

Company No 5131621

**THE COMPANIES ACTS 1985 AND 1989**

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**PUBLIC COMPANY LIMITED**

**BY SHARES**

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**ARTICLES OF ASSOCIATION**

**OF**

**NANOTECHTURE GROUP PLC**

**(Adopted by special resolution dated 21 April 2005,  
and amended by written resolution dated 7 April 2008)**

THURSDAY



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1     **PRELIMINARY**

1 1     The headings do not affect the construction of these Articles

1 2     The following table defines certain words and expressions with a particular meaning

<b>Academics</b>	Professor Philip Nigel Bartlett of Amara, 11 Rosebery Road, Alresford, Hants SO24 9HQ, Professor George Attard of Delphine, Northfield Road, Milford-on-Sea, Hants SO41 0RE and Dr John Owen of 3 Hanley Road, Shirley, Southampton SO15 5AP,
<b>Act</b>	the Companies Act 1985 (as amended),
<b>Board</b>	the board of Directors of the Company from time to time,
<b>business day</b>	a day which is not a Saturday, Sunday or a bank or national holiday in England,
<b>Company</b>	Nanotecture Group plc (Company Number 5131621)
<b>Connected</b>	as defined by section 839 of the Taxes Act, provided however that any determination of facts as to whether two or more persons are acting together shall, in the absence of any ruling by the Board of the Inland Revenue, be made by the tax advisers appointed by the VCT Investors and approved by the Company (such approval not to be unreasonably withheld or delayed) acting as experts and not as arbitrators and whose certificate or certificates from time to time shall, save in the case of manifest error, be final and binding on the Company and, on all Shareholders,
<b>Connected Person</b>	has the meaning given to it by section 346 of the Act,
<b>Controlling Interest</b>	an interest (within the meaning of Part 1, Schedule 13 to the Act) in any Shares conferring in total more than 50% of the total voting rights conferred by all the Shares from time to time and conferring the right to vote at all general meetings of the Company,
<b>Director</b>	a director of the Company,
<b>East Hill</b>	East Hill University Spinouts V LLC and East Hill University Spinouts VI LLC

<b>Executive</b>	any employee, consultant or former employee or consultant of the Company or any of its Subsidiaries,
<b>Expert</b>	an umpire (acting as an expert and not an arbitrator) nominated by the parties concerned or, in the event of disagreement as to such nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales,
<b>Family Trust</b>	<p>a trust which only permits the settled property or the income from it to be applied for the benefit of -</p> <p>(a) the settlor and/or his Privileged Relations, or</p> <p>(b) any charity or charities as default beneficiaries (meaning that the charity or charities have no immediate beneficial interest in any of the settled property or the income from it when the trust is created but may become interested if there are no other beneficiaries from time to time except another such charity or charities), or</p> <p>(c) any other person whom the settlor nominates,</p> <p>and under which no power of control is capable of being exercised over the votes of any Shares which are the subject of the trust by any person other than the trustees, the settlor or the Privileged Relations of the settlor For the purposes of this definition, "<i>settlor</i>" includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased member,</p>
<b>Foresight 2</b>	Foresight 2 VCT plc (company number 5200494) whose registered office is at Swiss Life House, South Park, Sevenoaks, Kent TN13 1DU,
<b>Foresight 3</b>	Foresight 3 VCT plc (company number 3121772) whose registered office is at Swiss Life House, South Park, Sevenoaks, Kent TN13 1DU,
<b>Foresight Technology</b>	Foresight Technology VCT plc (company number 3421340) whose registered office is at No 1 Colmore Square, Birmingham, B4 6AA,
<b>Group</b>	any person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, another person or entity

	(for the purposes of this definition, "control" means the power, whether held directly or indirectly, to direct or cause direction of management and policies through ownership of voting securities, contract or otherwise),
<b>holding company</b>	has the meaning given to it by sections 736 and 736A of the Act,
<b>Investment Fund</b>	means any company, trust, limited partnership or fund holding Shares for investment purposes (but, for the avoidance of doubt, excluding the Executives),
<b>IP2IPO</b>	IP2IPO Limited (company number 4072979) whose registered office is at 59 St Aldates, Oxford OX1 1ST,
<b>Issue Price</b>	the price at which the relevant Share is issued, including any share premium,
<b>Leaver Shares</b>	all or any of the Shares held by an Academic or the Permitted Transferee of such Academic,
<b>Loan Stock</b>	the secured 7% convertible redeemable loan stock 2013 issued by the Company pursuant to the terms of the Loan Stock Instrument,
<b>Loan Stock Holder</b>	a holder of Loan Stock from time to time and for the time being,
<b>Loan Stock Instrument</b>	the instrument constituting the Loan Stock and entered into by the Company on or around [31 March] 2008,
<b>Permitted Transfer</b>	a transfer of Shares permitted pursuant to Article 5,
<b>Permitted Transferee</b>	a Shareholder to whom a Permitted Transfer has been made,
<b>Privileged Relations</b>	the spouse, widow, widower or parent of a Shareholder, a Shareholder's children and grandchildren (including step- and adopted children and their issue) and step- and adopted children of a Shareholder's children,
<b>SAM</b>	Southampton Asset Management Limited (company number 4367489) whose registered office is at The Administration Building, University of Southampton, Highfield, Southampton, Hampshire SO17 1BJ,

