

COMPANY NUMBER 09982535

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTIONS OF

PULMONIR LIMITED

(the Company)

The following resolutions were passed in writing pursuant to Chapter 2 of Part 13 of the Companies Act 2006 as special resolutions on *15 March* 2016

SPECIAL RESOLUTIONS

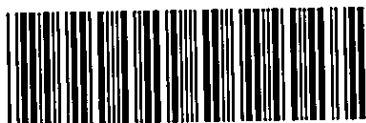
- 1 THAT the draft articles of association, for the purposes of identification, marked "A", and attached to this resolution be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association
- 2 THAT, in accordance with section 570 of the Act, the directors be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by the articles of association referred to in Resolution 1, as if section 561(1) of the Act and any pre-emptive provisions contained in the articles of association did not apply to any such allotment

Mark A. L. G. G. G.

Director

Date *15 March* 2016

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COMPANIES HOUSE

Company number 09982535

Articles of Association PulmonIR Limited

Incorporated on 2 February 2016

Adopted on *15 March* 2016

Companies Act 2006
Private company limited by shares

ARTICLES OF ASSOCIATION

of

PULMONIR LIMITED

Registered company number 09982535

Adopted by special resolution on *15 March* 2016

1. DEFINITIONS

1.1 In these articles the following words and phrases have the meanings set out opposite them below

"Act" the Companies Act 2006 (as amended from time to time)

"Adoption Date" 2016

"these articles" means these articles of association, whether as originally adopted or from time to time altered by special resolution

"Bad Leaver" means any Leaver

(i) whose cessation of employment, engagement or appointment as an employee, consultant or secondee of the Company occurs for reason of fraud or gross misconduct, gross negligence, dishonesty or by reason of circumstances which entitle the Company to terminate such employment, engagement or appointment by reason of summary dismissal (and such dismissal is not found by a tribunal or court of competent jurisdiction to have been wrongful or unfair), or

(ii) who (other than as a result of Serious Ill Health, death, redundancy, retirement, or by reason of circumstances which give rise to a successful claim for constructive dismissal or the Company terminating the Founder Service Agreement without cause) voluntarily ceases such employment, engagement or appointment as an employee, consultant or secondee

	of the Company at any time prior to the Trigger Date
"Board"	the board of directors of the Company from time to time present at a duly convened meeting of the Directors at which a quorum is present
"Business Day"	means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks are open for business in the City of London
"Call"	has the meaning given to it in article 18.3
"Call Notice"	has the meaning given to it in article 18.3
"Company"	PulmonIR Limited (a limited company incorporated in England and Wales with number 09982535)
"Company's Lien"	shall have the meaning set out in article 18.1 and "Lien" shall be construed accordingly
"Controlling Interest"	means an interest (within the meaning of sections 820-825 of the Act) in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010
"Deemed Transfer Notice"	shall have the meaning set out in article 11.2
"Director"	each director of the Company from time to time
"Disposal"	means the sale or other disposal whether by one transaction or a series of transactions of the whole or a substantial part of the undertaking of the Company or any other Group Company (other than to a Group Company which is the Company or a wholly owned subsidiary of the Company) where the disposal by any Group Company or Group Companies itself comprises the whole or a substantial part of the undertaking of the Group
"EBT"	any employment trust established to hold shares in the Company pursuant to the Share Option Scheme
"electronic form"	has the meaning given in section 1168 of the Act
"Eligible Director"	means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any

	Director whose vote is not to be counted in respect of the particular matter)
"Fair Value"	as provided in article 10 2
"Family Trusts"	in relation to any Shareholder, a trust which does not permit any of the settled property or the income from it to be applied otherwise than for the benefit of that Shareholder or any of his Privileged Relations (and 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 so interested if there are no other beneficiaries from time to time except other charities) and under which no power of control over the voting powers conferred by any shares the subject of the trust is capable of being exercised by, or being subject to the consent of, any person other than the trustees or such Shareholder or any of his Privileged Relations
"Finance Wales"	means Finance Wales Investments (3) Limited (a limited company incorporated in England and Wales with number 05210122) or any of its Permitted Transferees
"Finance Wales Director"	means any director appointed by Finance Wales in accordance with article 14 1 and references to the Finance Wales Director shall include any alternate appointed in his place from time to time
"Founders"	means Mark Bowman and Paul Lewis and "Founder" shall mean any one of them
"Founder Service Agreements"	means the agreement in respect of the engagement of each of the Founders as a consultant, secondee or employee (as applicable) (in a form agreed with the Investors) to be entered into between the Company and the Founders on or prior to the Adoption Date and "Founder Service Agreement" shall mean any one of them
"Good Leaver"	means a Leaver who (i) is not a Bad Leaver or (ii) would be a Bad Leaver except for the fact the Board, acting reasonably and with the consent of the

	Investors, determines is a Good Leaver
"Group"	the Company, its subsidiaries, any holding company of the Company and any subsidiary of any such holding company from time to time and "Group Company" shall be construed accordingly
"hard copy form"	has the meaning given in section 1168 of the Act
"holding company"	has the meaning given in section 1159 of the Act
"Independent Expert"	an umpire (acting as an expert and not as an arbitrator) nominated by the parties concerned or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales, whose decision shall, save in the case of manifest error, be final and binding
"Investment Fund"	a fund, partnership, company, investment trust, syndicate or other entity whose principal business is to make investments and whose business is managed by an Investment Manager
"Investment Manager"	a person whose principal business is to make, manage or advise upon investments
"Investor Directors"	means together, the IP2IPO Director, the Finance Wales Director and Swansea Innovations Director and "Investor Director" shall mean any one of them,
"Investors"	means, together, IP2IPO, Finance Wales and Swansea Innovations and "Investor" shall mean any one of them,
"IP2IPO"	IP2IPO Limited (a limited company incorporated in England and Wales with number 04072979)
"IP2IPO Director"	means any director appointed by IP2IPO in accordance with article 14.1 and references to the IP2IPO Director shall include any alternate appointed in his place from time to time
"IP2IPO Nominees"	IP2IPO Nominees Limited (a limited company incorporated in England and Wales with number 05602177)
"Leaver"	

means any Founder who

- (a) ceases to be a Director (and does not continue as an employee or a consultant to the Company), and/or
- (b) ceases to be employed or engaged, whether as an employee, consultant or secondee, by Company, and/or
- (c) ceases to provide his services to the Company pursuant to a Founder Service Agreement or any renewal, extension or replacement of such Founder Service Agreement

“Leaver Transfer Notice” shall have the meaning set out in article 11 5

“Leaver Shares” means all the shares held by a Shareholder who is (a) a Leaver or (b) a Privileged Relation or a Family Trust of a Leaver and has acquired shares from such Leaver (directly or by means of a series of two or more transfers)

“Leaver Transfer Notice” has the meaning given in article 11 5

“Lien Enforcement Notice” a notice in writing which complies with the requirements of article 18 2(b)

“Loan and Option” means an interest free convertible loan and option agreement made between the Company, the Founders and the Investors on or around the Adoption Date

“Member of the Same Fund”

