

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the Offer or the action you should take, you are recommended to seek your own personal independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

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RECOMMENDED SHARE OFFER

BY

**OPEN ORPHAN PLC
("OPEN ORPHAN")**

for

**HVIVO PLC
("hVIVO")**

PROPOSAL

to participants in the

hVIVO Long Term Incentive Scheme 2017

("Share Option Scheme")

From: Open Orphan plc
Second Floor
Berkeley Square House
Mayfair
London
W1J 6BD

hVIVO plc
Queen Mary Bioenterprises Innovation Centre
42 New Road
London
E1 2AX

6 January 2020

To: holders of options ("Participants") granted pursuant to the Share Option Scheme

Dear Participant,

Recommended offer by Open Orphan for hVIVO to be effected by a general offer to acquire the entire issued and, pursuant to the exercise of options under the Share Option Scheme, the to be issued share capital of hVIVO under and in accordance with the Share Option Scheme, details of which are set out in an offer document dated 9 December 2019

1. BACKGROUND AND PURPOSE OF THIS LETTER

The boards of Open Orphan and hVIVO jointly announced on 9 December 2019 that they had reached agreement on the terms of a recommended all-equity offer to be made by Open Orphan for the entire issued share capital and, pursuant to the exercise of options under the Share Option Scheme, the to be issued share capital of hVIVO (the "**Offer**"). Further details of the Offer have been sent out in an offer document dated 9 December to hVIVO shareholders and, for information only, to holders of option(s) under the Share Option Scheme ("**Options**") (the "**Offer Document**"). A copy of the Offer Document was posted to you on 9 December 2019. If you have not received a copy, it can be viewed, subject to certain restrictions applicable to persons in Restricted Jurisdictions, on the websites of hVIVO and Open Orphan at <https://hvivo.com/investors/recommended-all-equity-offer-for-hvivo-to-merge-with-open-orphan-plc/> and <https://www.openorphan.com/recommended-offer-for-hvivo-plc> respectively.

Unless the context requires otherwise, words and expressions defined in the Offer Document have the same meanings in this letter.

The purpose of this letter is to explain the impact of the Offer on any option granted to you pursuant to the Share Option Scheme and to make a proposal to you in relation to your Options. You are receiving this letter as you hold Options.

This letter should be read in conjunction with the Offer Document, the Schedule, the Appendix and the enclosed Form of Instruction. Words and expressions defined in the Offer Document and the rules of the Share Option Scheme apply in this letter, unless otherwise defined. The Appendix and the Schedule to this letter each form a part of the terms of this letter.

The Offer is proposed to be implemented by way of a takeover offer within the meaning of Part 28 of the Companies Act 2006.

Based on the financial terms of the Offer, the Options will have a value on a "see-through" basis (i.e. the current value of the Open Orphan Shares you would acquire in exchange for the hVIVO Shares you would acquire on exercise of the Options is higher than the exercise price payable for your Options) and therefore Open Orphan is making, in accordance with the City Code on Takeovers and Mergers, issued by the Panel (the "**Code**"), a proposal to you as participants in the Share Option Scheme.

This letter does not apply to hVIVO Shares you already own (either as a result of exercising share options or otherwise). You should be aware that Open Orphan intends, if it becomes entitled to do so, to acquire hVIVO Shares from hVIVO Shareholders who have not accepted the Offer using the compulsory purchase procedure under the Companies Act 2006 (the "**Compulsory Purchase Procedure**").

2. WHAT ARE YOUR HVIVO OPTIONS?

The Options you hold give you a right to acquire ordinary shares of £0.05 each in the capital of hVIVO at a pre-determined price, subject to certain terms and conditions. If some or all of your Options are "vested", it means, subject to certain restrictions set out in the Share Option Scheme, that you can (up until such time as the relevant Options expire) "exercise" them by paying hVIVO the pre-determined exercise price and obtaining the relevant number of hVIVO Shares in your name.