<b>Shares</b>	the ordinary shares of £0 01 each in the capital of the Company,
<b>Shareholder</b>	a holder of any or all of the Shares,
<b>Subsidiary</b>	has the meaning given to it by sections 736 and 736A of the Act and includes a subsidiary undertaking within the meaning given to it by section 258 of the Act,
<b>Sulis</b>	the Sulis Seedcorn Fund Limited Partnership;
<b>Table A</b>	Table A in the Companies (Tables A to F) Regulations 1985, as amended by the Companies (Tables A to F) (Amendment) Regulations 1985, and
<b>Taxes Act</b>	Income and Corporation Taxes Act 1988
<b>VCT Director</b>	the director to be appointed by the VCT Investors pursuant to Article 13.4,
<b>VCT Investors</b>	Foresight Technology, Foresight 2 and Foresight 3, and
<b>VCT Legislation</b>	section 416 and paragraph 9 of Schedule 28B to the Taxes Act

- 1 3 References to regulations are to regulations in Table A and references to an Article by number are to the particular Article of these Articles
- 1 4 The singular includes the plural and vice versa, references to any gender include every gender and references to persons include corporations, unincorporated associations and partnerships
- 1 5 Unless these Articles state otherwise or unless otherwise modified by, or inconsistent with, these Articles, the regulations contained or incorporated in Table A apply to the Company provided that Regulations 2, 24, 25, 40, 41, 46, 50, 51, 52, 64, 65, 73, 74, 75, 80, 82, 87, 89, 96 and 118, and the third, fifth and sixth sentences of Regulation 88 shall not apply to the Company
- 1 6 The words "shareholder" and "holder" include the bearer of any share warrant unless these Articles say otherwise, or the context where the word appears does not allow this meaning
- 1 7 Where these Articles refer to a person who is automatically entitled to any share by law, this includes a person who is entitled to the share as a result of the death or bankruptcy of a shareholder

- 1 8 When an act of parliament or a section of an act is referred to, this includes any amendment to that act or section as well as any re-enactment (where that act or section is included in another act)
- 1 9 Where these Articles give any power or authority to anybody, this power or authority can be used on any number of occasions, unless the context does not allow this meaning
- 1 10 Any word which is defined in the Act means the same in these Articles unless these Articles define it otherwise or the context where the word appears is inconsistent with the definition given in the Act
- 1 11 Where these Articles state that anything can be done by passing an ordinary resolution, this can also be done by passing a special resolution or an extraordinary resolution
- 1 12 Where these Articles refer to changing the amount of any shares, this means doing any or all of the following -
- (a) subdividing the shares into other shares with a smaller nominal amount,
  - (b) consolidating the shares into other shares with a larger nominal amount, or
  - (c) dividing shares which have been consolidated into shares with a larger nominal amount than that of the original shares
- 1 13 Where these Articles refer to months or years, these are calendar months or years

## 2 SHARE CAPITAL

- 2 1 The Company's authorised share capital is £271,140 made up of 27,113,900 ordinary shares of £0 01 each ("Ordinary Shares") and 100 "A" ordinary shares of £0 01 each ("A Shares") (the Ordinary Shares and the A Shares together being referred to hereinafter as "Shares")
- 2 2 The Company shall, on the issue of any Loan Stock, issue at the same time to each first registered Loan Stock Holder, one A Share
- 2 3 The A Shares and Ordinary Shares shall rank pari passu in all respects save as regards voting (and as otherwise set out in these Articles)
- 2 4 Subject to Article 2 8, each Share shall confer on the holder thereof the right to receive notice of and attend, speak and vote at any general meeting of the Company
- 2 5 Each Ordinary Share shall confer on the holder thereof the right to one vote at any general meeting of the Company (whether cast in person, by proxy or in any other manner lawfully applicable from time to time and for the time being).
- 2 6 Subject to Articles 2 7 and 2 8, each A Share shall confer on the holder thereof such number of votes at any general meeting of the Company (whether cast in person, by proxy or in any other manner lawfully applicable from time to time and for the time being) as is equal to (and determined by) the application of the following formula

X  
Y

Where

X is the principal amount of any Loan Stock held and outstanding from time to time and for the time being by the relevant holder of such A Share, and

Y is 1 01

2 7 Upon the conversion, in full, of any Loan Stock by the holder thereof pursuant to the provisions of the Loan Stock Instrument, any A Share then held by such Loan Stock holder shall automatically be converted into (and shall be deemed thereafter to have the rights and restrictions attaching to) one Ordinary Share and the provisions of Article 2 1 herein shall thereafter be construed accordingly)

2 8 Upon the redemption in full of any Loan Stock by the holder thereof pursuant to the provisions of the Loan Stock Instrument, any A Share then held by such Loan Stock holder in connection with such Loan Stock then redeemed, shall immediately upon such redemption automatically become non-voting, the holder thereof shall no longer be entitled to receive notice of, attend, speak or vote at general meetings by reason of his holding of such A Share and the Company shall be entitled to redeem such A Share at par, subject to its compliance with all applicable law in respect thereto