- (a) any participant or partner in or member or beneficiary of the Investment Fund which is or whose nominee is the transferor (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course),
- (b) any other Investment Fund whose business is managed by the same Investment Manager as manages the Investment Fund which is or whose nominee is the transferor, or
- (c) any direct or indirect holding company or

subsidiary of that Investment Manager

"Member of the Same Group"	shall have the meaning set out in article 9 2
"Model Articles"	the model articles for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229), as amended prior to the Adoption Date
"Observers"	means the observers appointed by the Investors pursuant to article 14 1(b) and "Observer" shall mean any one of them
"ordinary resolution"	has the meaning given in section 282 of the Act
"Ordinary Shares"	the ordinary shares of £0.01 each in the capital of the Company
"Permitted Transferee"	means any person who has acquired shares pursuant to article 9
"Privileged Relation"	a spouse, civil partner (under the Civil Partnership Act 2004) (including a surviving spouse or civil partner), child or grandchild (including step or adopted child or grandchild) of a Shareholder
"Proceeds"	means an amount equal to the total amount for payment to holders of equity securities as a result of the Disposal by way of dividend, dividend on liquidation or consideration payable in respect of equity securities purchased by the Company inclusive of any associated tax credit
"Relevant Interest"	shall have the meaning given in article 16 5
"Relevant Securities"	<p>all shares, rights to subscribe for shares or to receive them for no consideration and all securities convertible into shares after the Adoption Date, but excluding</p> <p>(a) the grant of options to subscribe for shares under a Share Option Scheme (and the issue of the shares upon exercise of such options),</p> <p>(b) any shares which the Company is required to issue in accordance with the terms of the Loan and Option</p>

"Sale Price"	shall have the meaning set out in article 10 2
"Sale Shares"	the shares specified or deemed to be specified for sale in a Transfer Notice or Deemed Transfer Notice
"Seller"	the transferor of shares pursuant to a Transfer Notice
"Serious Ill Health"	means an illness or disability certified by a general medical practitioner (nominated by the Directors) as rendering the relevant Shareholder incapable of carrying out his employment, engagement or appointment as a director, employee ,consultant or secondee of the Company
"Shareholder"	means any holder for the time being of shares in the capital of the Company of whatever class, but excluding Treasury Shares
"Shareholder Majority"	the Shareholders of, in aggregate, over 75% percent of the total number of shares in issue in the capital of the Company and the Investors
"Share Option Scheme"	means any share option scheme established by the Company (in a form satisfactory to the Investors), eligible beneficiaries of which shall be bona fide employees, non-executive directors and/or consultants to the Company, as approved by the Investors
"Share Sale"	means the sale of (or the grant of a right to acquire or to dispose of) the entire issued share capital of the Company (whether in one transaction or as a series of transactions)
"shares" or "Shares"	means the Ordinary Shares and any other class or denomination of shares forming part of the share capital of the Company from time to time
"special resolution"	has the meaning given in section 238 of the Act
"Specified Shares"	has the meaning set out in article 12 1
"subsidiary"	has the meaning given in section 1159 of the Act
"Swansea Innovations"	means Swansea Innovations Limited (a limited company incorporated in England and Wales with number 03494913)

"Swansea Innovations Director"	means any director appointed by Swansea Innovations in accordance with article 14 1 and references to the Swansea Innovations Director shall include any alternate appointed in his place from time to time
"Termination Date"	shall mean the date on which the relevant Leaver ceases to be employed, engaged or appointed by the Company
"Trigger Date"	means the date which is 24 months after the Adoption Date
"Total Transfer Condition"	shall have the meaning set out in article 10 3
"Transferee"	has the meaning given in article 10 10
"Transfer Event"	has the meaning set out in article 11 1
"Transfer Notice"	a notice in writing given by any Shareholder to the Company where such Shareholder desires or is required by these articles to transfer any shares and where such notice is deemed to have been served it shall by referred to as a "Deemed Transfer Notice"
"Treasury Shares"	means shares in the capital of the Company held by the Company as treasury shares from time to time within the meaning set out in section 724(5) of the Act
1 2	Whether or not persons are 'acting in concert' will be determined by the then most recent edition of the City Code on Takeovers and Mergers
1 3	A person shall be deemed to be connected with another if that person is connected with another within the meaning of Sections 1122 and 1123 of the Corporation Tax Act 2010
1 4	Save as otherwise specifically provided in these articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these articles (but excluding any statutory modification of them not in force on the date of adoption of these articles)

2 APPLICATION OF MODEL ARTICLES

- 2 1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these articles or are inconsistent with these articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation
- 2 2 Model Articles 7(1), 8, 9(1) and (3), 11(2) and (3), 12, 13, 14(1) to (4) (inclusive), 16, 26(5), 44(2) and 51 to 53 (inclusive) shall not apply to the Company
- 2 3 In Model Article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity"
- 2 4 Model Article 29 shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name"

3. SHARE RIGHTS – INCOME AND CAPITAL

Income

- 3 1 Any profits which the Company determines to distribute in respect of any financial year (as defined in the Act) shall be distributed amongst the Shareholders *pro rata* according to number of Shares held by each of them

Capital

- 3 2 The Shareholders shall do or procure the doing of all necessary acts to ensure that (i) in the event of a Disposal, the Proceeds, and (ii) upon a return of assets on a liquidation, reduction of capital or otherwise, the surplus assets of the Company remaining after payment of its liabilities ("**Surplus Assets**"), shall be distributed amongst the Shareholders *pro rata* according to the number of Shares held by each of them
- 3 3 In the event of a Share Sale, the proceeds shall be distributed as between the Shareholders on the same basis as if they were Surplus Assets in accordance with the provisions of article 3 2 The Board shall not register the transfer of any of the Shares if the proceeds of a Share Sale are not distributed in such manner

4 VOTING

- 4 1 Subject to any other provisions in these articles concerning voting rights, every Shareholder shall have the right to receive notice of and attend and vote at any general meeting of the Company
- 4 2 Votes on shares may be exercised
- (a) on a show of hands by every Shareholder entitled to vote at the general meeting and who (being an individual) is present in person or (being a corporation) is present by a representative (in which case each Shareholder holding shares with votes shall have one vote), and
 - (b) on a poll by every Shareholder entitled to vote at the general meeting and who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case each Shareholder holding shares with votes shall have one vote for each such share held)
- 4 3 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting Model Article 44(3) shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that Model Article
- 4 4 For the avoidance of doubt, the Company shall not exercise any right in respect of any Treasury Shares, including without limitation any right to
- (a) receive notice of or to attend or vote at any general meeting of the Company,
 - (b) receive or vote on any proposed written resolution, and
 - (c) receive a dividend or other distribution
- save as otherwise permitted by section 726(4) of the Act

5. PROXIES

- 5 1 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 Directors may be sent or supplied in hard copy form, or (subject to any conditions and limitations which the Board may specify) in electronic form, to the registered office of the Company or to such other address (including electronic address) as may be specified for this purpose in the notice convening the meeting or in any instrument of proxy or any invitation to appoint a proxy sent or supplied by the Company in relation to the meeting at any time before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote

5.2 Model Article 45(1) shall be amended by

- (a) the deletion of Model Article 45(1)(d) and its replacement with the words "is delivered to the Company in accordance with these articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate", and
- (b) the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that Model Article

6 CLASS RIGHTS

Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, with and only with, both of the following

- (a) the consent in writing of the holders of 75% of the issued shares of that class, and
- (b) the consent of the Investors

7 FURTHER ISSUES OF SHARES

7.1 Subject to the remaining provisions of this article 7, the Board is generally and unconditionally authorised for the purposes of section 551 of the Act to exercise any power of the Company to offer or allot, grant rights to subscribe for or to convert any security into and otherwise deal in, or dispose of, any shares in the Company to any person, at any time, subject to any terms and conditions as the Board thinks proper, provided that

- (a) this authority shall be limited to
 - (i) the allotment of shares in connection with the terms of the Loan and Option up to a maximum aggregate capital loan amount of £400,000, and
 - (ii) the allotment of shares in connection with the terms the Loan and Option up to a maximum aggregate capital option amount of £525,000, and