3. EFFECT OF THE OFFER ON YOUR OPTIONS

This letter only deals with the rights of exercise, conversion and lapse of your Options as a consequence of the Offer and the proposals being made by Open Orphan in respect of your Options.

Your Options may already be exercisable for other reasons under the Share Option Scheme. If your Options are already exercisable and have not lapsed, you can still exercise your Options and accept the Offer using the Form of Instruction enclosed (Choice 1).

Any Options which are not currently exercisable will become exercisable and may, subject to certain restrictions, be exercised within one month of the date on which the Offer becomes or is declared unconditional in all respects, in accordance with clause 12.1 of the rules of the Share Option Scheme. Please note that, in relation to your Options which are not currently exercisable, those Options will only become exercisable for the purposes of this letter if the Offer becomes or is declared unconditional in all respects, which has not yet occurred.

To the extent you have both Options which are already exercisable and Options which will only become exercisable upon the Offer becoming or being declared unconditional in all respects, you can take action relating to all of your Options using the same Form of Instruction.

If the Offer is not declared or does not become unconditional in all respects, you acknowledge that your Options may still be treated as having been exercised (if they are or have become exercisable in accordance with the terms of the Share Option Scheme) but the Dealing Arrangement will not be available to you and instead you will be required to pay the Aggregate Exercise Price and any Tax Liability out of your own funds.

4. WHAT ARE THE CHOICES AVAILABLE TO YOU?

The alternative courses of action that you may take in relation to your Options are set out in detail in the following pages. In summary, these are:

- exercise your Options and accept the Offer ("**Choice 1**");
- cancel your vested and unvested Options and replace them with new options over shares in Open Orphan on the same terms (including as to vesting) ("**Choice 2**"); or
- do nothing.

For reasons explained further below, it is important that you take the appropriate course of action as soon as possible. In particular, your Options will only become exercisable for one month from the date on which the Offer becomes or is declared unconditional in all respects under the rules of the Share Option Scheme and will lapse and become worthless if you take no action. Nothing in this letter or the Offer Document extends the exercise period of your Options.

Before deciding what action you should take, you may wish to consider your tax position. Please note, the Schedule to this letter gives some general guidance on the UK tax and National Insurance consequences of exercising Options and disposing of hVIVO Shares acquired as a result of the exercise of Options pursuant to the Offer. **If you are in any doubt as to your tax position, you should consult an appropriate independent professional tax adviser without delay.**

Your attention is also drawn to the recommendation in section 13 below.

Please note that each of the above courses of action and, in particular, your ability to receive value through selecting Choice 1 or Choice 2, is conditional upon the Offer becoming or being declared unconditional in all respects. However, subject to the Offer becoming or being declared unconditional in all respects, no minimum level of acceptance applies to any of the alternative courses of action that you may take in relation to your Options as set out in this letter.

Please also note that the proposals set out in this document are not being made available to, and may not be accepted by, holders of Options who are in, or who are resident in, any Restricted Jurisdiction.

5. CHOICE 1 - EXERCISE YOUR OPTIONS AND ACCEPT THE OFFER

You may, if you wish, exercise your Options, if, as and when vested, and accept the Offer in respect of the hVIVO Shares you acquire on exercise of your Options using the enclosed Form of Instruction. If you decide to exercise your Options on this basis using the enclosed Form of Instruction, the exercise of your Options will take effect:

- 5.1 where your duly completed Form of Instruction and related documentation is received before the Offer becomes or is declared unconditional in all respects, immediately following the Offer becoming or being declared unconditional in all respects; and
- 5.2 where your duly completed Form of Instruction and related documentation is received after the Offer becomes or is declared unconditional in all respects and before your Options lapse, as soon as reasonably practicable after receipt of your Form of Instruction and related documentation so long as the Offer remains open for acceptance at that time.

Each hVIVO Share arising following the exercise of your Options would be acquired under the Offer for 2.47 new ordinary shares of £0.01 each in the capital of Open Orphan (the "**Offer Price**").