### 3 LIEN AND FORFEITURE

The lien conferred by Regulation 8 attaches to all the Shares, whether fully paid or not, and to all Shares registered in the name of any person indebted or under any liability to the Company, whether he is the sole registered holder of the Shares or one of two or more joint holders Regulation 8 is modified accordingly

### 4 TRANSFERS

No transfer of Shares may be registered by the Directors unless the terms of these Articles have been complied with The Directors will register a transfer of Shares made in accordance with these Articles In order to ensure that a particular transfer of Shares is permitted under these Articles, the Directors may ask the transferor, or the person named as transferee in any transfer lodged for registration, to supply them with any information and evidence they think reasonably necessary or relevant If satisfactory information or evidence is not supplied within twenty business days of being requested, the Directors are entitled to refuse to register the transfer in question

### 5 PERMITTED TRANSFERS

#### *Relations and Trusts*

5 1 Any Shareholder may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any Shares held by him to a Privileged Relation

5 2 Any Shareholder may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any Shares held by him to trustees to be held on a Family Trust of which he is the settlor



5 3 Where any Shares are held under a Family Trust -

- (a) on any change of trustees, those Shares may be transferred to the new trustees of that Family Trust, and
- (b) those Shares may be transferred at any time to the settlor or to another Family Trust of which he is the settlor or to any Privileged Relation of the settlor

*Other Permitted Transfers*

5 4 An institutional Shareholder is free to transfer any or all its Shares to a company within its Group. If the transferee in these circumstances ceases to be a member of the transferor's Group, it must immediately transfer the relevant Shares to a member of the original transferor's Group unless the Board shall otherwise approve (such approval not to be unreasonably withheld or delayed) in which case the transferee may retain such relevant Shares upon the terms set out in these Articles

5 5 Any Shareholder who is an Investment Fund (or a trustee, custodian or nominee of an Investment Fund) may at any time transfer all or any Shares held by it

- (a) to any trustee, nominee or custodian for such Investment Fund in circumstances where there is no change in the beneficial ownership of such shares,
- (b) to any other Investment Fund (or its trustee, nominee or custodian) managed or advised by the same manager or advisor as it is

*Approved Transfers*

5 6 Despite any other provision in these Articles and if the consent of Shareholders holding at least 75% of the issued Shares is obtained, then a transfer of any Share may be made without restriction as to price or otherwise and any such transfer shall be registered by the Directors

**6 MANDATORY TRANSFERS**

*Family Trusts*

6 1 If any Shares held under Family Trusts cease to be so held (except as a result of a transfer permitted pursuant to Article 5 3(b)) or there are no longer any beneficiaries of the Family Trust other than a charity or charities, a Deemed Transfer Notice (as defined in Article 7 1 is deemed to have been given in respect of the Relevant Shares (as defined in Article 6 2)) by the Shareholder of those Relevant Shares

6 2 "**Relevant Shares**" means and includes the Shares originally transferred to the trustees and any additional Shares issued or transferred to the trustees as a result of their holding the Relevant Shares or any of them

*Insolvency*

6 3 A person entitled to a Share in consequence of the bankruptcy of a member who is an individual shall be bound at any time, if and when so required in writing by the

Directors, to give a Transfer Notice in respect of such Share and the price per Share shall be the Transfer Price as determined in accordance with Articles 7 4 and 7 5

6 4 A Shareholder, being a body corporate, which

- (a) has a receiver, manager, administrator or administrative receiver appointed over all or any part of its undertaking or assets, or
- (b) enters into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction),
- (c) or a person entitled to a Share in consequence of such an event occurring in relation to a Shareholder shall be bound at any time, if and when so required in writing by the Directors, to give a Transfer Notice in respect of such Share and the price per Share shall be the Transfer Price as determined in accordance with Articles 7 4 and 7 5

*Deceased Shareholder*

6 5 If a Share remains registered in the name of a deceased Shareholder for longer than one year after the date of his death, the Directors may require the legal personal representatives of such deceased Shareholder either to effect a transfer of such Shares (including for such purpose an election to be registered in respect thereof) which shall be a Permitted Transfer, or to demonstrate to the satisfaction of the Directors that a Permitted Transfer will be effected before or promptly upon the completion of the administration of the estate of the deceased Shareholder, or (failing compliance with either of the foregoing within one month or such longer period as the Directors may allow for the purpose) to give a Transfer Notice in respect of such Shares

*Drag Along*

6 6 If one or more Shareholders holding at least 75% of the issued Shares (for the purposes of this Article 6, the "Seller") intend to sell all of its or their holding of Shares (or any interest in such Shares) (the Shares to be sold by the Seller being referred to as "Selling Shares") to one or more proposed purchasers who are not Connected Persons nor persons acting in concert with the Seller (as defined in the City Code on Takeovers and Mergers) (the "Proposed Purchaser") who has made a bona fide offer on arm's length terms for the entire issued share capital of the Company, the Seller shall have the right to give to the Company not less than ten business days' advance notice before selling the Selling Shares. That notice (the "Selling Notice") will include details of the Selling Shares and the proposed price for each Selling Share to be paid by the Proposed Purchaser, details of the Proposed Purchaser, the place, date and time of completion of the proposed purchase (being a date not less than ten business days from the date of the Selling Notice) ("Completion")