- (iii) the allotment of shares under the Company's share option pool pursuant to a Share Option Scheme up to a maximum nominal amount of £15 72,
- (b) this authority shall only apply insofar as the Company has not by resolution waived or revoked it, and
- (c) this authority may only be exercised during the period of five years commencing upon the Adoption Date save that the Directors may make an offer or agreement which would or might require Shares to be allotted or rights granted to subscribe for or convert any security into Shares after the expiry of such authority (and the Directors may allot Shares or grant such rights in pursuance of an offer or agreement as if such authority had not expired)

This authority is in substitution for all subsisting authorities

- 7 2 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of any Relevant Securities made by the Company
- 7 3 Unless this article is otherwise dis-applied by special resolution, if the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the Company has first offered them to all Shareholders on the date of the offer on the same terms, and at the same price, as those Relevant Securities are being offered to other persons on a pari passu and pro rata basis to the number of shares held by those holders (as nearly as possible without involving fractions) The offer
 - (a) shall be in writing, shall be open for acceptance for a period of 21 Business Days from the date of the offer and shall give details of the number and subscription price of the Relevant Securities, and
 - (b) may stipulate that any Shareholder who wishes to subscribe for a number of Relevant Securities in excess of the proportion to which he is entitled shall, in his acceptance, state the number of excess Relevant Securities ("**Excess Securities**") for which he wishes to subscribe
- 7 4 Any Relevant Securities not accepted by Shareholders pursuant to the offer made to them in accordance with article 7 3 shall be used for satisfying any requests for Excess Securities made pursuant to article 7 3 If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants pro rata to the number of shares held by the applicants immediately before the offer was made to Shareholders in accordance with article 7 3 (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder

beyond that applied for by him) After that allotment, any Excess Securities remaining shall be offered to any other person as the Board may determine, at the same price and on the same terms as the offer to the Shareholders

- 7 5 Subject to articles 7 3 and 7 4 and to section 551 of the Act, any Relevant Securities shall be at the disposal of the Board who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper
- 7 6 Without the prior written consent of the Board, no shares shall be allotted (nor any Treasury Shares be transferred) to any employee, director, prospective employee or director of any member of the Group unless such person has entered into a joint election with the Company under section 431 of the Income Tax (Earnings and Pensions) Act 2003
- 7 7 An offer of Relevant Securities made to IP2IPO and/or IP2IPO Nominees pursuant to article 7 3 shall entitle either
- (a) IP2IPO, and/or
 - (b) IP2IPO Nominees, and/or
 - (c) any of their Permitted Transferees at the time at which the offer is made under article 7 3

to subscribe for such Relevant Securities

- 7 8 Finance Wales shall be entitled to elect that all or any of its rights arising under an offer of Relevant Securities made under article 7 3 shall be exercised by any Member of the Same Fund or any Member of the Same Group as Finance Wales
- 7 9 Swansea Innovations or a Member of the Same Fund or a Member of the Same Group as Swansea Innovations shall be entitled to elect that all or any of its rights arising under an offer of Relevant Securities made under article 7 3 shall be exercised by any Member of the Same Fund or any Member of the Same Group as such Shareholder

8 TRANSFER OF SHARES

- 8 1 The Directors shall refuse to register any transfer of shares made in contravention of the provisions of these articles but shall not otherwise be entitled to refuse to register any transfer of shares unless (i) they suspect that the proposed transfer may be fraudulent, (ii) the registration thereof would permit the registration of a transfer of shares on which the Company has a Lien, or (iii) the transfer is to a minor For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these articles, the Directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the Directors may reasonably think necessary or

relevant. Failing such information or evidence being furnished to the satisfaction of the Directors within a period of 28 days after such request the Directors shall be entitled to refuse to register the transfer in question.

8.2 If, in relation to a transfer of a share, the transferor thereof is a party to any agreement between the Company and some or all of its Shareholders (being an agreement additional to these articles) or in the event of an allotment of a new share to a person who is not a Shareholder, then the Directors may

(a) require the transferee or allottee of such share (as the case may be) to enter into a written undertaking (in such form as the Directors shall prescribe) to be bound (to the same extent as the transferor or to such other extent as the Directors shall reasonably stipulate) by the provisions of such agreement, and

(b) decline to register the transfer or allotment of such share unless and until the transferee has entered into such written undertaking.

8.3 The Company shall only be permitted to sell or transfer any Shares held as Treasury Shares to any person with the consent of the Investors.

9 PERMITTED TRANSFERS

Transfers with shareholder approval

9.1 Notwithstanding any other provision of these articles, a transfer of any shares approved by a Shareholder Majority may be made without restriction as to price or otherwise and any such transfer shall be registered by the Directors and free from the pre-emption provisions set out in article 10.

Permitted transfers by corporate Shareholders

9.2 Notwithstanding any other provisions of these articles, a transfer of any shares in the Company held by any Shareholder which is a body corporate may be made to

- (a) any subsidiary of that body corporate,
- (b) that body corporate's holding company, or
- (c) any subsidiary of that holding company

(a "Member of the Same Group") without restriction as to price or otherwise, and any such transfer shall be registered by the Directors. If any such transferee ceases to be a Member of the same Group as the original transferor it shall forthwith transfer the relevant shares back to the original transferor, or to another Member of the Same Group as the original transferor. Any combined Members of the Same Group will be classed as a single holding in the Company.

9.3 Notwithstanding any other provision of these Articles, a transfer of the legal title to any shares may be made without restriction as to price or otherwise (and any such

transfers shall be registered by the Directors) by IP2IPO Nominees Limited to any underlying beneficial owner of the shares and free from the pre-emption provisions set out in article 10

- 9 4 Notwithstanding any other provision of these Articles, a transfer of the legal title to any shares may be made without restriction as to price or otherwise (and any such transfers shall be registered by the Directors) by Finance Wales to a Member of the Same Fund as Finance Wales or to any third party Investment Fund as part of any transaction involving the sale or other disposal of all, or a substantial proportion, of its investments

Permitted transfers to Privileged Relations and Family Trusts

- 9 5 Subject to the provisions of articles 9 6 and 9 7, any Shareholder may at any time during his lifetime transfer all or any shares held by him to a Privileged Relation or to trustees to be held upon a Family Trust of which he is the settlor, provided that any such transfer of shares to trustees to be held upon a Family Trust may only be made with Board approval
- 9 6 If and whenever any shares in the Company held by trustees upon a Family Trust ceases to be so held upon a Family Trust (otherwise than in consequence of a transfer to the relevant beneficiary or to any Privileged Relation of the beneficiary) or there cease to be any beneficiaries of the Family Trust other than a charity or charities a Transfer Notice (as hereinafter defined) shall be deemed to have been given in respect of all shares in the Company by the holders thereof and such shares may not otherwise be transferred
- 9 7 If and whenever any shares in the Company are held by a Privileged Relation who ceases so to be a Privileged Relation, a Transfer Notice (as hereinafter defined) shall be deemed to have been given in respect of all shares in the Company by the holders thereof and such shares may not otherwise be transferred

Criteria for consents to Family Trusts

- 9 8 Where Board approval is requested to a transfer to a Family Trust such consent must be given if the Board is satisfied
- (a) with the terms of the trust instrument and in particular with the powers of the trustees,
 - (b) with the identity of the proposed trustees,
 - (c) that the proposed transfer will not result in 50% or more in the aggregate of the Company's equity share capital being held by trustees of that and any other trusts, and

- (d) that no costs incurred in connection with the setting up or administration of the Family Trust in question are to be paid by the Company

