provided in this Agreement or any document referred to in it are in addition to and (subject as otherwise provided in this Agreement) not exclusive of any rights, powers and remedies provided by law.

17 ENTIRE AGREEMENT

- 17.1 This Agreement and the documents referred to in it (including any Deed of Adherence) constitute the entire agreement between the parties relating to the Company and supersede all previous agreements between the parties relating to such matters. No future variation to the terms of this Agreement shall be effective unless made in writing and signed by each of the parties and any person who agrees to be bound by this Agreement pursuant to **Clause 8.5** (other than any such party or person who has ceased to hold or have any interest in Shares in relation to the variation of any provision which no longer binds them).
- 17.2 Each of the parties acknowledges that in agreeing to enter into this Agreement it has not relied on any representation, warranty, collateral contract or other assurance (except those set out in this Agreement and/or the documents referred to in it) made by or on behalf of any other party before the signature of this Agreement. Each of the parties waives: (a) all rights and remedies which, but for this **Clause 17.2**, might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance; and (b) all rights and remedies, other than remedies for breach of contract available in respect of a breach of this Agreement and/or the documents referred to in it, which, but for this **Clause 17.2**, might otherwise be available to it in respect of the falsity of any representation or warranty set out in this Agreement and/or the documents referred to in it, provided that nothing in this **Clause 17.2** shall limit or exclude any liability for fraud or dishonesty on the part of any party.

18 CONFLICT WITH THE ARTICLES

If any provision of this Agreement is inconsistent with a provision of the Articles, then the terms of this Agreement shall prevail and the Shareholders agree to procure the making of any amendment to the Articles required in order to make them consistent with the provisions of this Agreement.

19 SUBSIDIARIES

The provisions of this Agreement shall, so far as they are capable of lawfully applying, apply mutatis mutandis to all subsidiaries of the Company from time to time.

20 SEVERANCE

- 20.1 If any provision of this Agreement shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Agreement which shall remain in full force and effect.
- 20.2 Without prejudice to the generality of **Clause 20.1**, if any provision of this Agreement or the Articles shall be found by any court or administrative body of competent jurisdiction to be unenforceable against or by the Company, the Shareholders shall procure that the provision is nevertheless put into effect to the greatest extent possible.
- 20.3 If any provision of this Agreement is found to be invalid or unenforceable but would be valid or enforceable if some part of the provision were deleted, the provision in question shall apply with such deletions as may be necessary to make it valid or enforceable.
- 20.4 The parties agree, in the circumstances referred to in **Clause 20.1** and if **Clause 20.3** does not apply, to attempt to substitute for any invalid or unenforceable provision a valid or enforceable provision which achieves to the greatest extent possible the same effect as would have been achieved by the invalid or unenforceable provision but for such invalidity or unenforceability.

21 ANNOUNCEMENTS AND CONFIDENTIALITY

- 21.1 No announcement concerning the existence or subject matter of this Agreement or any ancillary matter shall be made by any party at any time hereafter except as required by law or any legal or regulatory authority or with the prior written approval of the other parties.
- 21.2 Each Shareholder undertakes that it will not at any time hereafter use or disclose to any person, except in the proper course of its duties as an employee, officer or consultant of the Company and except to its professional advisers or to those of its directors, officers, employees, advisers and representatives who are directly concerned with the Company (or any subsidiary of the Company from time to time) or the Business or as may be required by any applicable law or by any supervisory or regulatory body with whose rules it is necessary for that party to comply or in connection with any proceedings arising out of or in connection with this Agreement, any Confidential Business Information which may have or may in future come to its knowledge and each of the parties shall use its reasonable endeavours to prevent the use or disclosure of any Confidential Business Information otherwise than in accordance with this **Clause 21.2** provided always that the provisions of this **Clause 21.2** shall cease to apply in respect of any Confidential Business Information once it becomes generally known otherwise than by reason of a breach of this **Clause 21.2**.
- 21.3 Notwithstanding the restrictions in **Clauses 21.1** and **21.3**, each Shareholder may use Confidential Business Information for the purpose of the promotion of the Business and the existence of the association between the Shareholders in connection with their participation in the Business can be divulged in the interests of the promotion of the Business.

- 21.4 Each Director shall be entitled to disclose to the Shareholder who appointed him all information to which such Shareholder is entitled pursuant to **Clause 5** from time to time.
- 21.5 Upon the winding up of the Company or on any Shareholder ceasing to hold shares:
- 21.5.1 the Company shall return to the Shareholder all Confidential Business Information in its possession belonging to the Shareholder; and
- 21.5.2 the Shareholder shall return to the Company all Confidential Business Information in its possession.
- 21.6 Each Shareholder shall use its reasonable endeavours to procure that any of its directors, officers, employees, advisers and representatives coming into receipt of Confidential Business Information shall be informed upon receipt that such information is confidential and (so far as such Shareholder is able to procure the same) shall comply with the provisions of this **Clause 21.6** in respect of such Confidential Business Information as if they were Shareholders.