6 7 Immediately upon receipt of the Selling Notice, the Company shall give notice in writing (a "Compulsory Sale Notice") to each of the Shareholders (other than the Seller) (the "Other Shareholders"), giving the details contained in the Selling Notice, requiring each of them to sell to the Proposed Purchaser at Completion all of their holdings of Shares on the terms set out in the Selling Notice

- 6 8 If they give written notice of their intention to do so to the Seller and complete such purchase within ten business days of the date of the Selling Notice, the Other Shareholders shall have the right to purchase all of the Selling Shares at the same price per Selling Share as is set out in the Selling Notice
- 6 9 Provided that no purchase is made pursuant to Article 6 8, each Shareholder who is given a Compulsory Sale Notice shall sell all of his Shares referred to in the Compulsory Sale Notice at the highest price per Selling Share to be sold by the Seller to the Proposed Purchaser on Completion on the terms set out in the Selling Notice
- 6 10 If any of the Shareholders (the "Defaulting Shareholder") fails to comply with the terms of a Compulsory Sale Notice given to him, the Company shall be constituted the agent of each Defaulting Shareholder for the sale of his Shares in accordance with the Compulsory Sale Notice (together with all rights then attached thereto) and the Directors may authorise a person to execute and deliver on behalf of each Defaulting Shareholder the necessary transfers and the Company may receive the purchase money in trust for each Defaulting Shareholder and cause the Proposed Purchaser to be registered as the holder of such Shares. The receipt of the Company for the purchase money, pursuant to such transfers, shall constitute a good and valid discharge to the Proposed Purchaser (who shall not be bound to see to the application thereof) and after the Proposed Purchaser has been registered in purported exercise of the aforesaid powers, the validity of the proceedings shall not be questioned by any person. The Company shall not pay the purchase money due to the Defaulting Shareholder until he shall, in respect of the Shares being the subject of the Compulsory Sale Notice, have delivered his share certificates or a suitable indemnity and the necessary transfers to the Company. No Shareholder shall be required to comply with a Compulsory Sale Notice unless the Seller shall sell the Selling Shares to the Proposed Purchaser on Completion provided that the Seller may withdraw the Selling Notice at any time prior to Completion by giving notice to the Company to that effect whereupon each Compulsory Transfer Notice shall cease to have effect
- 6 11 The rights of pre-emption set out in these Articles do not arise on any transfer of Shares made in accordance with a Compulsory Sale Notice
- 6 12 As soon as a person, following the issue of a Compulsory Sale Notice, becomes a Shareholder pursuant to the exercise of a pre-existing option to acquire Shares in the Company (a "New Shareholder"), a Compulsory Sale Notice is deemed to have been served on the New Shareholder on the same terms as the previous Compulsory Sale Notice. The New Shareholder will immediately be bound to sell and transfer all the Shares acquired by him to the Proposed Purchaser and the provisions of Articles 6 6 to 6 11 will apply in exactly the same way to the New Shareholder except that completion of the sale of those Shares will take place immediately on the Compulsory Sale Notice being deemed served on the New Shareholder

## **7 PRE-EMPTION RIGHTS**

- 7 1 Except as provided in Article 5 and subject as provided in Articles 6, 8, 9 and 10, every Shareholder who wants to transfer any Shares, must give written notice thereof to the Company (a "Transfer Notice"). Where a Transfer Notice is treated as being given, it is referred to as a "Deemed Transfer Notice". The transferor under a Transfer Notice and a Deemed Transfer Notice is referred to as the "Transferor"

- 7 2 Transfer Notices and Deemed Transfer Notices have the effect of appointing the Company as the agent of the Transferor for the sale of the Shares to be sold (the "Sale Shares")
- 7 3 A Transfer Notice must specify the number and distinguishing number (if any) of the Sale Shares and whether the Transferor has received an offer from a third party for the Sale Shares and, if so the identity of that third party and the terms offered for the Sale Shares. A Transfer Notice must be accompanied by the share certificate or certificates (or an indemnity in respect of the Sale Shares reasonably satisfactory to the Company) in respect of the Sale Shares. A Transfer Notice, but not a Deemed Transfer Notice, may state that, unless all the Sale Shares are sold, none of them can be sold (a "Total Transfer Condition"). A Total Transfer Condition is binding on the Company.

#### *Transfer Price*

- 7 4 The price at which the Sale Shares are to be transferred (the "Transfer Price") will be decided by agreement between the Transferor and the Directors but if they fail to agree within twenty business days of receipt by the Company of the Transfer Notice or Deemed Transfer Notice, the provisions of Article 7 5 will apply.
- 7 5 If the Transferor and the Directors fail to agree the Transfer Price, it will be calculated and then certified by the Expert whose decision is final and binding
- (a) on the basis of an arm's length sale of the Sale Shares between a willing seller and a willing buyer as at the date of the Transfer Notice or Deemed Transfer Notice,
  - (b) taking into account, if relevant, any bona fide offer from any person not being a Shareholder to buy any Shares comprised in the Transfer Notice or Deemed Transfer Notice,
  - (c) without any discount or premium by reason of the proportion of the issued share capital of the Company represented by the Sale Shares, and
  - (d) on the assumption that the Sale Shares are capable of transfer without restriction.
- 7 6 If any difficulty arises in applying any of the assumptions in Article 7 5, then that difficulty will be resolved by the Expert as he, in his absolute discretion, thinks appropriate.
- 7 7 If the Expert is asked to certify the Transfer Price, he must deliver his certificate to the Company which shall, as soon as reasonably practicable upon its receipt, provide a copy of it to the Transferor. The Transferor may (within 10 business days of receiving his copy of the certificate) by written notice to the Company cancel the Company's authority to sell the Sale Shares unless they are being sold under a Deemed Transfer Notice. Unless otherwise agreed between the Company and the Transferor, the cost of obtaining the certificate is to be met by the Transferor.