Permitted transfers by trustees

- 9 9 Notwithstanding any other provisions of these articles, trustees who hold shares on behalf of beneficiaries may transfer the beneficial interest to other beneficiaries, including terminating declarations of trust made in favour of certain beneficiaries and declaring new trusts in favour of other beneficiaries
- 9 10 Notwithstanding any other provisions of these articles, a transfer of shares held by a Shareholder may be made by
 - (a) trustees of a Family Trust to new trustees of such Family Trusts or to persons who are beneficiaries under such trusts, and
 - (b) a transfer from a Shareholder holding shares as a share trustee to persons who are beneficiaries under such share trusts
- 9 11 Any EBT shall be entitled to transfer or distribute any share or shares according to its rules to any employee of the Company

10 PRE-EMPTION RIGHTS

Transfer Notices and Sale Price

- 10 1 Except where otherwise provided in these articles (including under articles 9 and 12), every Shareholder who desires to transfer any interest in shares ("**Seller**") must serve a Transfer Notice and any Shareholder who is required by these articles to transfer any interest in shares will be deemed to have served a Deemed Transfer Notice
- 10 2 Transfer Notices and Deemed Transfer Notices shall constitute the Company as the Seller's agent for the sale of the Sale Shares at the price at which the Seller wishes to offer the Shares for sale or, if none at a price agreed by the Seller and the Directors (the "**Sale Price**") If the Seller and the Directors are unable to agree a price within 21 days of the Transfer Notice being given or being deemed to have been given, the Sale Price will instead be the price which the Independent Expert shall certify to be in his opinion a fair value of the Sale Shares ("**Fair Value**") In arriving at his opinion the Independent Expert will value the Sale Shares as at the date the Transfer Notice is given, or is deemed to have been given, on a going concern basis as between a willing seller and a willing buyer, ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction The decision of the Independent Expert as to the Sale Price shall be final and binding

Right of Seller to reject partial sales

- 10.3 A Transfer Notice (but not a Deemed Transfer Notice) may contain a condition (a "Total Transfer Condition") that unless all the Sale Shares are sold by the Company pursuant to this article none shall be sold. Any such provision shall be binding on the Company.

Certification of the Sale Price and right of Seller to cancel

- 10.4 If the Independent Expert is asked to certify the fair value his certificate shall be delivered to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller. The Seller shall be entitled by notice in writing given to the Company within 14 days of the service upon him of the copy certificate to cancel the Company's authority to sell the Sale Shares unless the shares are to be sold pursuant to a Deemed Transfer Notice. The cost of obtaining the certificate shall be paid by the Company unless the Seller cancels the Company's authority to sell the Sale Shares in which case the Seller shall bear the cost.

Pre-emptive offers-general

- 10.5 Once the Sale Price has been agreed or determined (as the case may be) then, unless the Seller has given a valid notice of cancellation pursuant to article 10.4, the Sale Shares shall be offered for sale in accordance with the following provisions of this article.
- 10.6 The Sale Shares shall be allocated by the Directors in satisfaction of the applications received in accordance with the procedure set out in this article.
- 10.7 If the total number of Sale Shares applied for by the Shareholders is equal to or less than the number of Sale Shares available, the Sale Shares shall be allocated in satisfaction of the applications received and where the total number of Sale Shares applied for by the Shareholders is less than the number of Sale Shares available (and following such allocation), the provisions of article 10.8 shall apply.
- 10.8 If the total number of Sale Shares applied for is more than the number of Sale Shares available, the Directors shall allocate Sale Shares in satisfaction of each Shareholder's application for Sale Shares in accordance with the following formula. This formula shall be applied repeatedly until such time as there are no Sale Shares remaining to be allocated. Each application of the formula is herein referred to as an "iteration".

$$A = \frac{B}{C} \times D$$

A is the number of Sale Shares to be allocated to the relevant Shareholder in the iteration.

- B** is the number of Shares held by the Shareholder prior to the contemplated transfer
- C** is the number of shares held by all holders of Shares to whom the iteration is being applied
- D** is the number of Sale Shares or, after the first iteration, the number of Sale Shares remaining unallocated by previous iterations

10 9 If, in any iteration, a Shareholder would be allocated all or more than all of the Sale Shares for which he applied (including allocations from previous iterations) then any excess will not be allocated to that Shareholder. That Shareholder will cease to take part in any further iterations and the excess Sale Shares will be available for allocation in the next iteration.

10 10 The Company shall notify the Seller and each Shareholder who applied for Sale Shares ("Transferee") of the number of Sale Shares that have been allocated and the persons to whom they have been allocated. The notification shall include the place and time (being not later than 14 days after the date by which applications had to be received) at which the sale of the Sale Shares shall be completed.

Transfer procedure for pre-emptive offers

10 11 If the Company finds a purchaser or purchasers for all or any of the Sale Shares under the terms of this article the Seller shall be bound, upon receipt of the Sale Price, to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Seller defaults in transferring Sale Shares the Company shall, if so required by the person or persons willing to purchase such Sale Shares, receive and give a good discharge for the purchase money on behalf of the Seller and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Shareholders as the holder of such of the Sale Shares as have been transferred to them.

10 12 An offer of Sale Shares made to IP2IPO and/or IP2IPO Nominees pursuant to article 10 shall, as directed by the relevant party, entitle either

- (a) IP2IPO, and/or
- (b) IP2IPO Nominees, and/or
- (c) any of their Permitted Transferees at the time at which the offer is made under article 10,

to purchase such Sale Shares

10 13 Finance Wales shall be entitled to elect that all or any of its rights to purchase Sale Shares pursuant to this article 10 shall be taken up by any Member of the Same Fund

or any Member of the Same Group as Finance Wales and any of their Permitted Transferees at the time at which the offer is made under article 10

10 14 Swansea Innovations or a Member of the Same Fund or a Member of the Same Group as Finance Wales or Swansea Innovations shall be entitled to elect that all or any of its rights to purchase Sale Shares pursuant to this article 10 shall be taken up by any Member of the Same Fund or any Member of the Same Group as such Shareholder and any of their Permitted Transferees at the time at which the offer is made under article 10

Effect of non-compliance

10 15 Any purported transfer of shares otherwise than in accordance with the provisions of these articles shall be void and have no effect

11 COMPULSORY TRANSFERS

11 1 In this article 11, a "**Transfer Event**" means in relation to any Shareholder

- (a) a Shareholder who is an individual becoming bankrupt,
- (b) a Shareholder making any arrangement or composition with his creditors generally,
- (c) a Shareholder who is a body corporate or public sector entity
 - (i) having a receiver, manager or administrative receiver appointed over all or any part of its undertaking or assets, or
 - (ii) having an administrator appointed in relation to it, or
 - (iii) entering into liquidation (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction), or
 - (iv) having any equivalent action taken in any jurisdiction,
- (d) a Shareholder who becomes a Leaver,
- (e) a Shareholder or any Privileged Relation of a Shareholder or the trustees of any Family Trust of a Shareholder attempting to deal with or dispose of any share or any interest in it otherwise than in accordance with these articles, or
- (f) a Shareholder not giving a Transfer Notice in respect of any shares or transfer any shares (as the case may be) as is otherwise required by these articles

11 2 Any Shareholder who becomes aware of the occurrence of a Transfer Event shall immediately notify the Company and all the other Shareholders in writing of that Transfer Event. Upon the happening of any Transfer Event, the Shareholder in respect of whom it is a Transfer Event and any Privileged Relation who or Family Trust which has acquired shares from him under (directly or by a means of a series of two or more transfers) shall be deemed to have immediately given a Transfer Notice in respect of all

the shares then held by such Shareholder(s) ("**Deemed Transfer Notice**") A Deemed Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same shares except for shares which have been validly transferred pursuant to that Transfer Notice Notwithstanding any other provisions of these articles, any Shareholder holding shares in respect of which a Deemed Transfer Notice is deemed given shall not be entitled to exercise any voting rights at general meetings of the Company in respect of those shares on and from the date of the relevant Deemed Transfer Notice until the entry in the register of members of the Company of another person as the holder of those shares