If you wish to check the details of your Options, please contact Anesh Patel at hVIVO on 020 7347 5335 without delay.

If you decide to proceed under Choice 1, then the following amounts will be payable (subject to the remaining provisions of this letter) by you:

- the aggregate exercise price due in respect of the exercise of your vested Options (being the total number of hVIVO Shares over which you are exercising your Options multiplied by five pence, being the exercise price for the Options as specified in your Option agreement(s)/certificate(s)) (the "**Aggregate Exercise Price**"); and
- where relevant, any liability to income tax and employee's National Insurance and employer's National Insurance contributions (or overseas equivalents) arising in connection with your Options which hVIVO, or your employing company, if different, is required to withhold or account for to HM Revenue & Customs ("**HMRC**") (or overseas equivalent), together the ("**Tax Liability**").

On the basis that you will have to pay the Aggregate Exercise Price and the Tax Liability but the Offer is an all-equity offer, Arden Partners plc ("**Arden**") has agreed with Open Orphan and hVIVO to operate a dealing arrangement proposed by the board of hVIVO (the "**Dealing Arrangement**"). Arden's fee for operating such Dealing Arrangement, which will be payable by you, is 0.5% of the Aggregate Exercise Price and the Tax Liability. Under the terms of the Dealing Arrangement, you will

not be required to fund the Aggregate Exercise Price and any Tax Liability payable on the exercise of your Options from your own resources prior to the exercise of your Options.

Instead, if you elect to proceed with Choice 1, Open Orphan will consult with hVIVO and instruct Arden to calculate the value of the Aggregate Exercise Price and Tax Liability payable on the exercise of your Options and all other options being exercised in connection with the Offer ("**Total Liability**"). Pursuant to the Dealing Arrangement, and provided Arden receives anti-money laundering documentation in respect of each such optionholder in a form acceptable to it, together with a national insurance number and an email address for that optionholder, Arden will aggregate the Total Liability in relation to each holder of Options who elects to proceed with Choice 1 and will arrange to sell or procure the sale of sufficient ordinary shares of £0.01 each in Open Orphan ("**Open Orphan Shares**") which you will acquire in exchange for your hVIVO Shares acquired on exercise of your vested Options, on your behalf (and behalf of the other optionholders), to ensure that the relevant members of the hVIVO Group receive the amount required to (i) discharge the Tax Liability (if any) which arises on such exercise, (ii) pay the Aggregate Exercise Price to hVIVO and (iii) pay Arden's costs and fees in connection with providing the Dealing Arrangement. Arden will be committed to transfer the appropriate amount of the proceeds to hVIVO to satisfy the aggregate amount of Tax Liability and Aggregate Exercise Price. In the event that you choose Choice 1, the Form of Instruction will grant the directors of Open Orphan, hVIVO and Arden Partners plc a power of attorney to do anything that is required to give effect to the Dealing Arrangement.

The Dealing Arrangement is only available to you if you choose to accept the Offer using the enclosed Form of Instruction (Choice 1). If you elect for Choice 1, you will be required to participate in the Dealing Arrangement and it is not possible to select Choice 1 without participating in the Dealing Arrangement. If you choose Choice 1 but then fail to provide any of the information or documentation required by Arden or any other person to operate the Dealing Arrangement on your behalf, your selection of Choice 1 will be deemed to be invalid and you will instead be treated as having elected to take no action, in which event your Options will lapse and cease to be of any value on the basis set out in section 7 below.

If you wish to proceed under Choice 1, you must follow the instructions set out in section 9.1 below. You are requested to return the enclosed Form of Instruction duly completed to Anesh Patel at hVIVO by post or by hand (during normal business hours) as soon as possible, and in any event, to be received by no later than 5.00 p.m. on 27 January 2020. If you wish to proceed under Choice 1 and you return a duly completed Form of Instruction after this time, you will be able to proceed under Choice 1 provided your Form of Instruction is received before your Options lapse and while the Offer remains open for acceptance. Your Options will lapse within one month from the date on which the Offer becomes or is declared unconditional in all respects. For further details see section 9 below.