### *Offers – General*

- 7 8 Once the Transfer Price has been determined then, unless the Transferor gives a valid notice of cancellation, the Sale Shares will be offered for sale as set out below
- 7 9 The Company will -
- (a) first offer the Sale Shares at the Transfer Price to all the Shareholders (except the Transferor and any members of its Group which hold Shares) pro rata as nearly as may be to the respective numbers of Shares held by those Shareholders. This offer will remain open for acceptance for 10 business days (the "First Offer Period") and will invite the relevant Shareholders to state in writing the maximum number of Sale Shares offered to them that they wish to buy,
  - (b) if any Shares remain unsold at the end of the First Offer Period, such unsold Sale Shares will immediately be offered at the Transfer Price to the Shareholders who have already accepted Sale Shares and, if there is more than one, in proportion as nearly as may be to their existing holding of Shares. This offer will remain open for a further period of 10 business days and after the end of that further period, the Company will continue to make offers on the same terms while any Shareholder continues to state in writing his willingness to buy all the Shares offered to him
- 7 10 If the Company finds a buyer for all or any of the Sale Shares, the Transferor must, upon receipt of the Transfer Price, transfer the Sale Shares (or as many of the Sale Shares as the Company has found a buyer for) to that buyer. If the Transferor fails to carry out the sale, the Company may authorise another person to execute a transfer of the Sale Shares to the buyer and the Company may give a good receipt for the Transfer Price, register the buyer as the holder of the Sale Shares and issue to it certificates for such Sale Shares. At that point, the buyer becomes entitled to the Sale Shares
- 7 11 The Company will hold any monies received for the Sale Shares in a separate bank account as trustee for the Transferor. The Company will pay all such money to the Transferor as soon as reasonably practicable after a demand for it has been made upon the Company by the Transferor. The Company shall have no liability to pay or account for any interest on any such monies

### *Transfers Free of Pre-emption*

- 7 12 If the Company fails, within ninety days of the service of the final offer by the Company under Article 7 9 to find Shareholders willing to buy all of the Sale Shares or if through no default of the Transferor (a withdrawal of the Transfer Notice by the Transferor pursuant to Article 7 7, not being a default for this purpose), the purchase of any of the Sale Shares is not completed within 20 business days of the due date for completion, the Transferor is free at any time within six months of the end of these periods to transfer any of the Sale Shares which were not accepted or in respect of which the sale was not completed, to any person he may wish provided that -

- (a) the sale is completed at the Transfer Price or any higher or (subject as provided in Article 7 12(c) below) lower price and the terms of payment of the purchase price are no more favourable to the buyer than those rejected by the existing Shareholders,
- (b) the Transferor sends a copy of the terms of such sale to the Company within fifteen business days of the sale, and
- (c) no Sale Shares may be sold at a lower price than the Transfer Price without the Transferor first serving a further Transfer Notice on the Company, stating such lower price, and the provisions of Article 7 9 will apply to this further Transfer Notice except that the period of acceptance will be five business days instead of ten business days and the Transfer Price will be that lower price. However, if the Sale Shares were the subject of a Total Transfer Condition, the sale may only be made of all the Sale Shares and not part only

## 8 DEPARTING ACADEMICS

- 8 1 Subject to Article 8 2, if an Academic ceases to be a Director or an employee or consultant or secondee of or to the Company or any Subsidiary of the Company (as the case may be) in any of the circumstances set out in Article 8 2, a Transfer Notice in accordance with Article 7 1 shall be deemed to have been given in respect of a Relevant Proportion (as defined in Article 8 5(b)) of the Leaver Shares, and the Transfer Price in respect of such Leaver Shares shall be a sum per Share equal to the Relevant Price (as determined in accordance with Article 8 5(c))
- 8 2 Article 8 1 shall apply in respect of an Academic ceasing to be a Director or employee or consultant or secondee of or to the Company or any Subsidiary of the Company (as the case may be) in circumstances involving a voluntary departure by them except on death or permanent physical or mental incapacity
- 8 3 Subject to Article 8 4, if an Academic ceases to be a Director or an employee or consultant or secondee of or to the Company or any Subsidiary of the Company (as the case may be) in any of the circumstances set out in Article 8 4, a Transfer Notice in accordance with Article 7 1 shall be deemed to have been served in respect of all the Leaver Shares and the Transfer Price in respect of the Relevant Proportion of those Leaver Shares shall be a sum per Leaver Share equal to the lesser of the value of such Leaver Share ("*Fair Value*") (as determined by the Expert (who shall be appointed in the same manner and make his decision in the same manner and on the same assumptions as are set out in Article 7 5)) on the Relevant Date and the nominal value of such Leaver Share. In respect of the remainder of the Leaver Shares, the Transfer Price shall be the greater of the Fair Value and the nominal value
- 8 4 Article 8 3 shall apply in respect of an Academic ceasing to be a Director or employee or consultant or secondee of or to the Company or any Subsidiary of the Company (as the case may be) in circumstances where he
  - (a) has committed a material breach of any of his duties, obligations or responsibilities to the Company or its Subsidiaries (if any), whether under his consultancy, service or other relevant agreement with the Company or any such Subsidiary, or as Director, and fails to remedy such breach within 30 days