11 3 Subject to articles 11 5 and 11 7, the shares the subject of any Deemed Transfer Notice shall be offered for sale in accordance with article 10 as if they were Sale Shares in respect of which a Transfer Notice had been given and treating as the Seller the person who is deemed to have given the Deemed Transfer Notice save that

- (a) the Sale Price shall be a price per Sale Share agreed between the Seller and the Board and in default of agreement within twenty business days after a Transfer Notice has been deemed to have been given under article 11 2, the Fair Value,
- (b) the Seller may retain any Sale Shares for which Transferees are not found, and
- (c) the Sale Shares shall be sold together with all rights attaching thereto as at the date of the Transfer Event, including the right to any dividend declared or payable on those shares after that date

11 4 Between the date of the Deemed Transfer Notice and the transfer of the Relevant Member's shares, all voting rights attaching to such shares shall be suspended

Good Leaver and Bad Leaver

11 5 In the event a Founder becomes a Leaver, then, unless the Board (with the consent of the Investors) determine otherwise, the relevant Founder and any Privileged Relation who or Family Trust which has acquired Shares from him (directly or by a means of a series of two or more transfers) shall be deemed to have immediately given a Transfer Notice (in respect of such number of Leaver Shares, a "**Leaver Transfer Notice**") as set out in article 11 7 below

11 6 A Leaver Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same Leaver Shares except for Leaver Shares which have been validly transferred pursuant to that Transfer Notice Notwithstanding any other provisions of these articles, any Shareholder holding Leaver Shares in respect of which a Leaver Transfer Notice is deemed given shall not be entitled to receive a dividend or exercise any voting rights at general meetings of the Company or any proposed written resolution in respect of those Leaver Shares on and from the date of the relevant Leaver Transfer Notice until the entry in the register of Shareholder of the Company of another person as the holder of those Leaver Shares

11 7 The Leaver Shares the subject of a Leaver Transfer Notice shall be offered for sale in accordance with article 10 as if they were Sale Shares in respect of which a Transfer Notice had been given and treating as the Seller the person who is deemed to have given the Deemed Transfer Notice save that

- (a) the Sale Price and number of shares to be sold pursuant to a Leaver Transfer Notice shall be as follows
 - (i) if the Leaver is a Good Leaver, all of the Leaver Shares shall be sold at Fair Value,
 - (ii) subject to clause 11 7(a)(iii), if the Leaver is a Bad Leaver, all of the Leaver Shares shall be sold at nominal value,
 - (iii) if the reason for the Leaver becoming a Bad Leaver falls within part (ii) of the definition of Bad Leaver and the Termination Date falls on or after the Trigger Date, then the Leaver Shares shall be sold as if they were Good Leaver shares pursuant to article 11 7 (a) (i) above, and
- (b) the Sale Shares shall be sold together with all rights attaching thereto as at the date of the Transfer Event, including the right to any dividend declared or payable on those Shares after that date

11 8 In the event that either

- (a) following the process in article 10, some or all of the Leaver Shares are unable to be sold and so remain held by the relevant Leaver or any of his or her Permitted Transferees, or
- (b) the Board has determined under article 11 1(d) that a Leaver shall be entitled to retain some or all of his or her shares,

such shares shall carry no right to vote and no right for the holder to receive notice of or attend or speak at any general meeting of the Company nor count towards any Shareholder Majority on any proposed written resolution

12. TAG ALONG AND DRAG ALONG RIGHTS

Tag along

12 1 Notwithstanding any other provision in these articles, no sale or transfer or other disposition of any interest in any shares ("**Specified Shares**") shall have any effect if it would result in a Controlling Interest being obtained in the Company by any person or group of persons acting in concert unless, before the sale, transfer or other disposition

takes effect, the proposed transferee has made a bona fide offer in accordance with this article 12 to purchase at the specified price (defined in article 12 3) all the shares held by all the other Shareholders (except any Shareholder which has expressly waived its right to receive such offer for the purpose of this article)

12 2 An offer made under article 12 1 shall be in writing, open for acceptance for at least 30 days and shall be deemed to be rejected by any Shareholder who has not accepted it in accordance with its terms within the time period for acceptance

12 3 For the purpose of article 12 1

- (a) the expression "**transfer**" shall include the renunciation of a renounceable letter, and
- (b) the expression "**specified price**" means a price per share equal to the highest price paid or payable by the transferee or persons acting in concert with him or connected with him for any shares within the last 6 months plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the specified shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as part of the overall consideration paid or payable for the specified shares

12 4 If the specified price or its cash equivalent for any shares cannot be agreed within 15 Business Days of the proposed sale, transfer or other disposition referred to in article 12 1 between the proposed transferee, the Investors and Shareholders holding 75% of the class of shares concerned (excluding the transferee and persons who have waived their right to receive an offer), it may be referred to the Independent Expert by any Shareholder and, pending its determination, the sale, transfer or other disposition referred to in article 12 1 shall have no effect. The costs of the Independent Expert shall be borne as the Independent Expert shall determine

12 5 The rights of pre-emption set out in these articles shall not arise on any transfer of shares made in accordance with articles 12 1 to 12 4 inclusive. Further, the provisions of articles 12 1 to 12 4 shall not apply where a Drag Along Notice has been served

Drag along

12 6 If the Shareholder Majority (the "**Selling Shareholders**") wish to transfer all their interest in shares (the "**Sellers' Shares**") to a bona fide arm's length purchaser (the "**Third Party Purchaser**") on arm's length terms and the Investors have provided their prior written consent to the transfer of the Sellers' Shares, the Selling Shareholders shall have the option (the "**Drag Along Option**") to require all the other Shareholders (the "**Called Shareholders**") to sell and transfer all their shares to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with the provisions of this article

- 12.7 The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a **"Drag Along Notice"**) at any time before the transfer of the Sellers' Shares to the Third Party Purchaser. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their shares (the **"Called Shares"**) pursuant to this article, the person to whom they are to be transferred, the consideration for which the Called Shares are to be transferred (calculated in accordance with this article) and the proposed date of transfer. The consideration for which each Called Share is to be transferred shall be the price per share at which the relevant transfer of Sellers' Shares referred to in article 12.6 takes place.
- 12.8 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Third Party Purchaser within 60 days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 12.9 No Drag Along Notice may require a Called Shareholder to agree to any terms save those specifically provided for in this article.
- 12.10 Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares unless
- (a) all of the Called Shareholders and the Selling Shareholders agree otherwise, or
 - (b) that date is less than 3 days after the Drag Along Notice where it shall be deferred until the third day after the Drag Along Notice.
- 12.11 The rights of pre-emption set out in these articles shall not arise on any transfer of shares to a Third Party Purchaser (or as they may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served.
- 12.12 If any Shareholder does not on completion of the sale of Called Shares execute transfer(s) in respect of all the Called Shares held by them the defaulting holder shall be deemed to have irrevocably appointed a Director of the Company to be their agent and attorney to execute all necessary transfer(s) on his behalf against receipt by the Company (on trust for such holder) of the purchase monies or any other consideration payable for the Called Shares deliver such transfer(s) to the Third Party Purchaser (or as they may direct) and the Directors shall forthwith register the Third Party Purchaser (or as they may direct) as the holder thereof. After the Third Party Purchaser (or their nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. It shall be no impediment to registration of shares under this sub-article that no share certificate has been produced.
- 12.13 Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company (a **"New Shareholder"**), a Drag Along Notice shall be deemed to have

been served upon the New Shareholder on the same terms as the previous Drag Along Notice who shall thereupon be bound to sell and transfer all such shares acquired by them to the Third Party Purchaser or as the Third Party Purchaser may direct and the provisions of this article shall apply mutatis mutandis to the New Shareholder save that completion of the sale of such shares shall take place forthwith upon the Drag Along Notice being deemed served on the New Shareholder

13. APPOINTMENT AND REMOVAL OF DIRECTORS

13 1 The Directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director. In addition, Shareholders representing more than half of the shares which carry the right to attend and vote at general meetings of the Company may by notice to the Company together appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director. The number of Directors shall not be more than seven.