6. CHOICE 2 – CONVERT OPTIONS TO OPEN ORPHAN SHARE OPTIONS

The hVIVO Board, acting at its discretion and following consultation and agreement with the Open Orphan Board, has determined that each of your hVIVO Options may be cancelled and replaced with the following options ("**Open Orphan Share Options**") over Open Orphan Shares subject to the terms of the Open Orphan plc share option scheme 2020 ("**Open Orphan Option Scheme**"):

Name	Number of Open Orphan Shares	Option Price per Open Orphan Share (in pounds)	Vesting Date	Expiry Date
[•]	[•]	0.02	[•]	[•]

The Open Orphan Share Options will be granted following the Offer becoming or being declared unconditional in all respects, in accordance with paragraphs 9.1.1 and 9.1.2 below.

You are already familiar with the terms of the hVIVO Option Scheme but a copy of the Open Orphan Scheme is enclosed for your reference. Please note that, if you choose Choice 2, you will not "lose" unvested Options as these will in effect be converted into unvested Open Orphan Share Options which may become vested and exercisable at a later date in accordance with the terms of the Open Orphan Option Scheme.

7. DO NOTHING

If you do not take any action in respect of your Options, your Options, to the extent unexercised, will lapse and cease to be of any value on the earliest to occur of (i) the date falling one month after the date on which the Offer becomes or is declared unconditional in all respects; and (ii) the expiry of the Exercise Period (as defined in the Share Option Scheme).

8. APPROPRIATE PROPOSAL

Rule 15(a) of the Code provides that Open Orphan must make an "appropriate" proposal to the holders of the hVIVO Options to ensure that their interests are safeguarded. Equality of treatment as between the holders of hVIVO Options (who all hold options in the same class of hVIVO equity) is required.

The Open Orphan Board considers the terms of the above proposal to be appropriate as well as fair and reasonable.

9. ACTION TO BE TAKEN

9.1 If you wish to proceed under Choice 1 or Choice 2

You need to complete the enclosed Form of Instruction using the enclosed reply-paid envelope and return it, together with the relevant Option certificate(s)/agreement(s), to Anesh Patel at hVIVO by post or by hand (during normal business hours only). You are requested to return the enclosed Form of Instruction as soon as possible and in any event so as to be received by no later than 5.00 p.m. (UK time) on 27 January 2020. If you wish to select Choice 1, you must also provide, as noted in section 5 above, anti-money laundering documentation in a form acceptable to Arden, your national insurance number and your email address.

By completing the Form of Instruction, you agree and acknowledge that the exercise or replacement (as the case may be) of your Options, if, as and when they become exercisable, will take effect:

9.1.1 where your duly completed Form of Instruction and related documentation is received before the Offer becomes or is declared unconditional in all respects, immediately following the Offer becoming or being declared unconditional in all respects; and

9.1.2 where your duly completed Form of Instruction and related documentation is received after the Offer becomes or is declared unconditional in all respects and before your Options lapse, as soon as reasonably practicable after receipt of your Form of Instruction and related documentation so long as (in the case of Choice 1) the Offer remains open for acceptance at that time.

Please read the explanatory notes and the Terms and Conditions printed on the Form of Instruction carefully before you complete it. These notes tell you how to complete the Form of Instruction and, in the case of Choice 1, to exercise your Options and accept the Offer and, in the case of Choice 2, replace the Options with Open Orphan Share Options. In the event that you choose Choice 1, the Form of Instruction will grant the directors of Open Orphan, hVIVO and Arden Partners plc a power of attorney to do anything that is required to give effect to the Dealing Arrangement.

9.2 If you take no action

If you take no action, you will not be able to accept the Offer and your Options will lapse and become worthless on the earliest to occur of (i) the date falling one month after the date on which the Offer becomes or is declared unconditional in all respects; and (ii) the expiry of the Exercise Period (as defined in the Share Option Scheme).