22 NOTICES

- 22.1 Any notice or other communication to be served under this Agreement shall be in writing in the English language and, signed by or on behalf of the party giving it.
- 22.2 Subject to **Clauses 5.9** and **5.17**, any notice or other communication to be served under this Agreement shall be delivered or sent by first class post or facsimile transmission to the party to be served at its address or facsimile number specified in **Clause 22.3** or in any Deed of Adherence (as the case may be).
- 22.3 The addresses and facsimile numbers of the parties for the purpose of **Clause 22.2** are:

DCC

For the attention of: [•]
 Address: Devon County Council Hall
 Topsham Road
 Exeter
 Devon EX2 4QD
 Facsimile number: [•]

The University

For the attention of: [•]
 Address: The Queens Drive
 Exeter
 Devon EX2 4QJ
 Facsimile number: [•]

ECC

For the attention of: [•]
Address: Civic Centre
Paris Street
Exeter EX1 1JN
Facsimile number: [•]

EDDC

For the attention of: [•]
Address: Knowle
Sidmouth
Devon EX10 8HL
Facsimile number: [•]

The Met Office

For the attention of: Nick Jobling
Address: Fitzroy Road
Exeter
Devon EX1 3PB
Facsimile number: [•]

The Company

For the attention of: [•]
Address: The Queens Drive
Exeter
Devon EX2 4QJ
Facsimile number: [•]

or such other address or facsimile number as may be notified by the relevant party to the other parties from time to time.

- 22.4 Subject to **Clause 22.5** and in the absence of earlier receipt, any notice or communication shall be deemed to have been served:
- 22.4.1 if delivered personally, at the time of delivery;
 - 22.4.2 if sent by first class post, 2 Business Days after the date of posting; and
 - 22.4.3 if sent by facsimile transmission, at the time of transmission;
- 22.5 Any notice or communication served under this Agreement outside Working Hours in the place to which it is addressed shall be deemed not to have been served until the start of the next period of Working Hours in such place.

22.6 In proving service of a notice or communication, it shall be sufficient to prove that delivery was made or that the envelope containing the notice or communication was properly addressed and posted as a prepaid first class letter, or that the facsimile message was transmitted to the facsimile number of the recipient (as the case may be).

22.7 For the avoidance of doubt, notices or communications to be served under this Agreement shall not be validly served if sent by e-mail or other electronic means of communication (other than facsimile transmission).

23 COSTS AND EXPENSES

All costs and expenses in relation to the negotiation, preparation, execution and carrying into effect of this Agreement and all other documents referred to in it shall be borne by the Shareholders in the Specified Proportions.

24 SET-OFF

All amounts falling due under this Agreement shall be paid in full without any set-off or counterclaim.

25 DEFAULT INTEREST

If any party fails to pay any amount payable by it under this Agreement (other than any Shareholder Loan to be made to the Company) on the due date for payment, it shall forthwith on demand by the party to whom the payment is due pay interest on the overdue amount from the due date up to the date of actual payment, after as well as before judgment, at the rate of 3% per annum above the base rate from time to time of Lloyds Banking Group PLC. Such interest shall accrue on a daily basis and be compounded quarterly. For the avoidance of doubt, this **Clause 25** shall not apply in respect of any amount payable pursuant to **Clause 3.8.2**.

26 NO PARTNERSHIP OR AGENCY

Nothing in this Agreement is intended to or shall operate to create a partnership between the parties or any of them, or to authorise any party to act as agent for any other party, and no party shall have authority to act in the name or on behalf of or otherwise to bind any other party in any way.

27 COUNTERPARTS

27.1 This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each person who is a party at the date hereof has executed at least one counterpart.

27.2 Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

28 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

The parties to this Agreement do not intend that any of its terms should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

29 GOVERNING LAW AND JURISDICTION

- 29.1 This Agreement is governed by and shall be construed in accordance with the laws of England and Wales.
- 29.2 Each party submits to the exclusive jurisdiction of the courts of England and Wales for all purposes relating to this Agreement.
- 29.3 Each party irrevocably consents to any process in any legal action or proceedings arising out of or in connection with this Agreement being served on it in accordance with the provisions of **Clause 22**. Nothing contained in this Agreement shall affect the right to serve process in any other manner permitted by law.