13 2 Model Article 18 shall be modified by the addition of the following events upon the occurrence of which a person shall cease to be a Director:

- (a) he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other Directors resolve that he cease to be a Director,
- (b) save in the case of an Investor Director, a majority of the other Directors resolve that he cease to be a Director, and
- (c) in the case of an executive Director only, he shall cease to be employed by the Company or other Group Company (as appropriate) or, if applicable, ceases to provide consultancy services to the Company or other Group Company and does not either continue as an employee of or consultant to any other Group Company or otherwise provide consultancy services to any other Group Company.

14. BOARD APPOINTEES

14 1 Notwithstanding any other provisions of these articles, each Investor shall severally be entitled to

- (a) appoint as a Director of the Company any person and to remove from office any person so appointed and to appoint another person in his place, and
- (b) in addition to its right to appoint a director, appoint an observer who may attend meetings of the Board (an "Observer") (and remove any such Observer and appoint another person in his or her place). An Observer shall be entitled to attend any and all such meetings and to speak and place items on the agenda for discussion provided that the Observer shall not be entitled in any circumstances to vote and shall not be treated as a director for any purpose.

- 14 2 Any appointment or removal of an Investor Director under article 14 1 will take effect at and from the time when the notice is received at the registered office of the Company or produced to a meeting of the Directors
- 14 3 The Investor Directors shall each be entitled at their request (acting independently) to be appointed to any committee of the Board established from time to time and to the board of directors of any subsidiary company

15. PROCEEDINGS OF DIRECTORS

- 15 1 Any decision of the Directors must be taken at a meeting of Directors in accordance with these articles or must be a decision taken in accordance with article 15 2 (subject to article 15 3 and article 15 4) All decisions made at any meeting of the Directors (or any committee of the Directors) shall be made only by resolution and resolutions at any meeting of the Directors (or committee of the Directors) shall be decided by a majority of votes
- 15 2 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter
- 15 3 A decision taken in accordance with article 15 2 may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing
- 15 4 A decision may not be taken in accordance with article 15 2 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with article 15 6 and article 15 7
- 15 5 Meetings of the Directors shall take place on no less than eight separate occasions per annum, unless the Board shall agree otherwise Any Director may call a meeting of the Directors, or authorise the company secretary (if any) to give such notice At least 10 Business Days' advance notice in writing of each such meeting shall be given to each Director and Observer Notice of every meeting of the Directors shall be given to each Director and Observer at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any Director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him Meetings of the Directors may, be held by conference telephone or similar equipment, so long as all the participants can hear and be able to speak to each other Such meetings shall be as effective as if the directors had met in person Where decisions of the Directors are taken by electronic means, such decisions shall be recorded by the Directors in permanent form, so that they may be read with the naked eye
- 15 6 The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be at least three Directors, which must include the Investor Directors to the extent so appointed (unless the relevant, appointed Investor Director has agreed to

the meeting, which would otherwise be inquorate, taking place without his or her attendance)

15 7 If the necessary quorum pursuant to article 15 6 for any meeting is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to the date which is one week from the original meeting or to such other time and place as the Directors determine. If a quorum is not present at any such adjourned meeting within 30 minutes from the time appointed, then those present shall constitute a quorum and the meeting shall proceed. No business shall be raised at a meeting adjourned pursuant to this article 15 7 unless it was included in the agenda and associated notices of the original meeting.

15 8 For the purposes of any meeting (or part of a meeting) held pursuant to article 15 5 to authorise a conflict of interest, if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

15 9 If the number of Directors in office for the time being is less than two, the Directors in office must not take any decision other than a decision to

(a) appoint further Directors, or

(b) call a general meeting so as to enable the Shareholders to appoint further Directors.

15 10 Provided (if these Articles so require) that he has declared to the Directors, in accordance with the provisions of these Articles, the nature and extent of his interest) and subject to any restrictions on voting or counting in a quorum imposed by the Directors in authorising a Relevant Interest, a Director may vote at a meeting of the Directors or of a committee of the Directors on any resolution concerning a matter in which he has an interest, whether a direct or indirect interest, or in relation to which he has a duty and shall also be counted in reckoning whether a quorum is present at such a meeting.

15 11 Questions arising at any meeting of the Directors shall be decided by a majority of votes. If there is an equality of votes, the chairman (or other chairman of the meeting) shall not have a second or casting vote.

16 DIRECTORS' CONFLICTS OF INTEREST

Specific interests of a Director

16 1 Subject to the provisions of the Act and provided (if these articles so require) that he has declared to the Directors in accordance with the provisions of these articles, the nature and extent of his interest, a Director may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest of the following kind

- (a) where a Director (or a person connected with him) is party to or in any way directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract, arrangement or transaction with the Company or any other undertaking in which the Company is in any way interested,
- (b) where a Director (or a person connected with him) is a director, employee or other officer of, or a party to any contract, arrangement or transaction with, or in any way interested in, any body corporate promoted by the Company or in which the Company is in any way interested,
- (c) where a Director (or a person connected with him) is a shareholder in the Company or a shareholder in, employee, director, member or other officer of, or consultant to, a parent undertaking of, or a subsidiary undertaking of a parent undertaking of, the Company,
- (d) where a Director (or a person connected with him) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) in respect of the Company or body corporate in which the Company is in any way interested,
- (e) where a Director is given a guarantee, or is to be given a guarantee, in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is in any way interested,
- (f) where a Director (or a person connected with him or of which he is a member or employee) acts (or any body corporate promoted by the Company or in which the Company is in any way interested of which he is a director, employee or other officer may act) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is in any way interested (other than as auditor) whether or not he or it is remunerated for this,
- (g) an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest, or
- (h) any other interest authorised by ordinary resolution

Interests of the Investor Directors

16.2 In addition to the provisions of article 16.1, subject to the provisions of the Act and provided (if these articles so require) that he has declared to the Directors in accordance with the provisions of these articles, the nature and extent of his interest, where a Director is an Investor Director, he may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest arising from any duty he may owe to, or interest he may have as an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or direct or indirect investor

(including without limitation by virtue of a carried interest, remuneration or incentive arrangements or the holding of securities) in

- (a) an Investment Manager,
- (b) any of the Investment Funds advised or managed by an Investment Manager from time to time, or
- (c) another body corporate or firm in which Investment Manager or any Investment Fund advised by such Investment Manager has directly or indirectly invested, including without limitation any portfolio companies

Interests of which a Director is not aware

16 3 For the purposes of this article 16, an interest of which a Director is not aware and of which it is unreasonable to expect him to be aware shall not be treated as an interest of his

Accountability of any benefit and validity of a contract

16 4 In any situation permitted by this article 16 (save as otherwise agreed by him) a Director shall not by reason of his office be accountable to the Company for any benefit which he derives from that situation and no such contract, arrangement or transaction shall be avoided on the grounds of any such interest or benefit