after being required in writing to do so provided that, for the avoidance of doubt, an Academic shall not be regarded as having committed any such breach solely by reason of his death or permanent physical or mental incapacity,

- (b) is guilty of any fraud or dishonesty,
- (c) has been convicted of a criminal offence which may, in the reasonable opinion of the Board, bring the Academic, the Company or its Subsidiaries (if any) into disrepute or is disqualified from acting as a company director, or
- (d) becomes bankrupt

8 5 For the purposes of this Article 8

- (a) "**Relevant Date**" means the date on which the relevant Academic ceases to be either a Director or an employee or consultant of or to the Company or any Subsidiary of the Company (as the case may be),
- (b) "**Relevant Proportion**" means all the Leaver Shares held by the relevant Academic and by any person being a Permitted Transferee of such Academic on the Relevant Date less 8 33% of such Leaver Shares (rounded down to the nearest whole number) for each complete calendar quarter of the period of such Academic's service with the Company or any of its Subsidiaries (as the case may be), such period commencing on the date (the "**Commencement Date**") on which the Academic first became a Director or employee or consultant of or to the Company or any Subsidiary of the Company (as the case may be) and expiring on the Relevant Date,
- (c) "**Relevant Price**" of a Leaver Share means,
  - (i) if the Relevant Date is on or before the first anniversary of the Commencement Date, the lesser of the fair value of such Leaver Share ("**Fair Value**") (which shall be determined by the Expert in the same manner and on the same assumptions as are set out in Article 7 5) on the Relevant Date and the nominal value of such Leaver Share,
  - (ii) if the Relevant Date is after the first anniversary of the Commencement Date but on or before the second anniversary thereof, 12 5% of the Fair Value on the Relevant Date for each complete calendar quarter of the period of such Academic's service with the Company or any of its Subsidiaries (as the case may be) from the Commencement Date and expiring on the Relevant Date; or
  - (iii) if the Relevant Date is after the second anniversary of the Commencement Date, the Fair Value on the Relevant Date

8 6 In the event that an Academic fails to comply with the provisions of Articles 8 1 or 8 3 and refuses to co-operate with the transfer of Leaver Shares as directed, the chairman for the time being of the Company (or failing him, one of the Directors or some other person duly nominated by resolution of the Board for that purpose) shall be deemed to be the duly appointed attorney of such Academic with full power to execute, complete

and deliver in the name of and on behalf of such Academic a transfer of the relevant Leaver Shares to the specified purchaser. The Directors may receive and give a good discharge for the Transfer Price (as calculated in accordance with the provisions of this Article 8) on behalf of the Academic and (subject to the transfer being duly stamped) enter the name of the purchaser in the register of members as the holder by transfer of the Leaver Shares so purchased. The Directors shall hold such money in trust for the Academic until he delivers up his certificate for the relevant Leaver Shares to the Company (or an indemnity in respect of the Leaver Shares reasonably satisfactory to the Board) at which time he shall be paid the purchase money. The Company shall have no liability to pay or account for any interest on any such monies.

8 7 The costs of the Expert in determining the Fair Value for the purposes of this Article 8 shall be borne solely by the relevant Academic.

8 8 If the Expert is asked to certify the Fair Value, his certificate shall be delivered forthwith to the Company. As soon as reasonably practicable after the Company receives the certificate, it shall deliver a copy of it to the Academic or Transferor as the case may be.

## 9 COMPLIANCE

9 1 For the purpose of ensuring compliance with the transfer provisions of these Articles, the Board may require any relevant Academic or other Shareholder to procure that -

- (a) he, or
- (b) any proposed transferee, or
- (c) (to the extent that he is reasonably able to do so) such other person as is reasonably believed by the Board to have information and/or evidence relevant to such purpose,

provides to the Company any information and/or evidence relevant to such purpose and until such information and/or evidence is provided to the Board's satisfaction, the Board shall refuse to register any relevant transfer.

9 2 Each Shareholder hereby irrevocably appoints the Company as his attorney (with the power to appoint any member of the Board as a substitute and to delegate to that substitute all or any powers hereby conferred, other than this power of substitution, as if he had originally been appointed as his attorney) to give effect to the provisions of these Articles.