AS WITNESS the hands of the parties or their duly authorised representatives the day and year first before written.

SCHEDULE 1 - SHAREHOLDERS

Name	Address	Number and type of Shares	Total contributions	Position at Completion		
				Contribution at Completion	£ to pay	% share ownership
Devon County Council	Devon County Council Hall Topsham Road Exeter Devon EX2 4QD	175,000 Shares	£1.75m	£63,522	£1,686,478	49.3%
The University of Exeter	The Queens Drive Exeter Devon EX2 4QJ	75,000 Shares	£0.75m	£27,187	£722,813	21.1%
Exeter City Council	Civic Centre Paris Street Exeter EX1 1JN	75,000 Shares	£0.75m	£27,187	£722,813	21.1%
East Devon District Council	Knowle Sidmouth Devon EX10 8HL	25,000 Shares	£0.25m	£9,148	£240,852	7%
The Met Office	Fitzroy Road Exeter Devon EX1 3PB	5,000 Shares	£0.05m	£1,804	£48,196	1.4%

[to confirm amounts to be paid]

SCHEDULE 2 - PARTICULARS OF THE COMPANY

1. Registered number: 6828415
2. Date of incorporation: 24 February 2009
3. Place of incorporation: England and Wales
4. Class of company: private company limited by shares
5. Registered office: The Queens Drive, Exeter, Devon EX2 4QJ
6. Directors: Hugh Alan Douglas
7. Secretary: Bevan Brittan Secretarial Services Limited
8. Authorised share capital: £100
9. Issued share capital: £10
10. Accounting reference date: 28 February

SCHEDULE 3- DEED OF ADHERENCE

THIS DEED is made on [] 20[]

BY [] of [] (the "**Covenantor**") in favour of the persons whose names are set out in the schedule to this deed and is SUPPLEMENTAL to the shareholders' agreement dated [] 20[] made by (1) [], (2) [] and (3) [] Limited (company number: []) (the "**Shareholders' Agreement**").

THIS DEED WITNESSES as follows:

1. The Covenantor confirms that it has been given and read a copy of the Shareholders' Agreement and covenants with each person named in the schedule to this deed to perform and be bound by all the terms of the Shareholders' Agreement, except **Clauses** [] and [], as if the Covenantor were a Shareholder who is party to the Shareholders' Agreement.
2. This deed is governed by the laws of England and Wales.

IN WITNESS WHEREOF this deed has been executed by the Covenantor and is intended to be and is hereby delivered on the date first above written.

[Parties to Shareholders' Agreement including those who have executed earlier deeds of adherence.]

[EXECUTION CLAUSES FOR DEED OF ADHERENCE]

EXECUTED as a **DEED** by
[.....]
in the presence of:

Witness' signature:

Witness' name:

Witness' address:

.....

.....

Witness' occupation:

EXECUTED as a **DEED** by
[.....] **[LIMITED/PLC]**
acting by:

Director

.....
Director/Secretary

]

THE COMMON SEAL of
[] **[LIMITED/PLC]**
was affixed to this deed
in the presence of:

[affix common seal here]

.....
[Authorised signatory/Director]

.....
[Authorised signatory/Director/Secretary]

SCHEDULE 4- BUSINESS PLANS

In order to fulfil its primary obligation of being a centre of scientific and technological excellence the Strategic Business Plan shall include the following general characteristics and the Operational Business Plan when possible shall include the following general characteristics and operational characteristics, both in respect of the Company and each of its subsidiaries from time to time for the financial period to which they relate.

General Characteristics:

- 1 To attract nationally and internationally mobile businesses to the region.
- 2 To be an exemplar of sustainable development in a sensitive location. Care for the environment and sustainability will be key characteristics of its operation.
- 3 To encourage local willingness to embrace innovation and new thinking.
- 4 To become an engine for wealth creation in the region thus helping to implement the regional economic development strategy.
- 5 To demonstrate how effectively a university, together with its own innovation centre, can catalyse and support the commercial exploitation of new knowledge.
- 6 To take advantage of the unique selling proposition of the presence of the Met Office in Exeter and the climate change research strengths of the University thereby providing opportunities for enterprises aiming to offer service that protect and enhance the environment and respond to climate change priorities.
- 7 To integrate with plans for developments East of Exeter including the proposed new community at Cranbrook, Skypark and the airport expansion.
- 8 To be exciting in terms of its scale, visual and economic impact and concern for the environment, so as to engage the interest and support of the population at large.
- 9 To return added value to its Shareholders, giving them new opportunities and enhancing their reputations.
- 10 To be a key player in the network of innovation support in the South West and take advantage of opportunities to collaborate with other science parks in the region.