10. TAXATION

If you are in any doubt as to your own tax position in respect of the proposals set out in this letter, you should consult a personal tax adviser immediately.

Note that the Schedule to this letter gives some general guidance on UK tax and National Insurance contributions consequences of the proposals. However, if you are in any doubt as to your tax position, whether in respect of Choice 1, Choice 2, or otherwise, you are strongly advised to consult on an independent professional tax adviser without delay.

11. SETTLEMENT

11.1 If you proceed under Choice 1, you will have agreed to the Dealing Arrangement and you will therefore receive such number of New Open Orphan Shares as is equal to the net consideration due to you under the Offer (after paying the Aggregate Exercise Price, any Tax Liability and Arden's fees) and you will be provided with certificates for your New Open Orphan Shares following the Offer becoming or being declared unconditional in all respects.

11.2 If you proceed under Choice 2, following the Offer becoming or being declared unconditional in all respects, all your hVIVO Options will be cancelled and you will be provided with a deed or option certificate for your new Open Orphan Share Options.

11.3 If for any reason the Offer does not become or is not declared unconditional in all respects, your hVIVO Options will remain in place.

12. INDEPENDENT FINANCIAL ADVICE

If you are in any doubt as to the course of action you should take or your tax position, you should seek your own independent advice from a suitably qualified and authorised independent financial adviser. You should note that none of the directors or employees of hVIVO, Open Orphan, MCF or Arden are authorised to give independent tax or financial advice.

If you are in any doubt about the contents of this letter, you should consult a duly authorised independent financial adviser immediately.

13. RECOMMENDATION

The Independent hVIVO Directors, who have been so advised by MCF Ltd, consider the terms of the proposals set out in this letter to be fair and reasonable. In providing their advice, MCF Ltd have taken into account the commercial assessment of the hVIVO Directors. Accordingly, the Independent hVIVO Directors unanimously recommend Participants to exercise their Options and accept the Offer or to replace their Options with Open Orphan Share Options.

In view of the proposed incentive arrangements outlined in paragraph 7 of Part I of the Offer Document, Trevor Phillips has taken no part in the decision to recommend the proposals set out in this letter and, in view of his interest in the share capital of Open Orphan as outlined in paragraph 3.6 of Part VII of the Offer Document, Mark Warne has taken no part in the decision to recommend the proposals set out in this letter. The Independent hVIVO Directors, who have taken responsibility for considering the terms of the proposals set out in this letter, have no interest in Open Orphan and are not connected with Open Orphan. The Independent hVIVO Directors will resign as directors of hVIVO upon the Offer becoming or being declared unconditional in all respects.

14. FURTHER INFORMATION

Your attention is drawn to the further information contained in the appendix and the schedule to this document, and to the accompanying Form of Instruction, which should be read in conjunction with this document.

If you have any queries in relation to this letter or how to complete the Form of Instruction you should contact Anesh Patel at hVIVO on 020 7347 5335 without delay. However, please note that neither Anesh Patel, hVIVO, Open Orphan, MCF nor Arden will be able to provide you with any legal, financial, tax planning or investment advice on the merits of any particular choice or on the Offer itself. You are reminded that if you fail to take any action, your Options will lapse in due course and cease to be of any value.

Please also note that nothing in this letter is intended, nor should it be taken, as any advice as to any course of action you should take. If you are in any doubt as to the action you should take now, you should seek your own financial advice from an appropriate independent professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the UK, or if not, from another appropriately authorised financial adviser.