## 10 TAG ALONG

10 1 Subject to Article 10 4, no sale or transfer (whether by one or a series of transfers) of any Shares ("Specified Shares") which amount in total to 30% or more of the Shares in issue or which result in the transferee (and its Connected Persons or any persons acting in concert (as defined in the City Code on Takeovers and Mergers) with such transferee) holding more than 30% of the Company's issued share capital may be made or registered without the prior consent of the other Shareholders unless, prior to such sale or transfer being made, the proposed transferee has irrevocably and unconditionally offered to buy all of the other Shareholders' Shares at the Specified



Price (as defined in Article 10 2) on exactly the same terms as have been offered for the Specified Shares and for the purposes of Article 10, such an offer shall be referred to as a "Requisite Offer"

- 10 2 The "Specified Price" means a consideration for each of the other Shareholders' Shares at least equal to the total amount offered, paid or payable by the proposed transferee for each of the Specified Shares
- 10 3 For the purposes of Article 10 2, the consideration payable for the Specified Shares will include any amount received or receivable by the holders of the Specified Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for each of the Specified Shares. If there is any disagreement as to the Specified Price, its calculation will be referred to an Expert within five business days of the dispute arising. The Expert's decision as to the Specified Price will be final and binding. The relevant parties will give all reasonable assistance to the Expert in verifying the Specified Price including the disclosure of all relevant documentation containing the terms of the transaction between the Shareholder wishing to sell the Specified Shares and the proposed transferee
- 10 4 For the avoidance of doubt, this Article 10 shall not apply to, or be triggered by, the issue of any Shares to Southampton Asset Management Limited (or its nominee) upon and pursuant to the exercise of an option, irrespective of whether such Shares would otherwise comprise Specified Shares
- 10 5 The rights of pre-emption set out in these Articles will not arise on any transfer of Shares made pursuant to a Requisite Offer made in accordance with the provisions of Article 10 1

## **11 ANNUAL GENERAL MEETINGS**

- 11 1 The Board shall procure that the annual general meeting of the Company in respect of each of its financial years shall be convened to take place not later than 30 business days after the date of the auditors' report relating to the Company's accounts for the relevant financial year
- 11 2 The Board shall cause to be laid before each annual general meeting the Company's audited accounts for the relevant financial year, together with the respective reports thereon of the Directors and the auditors

## **12 PROCEEDINGS OF SHAREHOLDERS**

- 12 1 No business shall be transacted at any general meeting of the Company unless a quorum of Shareholders is present at the time when the meeting proceeds to business and, subject to Article 12 2, for its duration. Two persons entitled to vote upon the business to be transacted, each being a Shareholder, a proxy for a Shareholder or a duly authorised representative of a corporation, shall be a quorum
- 12 2 If, within half an hour from the time appointed for the meeting, a quorum is not present, or if during a meeting a quorum ceases to be present for a period exceeding 10 minutes, the meeting shall stand adjourned to the same day in the following week, at the same time and place or such other time and place as the Shareholders present may

decide, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Shareholder or Shareholders present shall constitute a quorum

- 12 3 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded at any general meeting by the Chairman, by any Shareholder present in person or by proxy and entitled to vote, or by a duly authorised representative of a corporation which is a Shareholder entitled to vote
- 12 4 The instrument appointing a proxy and any authority under which it is executed (or a copy of such authority certified notarially or in some other way approved by the Board) must be delivered to the registered office of the Company not less than 24 hours before the time appointed for the holding of the meeting or to the place of the meeting at any time before the time appointed for the holding of the meeting and Regulation 62 shall be modified accordingly
- 12 5 When a poll has been demanded, it shall be taken immediately following the demand
- 12 6 The Chairman of the meeting shall not, in the case of an equality of votes, whether on a show of hands or on a poll, be entitled to exercise a second or casting vote
- 12 7 With respect to any such resolution in writing as is referred to in Regulation 53, in the case of a corporation which holds a Share, the signature of any director or the secretary thereof shall be sufficient for the purposes of Regulation 53
- 12 8 The provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, with the necessary changes being made, apply to every separate meeting of the holders of any class of shares of the Company except that the necessary quorum shall be two persons holding or representing by proxy at least one third in nominal amount of the issued shares of that class

### **13 NUMBER AND APPOINTMENT OF DIRECTORS**

- 13 1 The number of Directors shall not be more than nine
- 13 2 While it holds not less than 5% of the issued shares in the Company, IP2IPO shall have the right to appoint one director of the Company and to remove and replace any such director by serving written notice to that effect on the Company, signed by or for IP2IPO. If it ceases to hold not less than 5% of the issued shares in the Company, it shall, at the request of the Board, promptly procure the removal of any director appointed by it pursuant to this Article 13 2
- 13 3 While it holds not less than 5% of the issued shares in the Company, SAM shall have the right to appoint one director of the Company and to remove and replace any such director by serving written notice to that effect on the Company, signed by or for SAM. If it ceases to hold not less than 5% of the issued shares in the Company, it shall, at the request of the Board, promptly procure the removal of any director appointed by it pursuant to this Article 13 3