Terms and conditions of Board authorisation

16 5 Subject to article 16 6, any authority given in accordance with section 175(5)(a) of the Act in respect of a Director ("**Interested Director**") who has proposed that the Directors authorise his interest ("**Relevant Interest**") pursuant to that section may, for the avoidance of doubt

- (a) be given on such terms and subject to such conditions or limitations as may be imposed by the authorising Directors as they see fit from time to time, including, without limitation
 - (i) restricting the Interested Director from voting on any resolution put to a meeting of the Directors or of a committee of the Directors in relation to the Relevant Interest,
 - (ii) restricting the Interested Director from being counted in the quorum at a meeting of the Directors or of a committee of the Directors where such Relevant Interest is to be discussed, or
 - (iii) restricting the application of the provisions in articles 16 7 and 16 8, so far as is permitted by law, in respect of such Interested Director,
- (b) be withdrawn, or varied at any time by the Directors entitled to authorise the Relevant Situation as they see fit from time to time,

and, subject to article 16 6, an Interested Director must act in accordance with any such terms, conditions or limitations imposed by the authorising Directors pursuant to section 175(5)(a) of the Act and this article 16

Terms and conditions of Board authorisation for an Investor Director

16 6 Notwithstanding the other provisions of this article 16, it shall not be made a condition of any authorisation of a matter in relation an Investor in accordance with section 175(5)(a) of the Act, that he shall be restricted from voting or counting in the quorum at any meeting of, or of any committee of the Directors or that he shall be required to disclose, use or apply confidential information as contemplated in article 16 7

Director's duty of confidentiality to a person other than the Company

16 7 Subject to article 16 8 (and without prejudice to any equitable principle or rule of law which may excuse or release the Director from disclosing information, in circumstances where disclosure may otherwise be required under this article 16), if a Director, otherwise than by virtue of his position as Director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he shall not be required

- (a) to disclose such information to the Company or to any Director, or to any officer or employee of the Company, or
- (b) otherwise to use or apply such confidential information for the purpose of or in connection with the performance of his duties as a Director

16 8 Where such duty of confidentiality arises out of a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, article 16 7 shall apply only if the conflict arises out of a matter which falls within article 16 1 or article 16 2 or has been authorised under section 175(5)(a) of the Act

Additional steps to be taken by a Director to manage a conflict of interest

16 9 Where a Director has an interest which can reasonably be regarded as likely to give rise to a conflict of interest, the Director may take such additional steps as may be necessary or desirable for the purpose of managing such conflict of interest, including compliance with any procedures laid down from time to time by the Directors for the purpose of managing conflicts of interest generally and/or any specific procedures approved by the Directors for the purpose of or in connection with the situation or matter in question, including without limitation

- (a) absenting himself from any discussions, whether in meetings of the Directors or otherwise, at which the relevant situation or matter falls to be considered, and

- (b) excluding himself from documents or information made available to the Directors generally in relation to such situation or matter and/or arranging for such documents or information to be reviewed by a professional adviser to ascertain the extent to which it might be appropriate for him to have access to such documents or information

Requirement of a Director to declare an interest

16 10 Subject to section 182 of the Act, a Director shall declare the nature and extent of any interest permitted by article 16 1 or article 16 2 at a meeting of the Directors, or by general notice in accordance with section 184 (notice in writing) or section 185 (general notice) of the Act or in such other manner as the Directors may determine, except that no declaration of interest shall be required by a Director in relation to an interest

- (a) falling under article 16 1(g),
- (b) if, or to the extent that, the other Directors are already aware of such interest (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware), or
- (c) if, or to the extent that, it concerns the terms of his service contract (as defined by section 227 of the Act) that have been or are to be considered by a meeting of the Directors, or by a committee of Directors appointed for the purpose under these articles

Shareholder approval

16 11 Subject to section 239 of the Act, the Company may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of this article 16

16 12 For the purposes of this article 16

- (a) a conflict of interest includes a conflict of interest and duty and a conflict of duties,
- (b) the provisions of section 252 of the Act shall determine whether a person is connected with a Director, and
- (c) a general notice to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified

17. NOTICES OF GENERAL MEETINGS AND QUORUM

17 1 Every notice convening a general meeting may be given in accordance with section 308 of the Act, that is, in hard copy form or electronic form by email and shall comply with the provisions of section 325(1) of the 2006 Act as to giving information to

members in regard to their right to appoint proxies Notices of, and other communications relating to, any general meeting which any member is entitled to receive shall be sent to the Directors and to the auditors of the Company

- 17 2 The quorum for a general meeting shall be at least two qualifying persons (as defined in section 318 of the Act) present at the general meeting, which must (for so long as each shall remain, or any of its Permitted Transferees shall remain, a Shareholder), include a duly appointed representative from each Investor, except when the Company has only one Shareholder, when the quorum shall be one such qualifying person
- 17 3 Where a general meeting is adjourned under Model Article 41 because a quorum is not present or if during a meeting a quorum ceases to be present, and at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Shareholders present shall form a quorum, and Model Article 41 shall be modified accordingly
- 17 4 Ordinary resolutions and special resolutions may be passed as written resolutions in accordance with the Act A proposed written resolution will lapse if not passed before the period of 28 days beginning with the circulation date A written resolution shall be deemed to have been executed on behalf of a corporation if signed by one of its directors or its secretary In the case of a share held by joint holders, the signature of any one shall be sufficient

18 LIEN, CALLS ON SHARES AND FORFEITURE

- 18 1 The Company has a lien (the “**Company’s Lien**”) over every Ordinary Share which is not fully paid for all and any indebtedness of any holder of it to the Company (whether a sole holder or one of two or more joint holders), whether or not that indebtedness or liability is in respect of the Shares concerned and whether or not it is presently payable The Directors may at any time decide that a Share which is, or would otherwise be, subject to the Company’s Lien shall not be subject to it, either wholly or in part

18 2 Enforcement of the Company’s Lien

- (a) Subject to the provisions of this article 18 2, if
- (i) a Lien Enforcement Notice has been given in respect of a share, and
 - (ii) the person to whom the notice was given has failed to comply with it,
- the Company may sell that share in such manner as the Directors decide
- (b) A Lien Enforcement Notice
- (i) may only be given in respect of a share which is subject to the Company’s Lien, in respect of which a sum is payable and the due date for payment of that sum has passed,

- (ii) must specify the share concerned,
 - (iii) must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires),
 - (iv) must be addressed either to the Shareholder or to a transmittee of that holder, and
 - (v) must state the Company's intention to sell the share if the notice is not complied with
- (c) Where shares are sold under this article 18 2
- (i) the Directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or to a person nominated by the purchaser, and
 - (ii) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale
- (d) The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the Lien) must be applied
- (i) first, in payment of so much of the sum for which the Lien exists as was payable at the date of the Lien Enforcement Notice, and
 - (ii) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a Lien equivalent to the Company's Lien over the shares before the sale for any money payable by that person (or his estate or any joint holder of the shares) after the date of the Lien Enforcement Notice
- (e) A statutory declaration by a Director that the declarant is a Director and that a share has been sold to satisfy the Company's Lien on a specified date
- (i) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
 - (ii) subject to compliance with any other formalities of transfer required by these articles or by law, constitutes a good title to the share

18 3 Call notices

- (a) Subject to these articles and the terms on which shares are allotted, the Directors may send a notice (a "Call Notice") to a Shareholder requiring the Shareholder to

pay the Company a specified sum of money due in respect of a Share (a "Call") which is payable to the Company at the date when the Directors decide to send the Call Notice

- (b) A Call Notice
 - (i) may not require a Shareholder to pay a Call which exceeds the total amount of his indebtedness or liability to the Company,
 - (ii) must state when and how any Call to which it relates is to be paid, and
 - (iii) may permit or require the Call to be made in instalments
- (c) A Shareholder must comply with the requirements of a Call Notice, but no Shareholder is obliged to pay any Call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) have passed since the notice was sent
- (d) Before the Company has received any Call due under a Call Notice the Directors may
 - (i) revoke it wholly or in part, or
 - (ii) specify a later time for payment than is specified in the notice,by a further notice in writing to the Shareholder in respect of whose shares the Call is made
- (e) A Call Notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the Company in respect of that share
 - (i) on allotment,
 - (ii) on the occurrence of a particular event, or
 - (iii) on a date fixed by or in accordance with the terms of issue

18.4 Forfeiture

- (a) If a person is liable to pay a Call and fails to do so by the Call payment date
 - (i) the Directors may issue a notice of intended forfeiture to that person, and
 - (ii) until the Call is paid, that person must pay the company interest on the Call from the Call payment date at the relevant rate
- (b) A notice of intended forfeiture
 - (i) may be sent in respect of any share in respect of which a Call has not been paid as required by a Call Notice,

- (ii) must be sent to the holder of that share (or all the joint holders of that share) or to a transmittee of that holder,
 - (iii) must require payment of the Call and any accrued interest and all expenses that may have been incurred by the Company by reason of such non-payment by a date which is not less than 14 clear days after the date of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires),
 - (iv) must state how the payment is to be made, and
 - (v) must state that if the notice is not complied with, the shares in respect of which the Call is payable will be liable to be forfeited
- (c) At any time before the Company disposes of a forfeited share, the Directors may decide to cancel the forfeiture on payment of all Calls, interest and expenses due in respect of it and on such other terms as they think fit

19 PARTLY PAID SHARES

- 19 1 Model Article 21(1) shall not apply to the Company and shares may be issued other than fully paid
- 19 2 If the subscription price of any share (including any premium) is partly paid, the rights to dividend of any such share shall be abated in the same proportion as the unpaid amount bears to the total subscription price

20. MEANS OF COMMUNICATION TO BE USED

- 20 1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient
- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 24 hours after it was posted (or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider),
 - (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address,
 - (c) if properly addressed and sent or supplied by electronic means, six hours after the document or information was sent or supplied, and

- (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website

For the purposes of this article 20, no account shall be taken of any part of a day that is not a Business Day, save for the purposes of determining whether sufficient notice of a general meeting has been given

- 20 2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act

21 DIRECTORS' EXPENSES

Model Article 20 shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur"

22. INDEMNITY

- 22 1 Subject to the provisions of and so far as may be permitted by, the Act

- (a) every Director or other officer of the Company (excluding the Company's auditors) shall be entitled to be indemnified by the Company (and the Company shall also be able to indemnify directors of any associated company (as defined in section 256 of the Act)) out of the Company's assets against all liabilities incurred by him in the actual or purported execution or discharge of his duties or the exercise or purported exercise of his powers or otherwise in relation to or in connection with his duties, powers or office, provided that no Director of the Company or any associated company is indemnified by the Company against

- (i) any liability incurred by the Director to the Company or any associated company, or

- (ii) any liability incurred by the Director to pay a fine imposed in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirements of a regulatory nature, or

- (iii) any liability incurred by the Director

- (A) in defending any criminal proceedings in which he is convicted,

- (B) in defending civil proceedings brought by the Company or any associated company in which final judgment (within the meaning set out in section 234 of the Act) is given against him, or

- (C) in connection with any application under sections 661(3) or 661(4) or 1157 of the Act (as the case may be) for which the court refuses to grant him relief,

save that, in respect of a provision indemnifying a director of a company (whether or not the Company) that is a trustee of an occupational pension scheme (as that term is used in section 235 of the Act) against liability incurred in connection with that company's activities as trustee of the scheme, the Company shall also be able to indemnify any such director without the restrictions in articles 22 1(a) and 22 1 (a)(iii)(B) applying,

- (b) the Directors may exercise all the powers of the Company to purchase and maintain insurance for any such Director or other officer 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, or any associated company including (if he is a director of a company which is a trustee of an occupational pension scheme) in connection with that company's activities as trustee of an occupational pension scheme

22 2 To the extent permitted by law, the Company shall (at the cost of the Company) effect and maintain for each Director policies of insurance insuring each Director against risks in relation to his office as the Board may reasonably specify including without limitation, any liability which by virtue of any rule of law may attach to him in respect of any negligence, default of duty or breach of trust of which he may be guilty in relation to the Company

23 OBJECTS

The Company's objects are unrestricted

24 LIABILITY OF SHAREHOLDERS

The liability of the Shareholders is limited to the amount, if any, unpaid on the shares held by them

25 BORROWING POWERS

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part of it, and to issue debentures, debenture stocks and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party

26. DATA PROTECTION

26 1 Each of the Shareholders and Directors (from time to time) consent to the processing of their personal data by the Company, its Shareholders and Directors (each a "Recipient") for due diligence exercises, compliance with applicable laws, regulations and procedures and the exchange of information amongst themselves. A Recipient may process such personal data either electronically or manually

26 2 The personal data that may be processed for such purposes under this Article 26 shall include any information which may have a bearing on the prudence or commercial merits of investing, or disposing of any shares (or other investment or security) in the Company Other than as required by law, court order or any regulated authority, that personal data shall not be disclosed by a Recipient or any other person, except to

- (a) a Member of the same Group as the Recipient ("**Recipient Group Companies**"),
- (b) to employees, directors and professional advisors of that Recipient or the Recipient Group Companies, and
- (c) to Investment Funds managed by any of the Recipient Group Companies

26 3 Each of the Shareholders and Directors consent to the transfer of such personal data to persons acting on behalf of any Recipient and to the offices of any Recipient, both within and outside the European Economic Area, for the purposes stated above, where is it necessary or desirable to do so

27. ALTERNATE DIRECTORS

27 1 Appointment and removal of alternate directors

(a) Any Director ("**appointor**") may appoint as an alternate any other Director, or any other person approved by resolution of the Directors, to

- (i) exercise that Director's powers, and
- (ii) carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor

(b) Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors

(c) The notice must

- (i) identify the proposed alternate, and
- (ii) in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the Director giving the notice

27 2 Rights and responsibilities of alternate directors

(a) An alternate director may act as alternate director to more than one Director and has the same rights in relation to any decision of the Directors as the alternate's appointor(s)

(b) Except as the articles specify otherwise, alternate directors

- (i) are deemed for all purposes to be Directors,

- (ii) are liable for their own acts and omissions,
- (iii) are subject to the same restrictions as their appointors, and
- (iv) are not deemed to be agents of or for their appointors,

and, in particular, each alternate director shall be entitled to receive notice of all meetings of Directors (but not meetings of committees of Directors) of which his appointor is a member (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him)

(c) A person who is an alternate director but not, in the absence of such appointment, a Director

- (i) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating),
- (ii) may participate in a unanimous decision of the Directors (but only if his appointor is an Eligible Director in relation to that decision, but does not participate), and
- (iii) shall not be counted as more than one director for the purposes of articles 27 2(c)(i) and 27 2(c)(ii)

(d) A Director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the Directors (provided that his appointor is an Eligible Director in relation to that decision), but shall not count as more than one Director for the purposes of determining whether a quorum is present

(e) An alternate director shall not be entitled as such to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct

27 3 Termination of alternate directorship

(a) An alternate director's appointment as an alternate terminates

- (i) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate,
- (ii) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,
- (iii) on the death of the alternate's appointor, or
- (iv) when the alternate's appointor's appointment as a Director terminates

- 27.4 A Director may not appoint any person to be an alternate director in respect of any committee of the Directors