Yours faithfully,

Trevor Nicholls

Dr Trevor Nicholls
Director
for and on behalf of hVIVO plc

Cathal Friel

Cathal Friel
Director
for and on behalf of Open Orphan plc

Appendix

1. The Open Orphan Directors, whose names are set out on page 18 of the Offer Document, accept responsibility for the information contained in this letter, other than (a) the information relating to hVIVO, the hVIVO Directors, their close relatives, related trusts and connected persons, and (b) the recommendations of the Independent hVIVO Directors relating to the proposals contained in this letter. To the best of the knowledge and belief of the Open Orphan Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.
2. The Independent hVIVO Directors, whose names are set out on page 8 of the Offer Document, accept responsibility for the information contained in this letter relating to the hVIVO Group, the hVIVO Directors, their close relatives, related trusts and connected persons and the recommendations of the Independent hVIVO Directors relating to the proposals contained in this letter. To the best of the knowledge and belief of the Independent hVIVO Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.
3. The enclosed Form of Instruction, including the notes, terms and conditions and instructions in it, shall be deemed to be incorporated into and form an integral part of the proposals in this letter.
4. The proposals set out in this letter and acceptances and instructions in respect of them shall be irrevocable and this letter and Form of Instruction (and choices made under it) are governed by and should be construed in accordance with the laws of England and Wales. All acceptances of the Offer shall be governed by the provisions of the Offer Document.
5. Words and expressions defined in the Offer Document will, unless the context requires otherwise, have the same meaning in this letter, the Schedule, the Appendix and the enclosed Form of Instruction. Your Options are governed by the rules of the Share Option Scheme and the applicable legislation. If there is any inconsistency between those rules and the applicable legislation and this letter (including the Schedule) and the Form of Instruction, the rules and such legislation will prevail.
6. Accidental omission to despatch this letter or the Form of Instruction to, or any failure to receive the same by, any person to whom the proposal is made or should be made, will not invalidate the proposal in this letter in any way. Receipt of documents will be acknowledged and documents will be despatched at your own risk by post.
7. All acceptances and elections in respect of the proposals set out in this letter will be irrevocable and cannot be subsequently revoked.
8. Each of MCF Ltd and Arden Partners plc has given and not withdrawn its written consent to the issue of this letter with the inclusion of the references to its name in the form and context in which it appears.

Schedule

UK Tax Summary

The information contained below is a summary of the current UK tax implications of accepting the proposals outlined in this letter and applies only to Option holders resident for tax purposes in the UK. Paragraphs 1, 2 and 3 are principally relevant to Choice 1 and paragraph 4 is principally relevant to Choice 2. The information contained below is for guidance only and is not a full description of all the circumstances in which a Tax Liability may occur. It does not constitute tax advice to any individual Option holder. The precise implications for you will depend on your particular circumstances and, if you are in any doubt as to your tax position or are not resident in the UK for tax purposes, you should consult an appropriate independent professional adviser immediately. The summary is based on existing law and what is understood to be the current practice of HMRC.

1. **Exercising your Options**

A liability to both UK income tax and National Insurance contributions ("**NICs**") may arise on the exercise of your Option. The taxable amount (if any) will be determined by reference to the market value of the hVIVO Shares acquired on exercise of the Option less:

- 1.1 the Aggregate Exercise Price that you paid to acquire the Shares; and
- 1.2 other deductible amounts including relief for any employer (secondary) Class 1 NIC liabilities that you may have borne.

2. **Disposing of your Open Orphan Shares**

A liability to UK capital gains tax may arise on a subsequent sale of the Open Orphan Shares that are acquired on exercise of your Option. The capital gains tax liability (if any) will be calculated on the difference between the proceeds received on the disposal of the Open Orphan Shares and market value of Open Orphan's Shares on the date the Option was exercised.

3. **Share identification**

NOTWITHSTANDING the above, you should be aware that special rules apply when individuals acquire and dispose of shares in the same company during various periods. These rules could affect your capital gains tax position. You should take appropriate professional advice in relation to these rules if you think they may apply to you.

4. **Cancelling your Options (and subsequent grant of Open Orphan Share Options)**

The cancellation of Options for no consideration does not give rise to any Tax Liability. The subsequent grant of Open Orphan Share Options similarly does not give rise to any Tax Liability, although the subsequent exercise of the Open Orphan Share Options will likely trigger a liability to both UK income tax and NICs, as set out above.