Operational Characteristics

- 11 To provide space or accommodation for new knowledge-based businesses, (particularly those focussing on STEM markets), those growing on from incubation facilities and for indigenous businesses, and which are attractive to inward investment on site or in the sub-region and beyond.
- 12 To observe best practice in science park operation and contribute to innovation in the science park movement.

- 13 To facilitate joint ventures between partners and other organisations which generate new business(es) and employment.
- 14 To pursue the opportunity to identify and exploit emerging sectors as research and technology moves forward, providing a mechanism for continually extending the diversity of the local economic base.
- 15 To promote opportunities for the retention and attraction of graduates, entrepreneurs and knowledge professionals.
- 16 To provide a seamless “hub” of support and expert advice, connected to the University’s innovation centre to encourage business development and innovation on the park and to help develop a network of satellite incubation/innovation facilities located in the sub-region and, if feasible, further afield.
- 17 To be commercially successful.

SCHEDULE 5 - RESERVED MATTERS

Part I – Level One Reserved Matters

APPROVAL OF THE HOLDERS OF 100% OF THE ISSUED SHARES

- 1 The transfer of any shares in the capital of the Company otherwise than as permitted by and in accordance with the terms of the articles of association.
- 2 The taking of any steps to be wound up unless a registered insolvency practitioner shall have advised the directors of the Company that the Company is required to be wound up by reason of having become insolvent.
- 3 The issue of or the creation or grant of any option or other right to subscribe for, convert into, or issue any shares or other securities in the capital of the Company.
- 4 The declaration or payment of any dividend or other distribution by the Company.
- 5 The taking of any action by the Company following the issue of a directive by a regulatory authority which may impact on the business or proposals of the Company.
- 6 The disposal or acquisition by whatever means by the Company in any financial year of:
 - 6.1 a significant asset (namely an asset having a value in excess of £50,000);
 - 6.2 the whole or a significant part of an undertaking; or
 - 6.3 a subsidiary undertaking.

Part II – Level Two Reserved Matters

APPROVAL OF A MINIMUM OF 3 SHAREHOLDERS WHO BETWEEN THEM HOLD MORE THAN 80% OF THE ISSUED SHARES

- 1 The adoption of any new Business Plan or any new budget or amendment of any existing Business Plan or budget (such amendment being material to the strategic objectives of the Company and its financing) once properly adopted by the Board.
- 2 Save to the extent provided for in any annual budget approved by the Board, the incurring of any borrowing in excess of £50,000.
- 3 Save to the extent provided for in any annual budget approved by the Board, the incurring by the Company of capital expenditure which would cause capital expenditure of the Company in respect of any specific item, to exceed £50,000.
- 4 The entering into by the Company of any lease, licence or similar obligation which would make the Group liable for payments exceeding in any year of £50,000.
- 5 The appointment or removal of any director of the Company appointed otherwise than by the Shareholders.

- 6 The incorporation of a new subsidiary undertaking of the Company or the acquisition by the Company or any subsidiary undertaking of an interest in any shares in the capital of any body corporate.
- 7 The instigation or settlement of any litigation or arbitration proceedings by the Company when the amount claimed exceeds £50,000.
- 8 The establishment by the Company of any pension scheme or similar arrangement for the benefit of any person.

Signed by)
DEVON COUNTY COUNCIL)
acting by)
authorised signatory, in the presence of:) **Authorised signatory**

Name of witness:

Signature:

Address:

.....

.....

Occupation of witness:

Signed by)
THE UNIVERSITY OF EXETER)
acting by)
authorised signatory, in the presence of:) **Authorised signatory**

Name of witness:

Signature:

Address:

.....

.....

Occupation of witness:

Signed by)
EXETER CITY COUNCIL)
acting by)
authorised signatory, in the presence of:) **Authorised signatory**

Name of witness:

Signature:

Address:

.....

.....

Occupation of witness:

Signed by)
EAST DEVON DISTRICT COUNCIL)
acting by,)
authorised signatory, in the presence of:) **Authorised signatory**

Name of witness:
Signature:
Address:
.....
.....
Occupation of witness:

Signed by)
THE MET OFFICE)
acting by,)
authorised signatory, in the presence of:) **Authorised signatory**

Name of witness:
Signature:
Address:
.....
.....
Occupation of witness:

Signed by)
EXETER SCIENCE PARK LIMITED)
acting by,)
authorised signatory, in the presence of:) **Director**

Name of witness:
Signature:
Address:
.....
.....
Occupation of witness: