

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document you should consult a person authorized under the Financial Services and Markets Act 2000 (“FSMA”) who specializes in advising on the acquisition of shares and other securities before taking any action. The whole of the text of this document should be read.

If you have sold or transferred all of your Existing Ordinary Shares in the Company, please pass this document and the Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

# **SOPHEON plc**

## **Proposed Share Subdivision**

### **Notice of General Meeting**

Notice convening a General Meeting of the Company to be held at the Company’s Registered Office (Surrey Technology Centre, 40 Occam Road, Guildford GU2 7YG) on 19 December 2014 at 9.30 a.m. is set out on pages 9 to 10 of this document. A Form of Proxy is on page 11. **To be valid, the Form of Proxy must be completed and returned so as to be received at the Company’s Registered Office not later than 9.30 a.m. on 17 December 2014.** The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

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## Expected timetable of events

Date of this document	2 December 2014
Latest time and date for receipt of Proxy Forms	9.30 a.m. on 17 December 2014
General Meeting	9.30 a.m. on 19 December 2014
UK Record Date for the Share Subdivision	5.00 p.m. on 19 December 2014
Existing Ordinary Shares disabled in CREST and share register closed	5.00 p.m. on 19 December 2014
Admission effective and dealings commence on AIM and Alternext in New Ordinary Shares	8.00 a.m. on 22 December 2014
CREST accounts credited with New Ordinary Shares	22 December 2014
Netherlands Record Date for Share Subdivision**	23 December 2014
Certificates in respect of New Ordinary Shares dispatched on or before	9 January 2015
ISIN of Existing Ordinary Shares	GB00BQSBK399
ISIN of New Ordinary Shares	GB00BSZM1369

\*\* Due to differences in the settlement mechanisms between the Netherlands and the UK the record date for shares in the Netherlands is two days later than in the UK. Notwithstanding the foregoing, trading in the New Ordinary Shares will commence on both AIM and Alternext on 22 December 2014.

Times stated above are British Standard Time.

## Definitions

<b>“Act”</b>	the Companies Act 2006
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“Alternext”</b>	the Alternext Market of the Amsterdam Stock Exchange
<b>“Capita Asset Services”</b>	a trading name of Capita Registrars Limited
<b>“Company” or “Sopheon”</b>	Sopheon plc
<b>“Convertible Loan Stock”</b>	the £2,000,000 nominal value of 8% convertible loan stock 2017 of the Company outstanding at the date of this document
<b>“Directors” or “the Board”</b>	the directors of the Company as set out on page 5 of this document
<b>“Existing Issued Share Capital”</b>	the 14,558 Existing Ordinary Shares in issue at the date of this document
<b>“Existing Ordinary Shares”</b>	ordinary shares of £100 each in the capital of the Company
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use in connection with the General Meeting
<b>“General Meeting”</b>	the general meeting of the Company convened for 9.30 a.m. on 19 December 2014, notice of which is set out on pages 9 to 10 of this document
<b>“Group”</b>	the Company and its subsidiary undertakings
<b>“New Ordinary Shares”</b>	the proposed ordinary shares of 20p each in the capital of the Company arising from the Share Subdivision
<b>“Qualifying Shareholders”</b>	holders of Existing Ordinary Shares at the Record Date
<b>“Resolution”</b>	the resolution set out in the notice of the General Meeting on pages 9 to 10 of this document
<b>“Record Date”</b>	for UK Shareholders, 5.00pm 19 December 2014 and for Dutch Shareholders, 23 December 2014
<b>“Share Consolidation”</b>	the share consolidation performed pursuant to the circular issued on 12 September 2014
<b>“Share Subdivision”</b>	the proposed subdivision of each and every Existing Ordinary Share into 500 New Ordinary Shares
<b>“Shareholders”</b>	holders of ordinary shares in the Company from time to time

## Letter from the Executive Chairman of Sopheon plc

# SOPHEON plc

(Incorporated in England and Wales with registered number 32178503)

*Registered Office:*

*Directors:*

Barry K. Mence (*Executive Chairman*)  
Andrew L. Michuda (*Chief Executive Officer*)  
Arif Karimjee (*Chief Financial Officer*)  
Stuart A. Silcock (*Non-executive Director*)  
Bernard P.F. Al (*Non-executive Director*)  
Daniel Metzger (*Non-executive Director*)

Surrey Technology Centre  
40 Occam Road  
Surrey Research Park  
Guildford GU2 7YG

2 December 2014

*To the Shareholders*

Dear Shareholder,

### **Proposed Share Subdivision**

#### **Introduction**

On 1 May 2013 we issued a circular to Shareholders setting out proposals for the restructuring of the capital of the Company and reducing the disproportionately large number of Shareholders with relatively small holdings for a company of our size. That circular is available from the investor section of Sopheon's website. Shareholders voted overwhelmingly in favour of the resolutions set forth in the circular, and these were then implemented by the Company. This process reduced the number of shares in issue by a ratio of 20. It also reduced the number of Shareholders on the Company's UK share register from approximately 4,000 to around 200. By the same token Shareholders in the Dutch system were expected to fall from over 7,000 to under 2,000. However, the capital reorganization was not correctly processed by certain brokers in the Netherlands which limited the reduction in the Dutch shareholder count to a reduction to around 5,000. Enquiries and representations in the Netherlands established that this could not be rectified other than through a fresh consolidation process.

On 12 September 2014 we issued a circular to Shareholders setting out proposals to perform a fresh consolidation. That circular is also available from the investor section of Sopheon's website. Shareholders voted overwhelmingly in favour of the resolution set forth in the circular, and this was then implemented by the Company. The Share Consolidation reduced the number of shares in issue at that time by a ratio of 500. In that circular, we noted that if the Share Consolidation was fully and correctly implemented, it may be beneficial in the future to again subdivide the shares.

The Board has now circularised brokers in the Netherlands and responses have been received that represent well over half the shares in the Dutch system. These responses indicate that the Share Consolidation has been fully processed by those brokers. Accordingly, the Board proposes to now subdivide the Existing Ordinary Shares by way of the Share Subdivision.

The Board recommends that you should vote in favour of the Resolution to be proposed at the General Meeting convened for 9.30 a.m. on 19 December 2014, notice of which is set out on page 9 of this document.

#### *Mechanics of the Share Subdivision*

The Articles of Association of the Company permit the Company, by ordinary resolution, to subdivide its share capital into shares of a smaller nominal value than the Existing Ordinary Shares.

The Directors have resolved to submit to Shareholders proposals for the Share Subdivision involving the subdivision of the 14,558 Existing Ordinary Shares of £100 each into 7,279,000 New Ordinary Shares of 20p each in the capital of the Company, on the basis of each and every Existing Ordinary Share at the Record Date being subdivided into 500 New Ordinary Shares.

The rights attaching to the New Ordinary Shares will, apart from the change in nominal value and therefore the entitlement of Shareholders in respect of a return of capital, be identical in all respects to those of the Existing Ordinary Shares.

The table below provides some illustrations of the effect of the Share Subdivision:

<i>Pre Share Subdivision holding of Existing Ordinary Shares</i>	<i>Post Share Subdivision holding of New Ordinary Shares</i>
1 Existing Ordinary Share	500 New Ordinary Shares
10 Existing Ordinary Shares	5,000 New Ordinary Shares
100 Existing Ordinary Shares	50,000 New Ordinary Shares

The result of the Share Subdivision will be to increase the number of ordinary shares in issue from 14,558 Existing Ordinary Shares to 7,279,000 New Ordinary Shares.

So far as the Directors are aware, the only persons who are at the date hereof directly or indirectly interested in more than 3% of the issued share capital are set out in the table below, together with the number of New Ordinary Shares which will be held by such persons upon implementation of the Share Subdivision. By way of comparison, the effect on representative Shareholders currently holding 1 and 10 Existing Ordinary Shares is also set out in the table below.

	<i>Existing Ordinary Shares</i>	<i>Current percentage</i>	<i>New Ordinary Shares</i>	<i>Resultant percentage</i>
<b>Major Shareholders (3% or more)</b>				
Barry K. Mence (Director)	2,066	14.2%	1,033,000	14.2%
Rivomore Ltd and Myrtledare Corp.	2,817	19.4%	1,408,500	19.4%
<b>Representative shareholder</b>				
Holder of 1 share	1	0.007%	500	0.007%
Holder of 10 shares	10	0.07%	5,000	0.07%

The above table demonstrates that the percentage shareholding of any Shareholder will not be affected by the Share Subdivision.

### *Convertible Loan Stock and Share Options*

At the date of this document, the Company has £2,000,000 nominal value of Convertible Loan Stock ("the Stock") outstanding. At present the Stock is convertible into Existing Ordinary Shares at a conversion price of £382.50 per Existing Ordinary Share. Following the implementation of the Share Subdivision, and in accordance with the terms of the Stock, the Stock will be convertible into New Ordinary Shares at a conversion price of 76.5 pence per New Ordinary Share.

The Company also has outstanding at the date of this document a number options (the "Options"). The Options are exercisable at a variety of exercise prices ranging from £425 to £875 per Existing Ordinary Share. Following the implementation of the Share Subdivision and in accordance with the terms of the Options, the number of New Ordinary Shares under option will be 598,944, with exercise prices ranging from 85p to 175p.

### **Admission and Dealings**

Existing share certificates will cease to be valid following the Record Date and new share certificates in respect of New Ordinary Shares are expected to be issued on or around 9 January 2015.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM and Alternext. If approved, the Share Subdivision will be effected based on the record date register of 5:00 p.m. on 19 December 2014, and the New Ordinary Shares are expected to be admitted to trading on AIM and Alternext on 22 December 2014. Due to differences in the settlement mechanisms between the Netherlands and the UK the record date for shares on the Alternext is two business days later than on the AIM. Notwithstanding the foregoing, trading in the New Ordinary Shares is expected to commence on both AIM and Alternext on 22 December 2014.

Shareholders who hold their Existing Ordinary Shares in uncertificated form in the UK are expected to have their CREST accounts credited with the New Ordinary Shares on 22 December 2014. Shareholders who hold their Existing Ordinary Shares in certificated form will have new share certificates issued on or around 9 January 2015.

Shareholders who hold their Existing Ordinary Shares in uncertificated form in the Netherlands are expected to have their EUROCLEAR accounts credited with the New Ordinary Shares on 24 December 2014.

### **Taxation**

#### *UK*

The following summary is intended as a general guide only and relates to the UK taxation treatment of the Share Subdivision. It is based on current UK tax law and the current published HM Revenue and Customs practice applying in the case of those holders of Existing Ordinary Shares who are residents of the UK for tax purposes, are the beneficial owners of those shares and hold them as investments. Certain holders of Existing Ordinary Shares, such as dealers in securities, insurance companies, collective investment schemes and persons who have acquired their shares by reason of their or another's employment, may be taxed differently and are not considered here. It is expected that for the purposes of UK taxation on chargeable gains the Share Subdivision will be treated as follows:

The New Ordinary Shares arising from the Share Subdivision will result from a reorganisation of the share capital of the Company. Accordingly, holders of Existing Ordinary Shares should not normally be treated as making a disposal of all or part of their holding of Existing Ordinary Shares by reason of the Share Subdivision being implemented. The New Ordinary Shares which replace their holding of Existing Ordinary Shares as a result of the Share Subdivision will be treated as the same asset acquired at the same time as their holding of Existing Ordinary Shares was acquired.

## *Netherlands*

The following summary is intended as a general guide only and relates to the Dutch taxation treatment of the Share Subdivision. It is based on current Dutch tax law applying in the case of those holders of Existing Ordinary Shares who are residents of the Netherlands for tax purposes, are the beneficial owners of those shares and hold them as investments.

Except as set out below, a Dutch individual shareholder is generally taxed on the value of their shares in "Box 3". This is an annual tax which is based on the value of the shares as per January 1 of a year. This applies to the situation before and after the Share Subdivision. The subdivision as such should not trigger any additional Dutch taxation for a Dutch individual shareholder who is taxed in "Box 3".

Certain holders of Existing Ordinary Shares, such as a shareholder who (i) has a substantial interest (as defined in ITA 2001) or a participation interest (as defined in CITA 1969) in the Company, typically characterized by an interest of 5% or more and taxable under "Box 2"; or (ii) is a corporate shareholder or a shareholder who is taxed on the value of their shares in "Box 1", may be taxed differently and are not considered above.

### **General Meeting**

The notice convening the General Meeting, at which the Resolution will be proposed, is set out on pages 9 to 10 of this document. The Resolution is required in order to enable the Company to implement the Share Subdivision.

The Resolution will be proposed as an Ordinary Resolution. This means that for the Resolution to be passed, more than one-half of the votes cast must be in favour of the Resolution.

### *The Resolution*

It is proposed that the 14,558 issued Existing Ordinary Shares will be subdivided into 7,279,000 New Ordinary Shares.

### **Action to be taken**

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether you intend to be present at the General Meeting or not, you are asked to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Company's Registered Office as soon as possible and, in any event, so as to be received by no later than 9.30 a.m. on 17 December 2014. The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.

If the Form of Proxy is not returned by 9.30 a.m. on 17 December 2014, your vote will not count.

### **Recommendation**

The Board considers that the Share Subdivision is in the best interests of the Company and the Shareholders.

Accordingly, the Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the General Meeting, as they have undertaken to do in respect of their own beneficial shareholdings, representing 17.8% of the Existing Ordinary Shares.

Yours faithfully,

Barry Mence  
*Executive chairman*

# SOPHEON plc

## Notice of General Meeting

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the Company's Registered Office on 19 December 2014 at 9.30 a.m. for the purpose of considering and, if thought fit, passing the following resolution, being an Ordinary Resolution:

### Ordinary Resolution

That the issued ordinary shares of £100 each in the capital of the Company ("Existing Ordinary Shares") be and are hereby subdivided into new ordinary shares of 20p each in the capital of the company ("New Ordinary Shares") on the basis of 500 New Ordinary Shares for each and every Existing Ordinary Share held at the Record Date.

**By order of the Board**

A. Karimjee, *Secretary*

2 December 2014

Registered office: Surrey Technology Centre, 40 Occam Road, Surrey Research Park, Guildford GU2 7YG

## **Notes to the Notice of General Meeting**

1. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the number of votes they may cast) members must be entered on the Company's register by 6.00 p.m. on 17 December 2014.
3. A form of proxy is enclosed. To be effective, it must be deposited at the Company's Registered Office so as to be received not later than 48 hours before the time appointed for holding the meeting. Completion of the form of proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.

## FORM OF PROXY FOR GENERAL MEETING

I/We, .....

of .....

being a member/members of the above-named Company, hereby appoint the Chairman of the meeting or

.....

of .....

as my/our proxy to vote in my/our name(s) and on my/our behalf at the General Meeting of the Company to be held at the Company's Registered Office on 19 December 2014 at 9.30 a.m. and at any adjournment of such meeting. I/We direct my/our proxy to vote on the Resolutions set out in the notice dated 2 December 2014 convening the General Meeting as follows and, on any other resolutions, as he or she thinks fit:

Resolution	For	Against	Vote Withheld	Discretionary
To subdivide each issued ordinary share of £100 each into 500 new ordinary shares of 20p each				

Signed this..... day of December 2014

Signature .....

Name in Block Capitals .....

Initial and surnames of joint holders (if any) .....

Notes to this Form of Proxy are provided on page 12

## Notes to the Form of Proxy

1. If it is desired to appoint any person other than the Chairman as proxy, delete the words "the Chairman of the meeting or" and insert his or her name and address and initial the alteration. The person appointed to act as proxy need not be a member of the Company.
2. You may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please return a separate form in relation to each proxy, clearly indicating next to the name of each proxy the number and class of shares in respect of which he is appointed. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
3. In the case of a corporation, this form of proxy must be executed by the corporation and must be signed either under seal or under the hand of a duly appointed director or another duly authorised officer.
4. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.
5. If you want your proxy to vote in a certain way on the resolutions specified please place an "X" in one of the relevant boxes for each of the resolutions. If you select "discretionary" or fail to select any of the given options your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can also do this on any other resolution that is put to the meeting.
6. The "vote withheld" option is provided to enable you to abstain on any particular resolution however it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.
7. To be valid, this proxy and any power of attorney or other written authority under which it is signed or an office or notarially certified copy of such power or authority or a copy certified in accordance with the Powers of Attorney Act 1971 or the Enduring Powers of Attorney Act 1985 must reach the Company's Registered Office by no later than 9.30 a.m. on 17 December 2014.
8. Completion of this form of proxy will not preclude you from attending and voting at the Meeting if you so wish.