- 13 4 For so long as the VCT Investors or any of them are together the holder(s) of not less than 5% of the issued shares in the Company, they have the right (acting jointly if more than one) to appoint one director of the Company and to remove and replace any such director by serving written notice to that effect on the Company, signed by or for such VCT Investors. If the VCT Investors cease to hold not less than 5% of the issued Shares in the Company they shall, at the request of the Board, promptly procure the removal of any director appointed by them pursuant to this Article 13 4
- 13 5 For so long as the Academics, or any of them, hold in aggregate not less than 5% of the Company's issued share capital those Academics who hold shares in the capital of the Company shall have the right to appoint one of themselves as a director of the Company and to remove and replace (with one of themselves) such director by serving written notice to that effect on the Company, signed by two of the Academics or, in the event that only one of the Academics continues to hold shares in the capital of the Company, signed by that Academic. If the Academics cease to hold in aggregate not less than 5% of the Company's issued share capital they shall, at the request of the Board, promptly procure the removal of any director appointed by them pursuant to this Article 13 5
- 13 6 Any Director appointed pursuant to Articles 13 2 to 13.4 (inclusive) shall not be required to hold any shares

#### **14 ALTERNATE DIRECTORS**

- 14 1 A Director (other than an alternate Director) may appoint any other person approved by the Board to be an alternate Director and may remove from office an alternate Director so appointed
- 14 2 A person who holds office only as an alternate Director shall, if his appointor is not present, be counted in the quorum
- 14 3 Any Director who is appointed an alternate Director shall be entitled to vote at a meeting of the Board on behalf of the Director so appointing him in addition to being entitled to vote in his own capacity as a Director and shall also be considered as two Directors for the purpose of constituting a quorum for Board meetings unless he is the only individual present

#### **15 PROCEEDINGS OF DIRECTORS**

- 15 1 The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings at they think fit. The quorum necessary for the transaction of the business of the Board shall be three Directors at least one of whom shall be the director appointed by IP2IPO pursuant to Article 13 2 or the VCT Director if at the time of the meeting (i) a director has been appointed by IP2IPO pursuant to Article 13 2 or (ii) the VCT Director has been appointed (as applicable), and a quorum of Directors must be present throughout all such meetings. The Chairman of the Board meeting shall not, in the case of an equality of votes, have a second or casting vote
- 15 2 Any Director or alternate Director may validly participate in a meeting of the Board through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and

speaking to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Act, all business transacted in such manner by the Board or a committee of the Board shall for the purpose of these Articles be deemed to be validly and effectively transacted at such meeting notwithstanding that a quorum of Directors is not physically present in the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting is situated.

- 15.3 A Director may vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company. Regulation 94 shall be modified accordingly, provided that he has disclosed to the Directors the nature and extent of any material interest or duty.

## 16 RETIREMENT BY ROTATION

The Directors shall not be liable to retire by rotation and the words "by rotation or otherwise" and "and deemed to have been reappointed" in Regulation 67, "other than a director retiring by rotation" in Regulation 76, "(other than a director retiring by rotation at the meeting)" in Regulation 77, "and may also determine the rotation in which any additional directors are to retire" in Regulation 78, the last two sentences of Regulation 79 and the last sentence of Regulation 84 shall not apply to the Company.

## 17 BORROWING POWERS

The Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and, subject to the Act, to issue debentures and other securities (whether outright or as collateral security) for any debt, liability or obligation of the Company or any third party.

## 18 COMMITTEES

The Directors may delegate any of their powers, authorities and discretions for such time and on such terms and conditions as they think fit to any committee consisting of one or more Directors and (if thought fit) one or more other persons (but so that the number of such other persons is less than half of the total number of members of any committee). Where a provision of the Articles refers to the exercise of a power, authority or discretion by the Board and that power, authority or discretion has been delegated by the Board to a committee, the provisions shall be construed as permitting the exercise of the power, authority or discretion by the committee.

## 19 INDEMNITY

Subject to the Act but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which

relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company

## **20 INSURANCE**

The Board shall have the power to purchase and maintain for any Director or other officer insurance against any liability which, by virtue of any rule of law, would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company

## **21 NOTICES**

Regulations 111 to 116 inclusive, as amended by the Companies Act 1985 (Electronic Communications) Order 2000 SI 2000/3373 shall apply save that it shall apply also to notices calling a meeting of the directors and any member with an address outside the United Kingdom shall be treated as if his address was an address within the United Kingdom and any notice shall, if given otherwise than by means of electronic communications, also be given by means of electronic communications to the address (if any) given by a member for the purposes of electronic communications

## **22 TAXES ACT**

22 1 Notwithstanding any of the foregoing provisions of these Articles in order to comply with the VCT Legislation no single company which is a holder of shares shall (together with any person connected to it) be entitled

- (a) to receive, if the whole of the income of the Company were in fact distributed among its participators (without regard to any rights which any holder has as a loan creditor or by reason of that holder's possession of or entitlement to acquire relevant fixed-rate preference shares) more than 50% of the amount so distributed,
- (b) (otherwise than by reason of that holder's possession of, or entitlement to acquire relevant fixed-rate preference shares) on a return of assets on a liquidation or capital reduction or otherwise to receive more than 50% of the capital available for payment to all members, and
- (c) to exercise more than 50% of the voting rights attaching to the equity share capital of the Company

22 2 For the purposes of Article 22 1 the expressions 'loan creditor' and 'participator' shall bear the meanings given to them by section 417 of the Taxes Act and the expression 'relevant' fixed-rate preference shares' shall bear the meaning given by paragraph 13 of Schedule 28B to the Taxes Act