

Company No 06166785

**THE COMPANIES ACTS 1985 to 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**

**WRITTEN RESOLUTION**

of

**CATCH22 SOCIAL ENTERPRISE LIMITED**

(the "Company")

**10 FEBRUARY 2012**

(the "Circulation Date")

We, the undersigned, being persons who at the Circulation Date have the right to attend and vote at a general meeting of the Company, and holding not less than seventy-five percent of the votes which may be cast at a general meeting of the Company, hereby resolve in accordance with Chapter 2 of Part 13 of the Companies Act 2006 (as amended) (the "2006 Act") as follows and agree that the following resolutions shall for all purposes be as valid and effective as if they had been passed as special or ordinary resolutions (as the case may be) at a general meeting of the Company duly convened and held

**SPECIAL RESOLUTION**

- 1 **THAT** the Company adopt new articles of association in the form annexed to these resolutions in substitution for, and to the exclusion of, the existing articles of association and the provisions of the memorandum of association of the Company incorporated therein by virtue of section 28 of the 2006 Act

**ORDINARY RESOLUTION**

- 2 **THAT** the Company's issued share capital of two ordinary shares of £1 be subdivided into two hundred ordinary shares of £0.01

.....  
For and on behalf of  
**Catch22 Charity Limited**

Date: **10 FEBRUARY 2012**

FRIDAY



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COMPANIES HOUSE

**THE COMPANIES ACT 1985**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**CATCH22 SOCIAL ENTERPRISE LIMITED**

**1 PRELIMINARY**

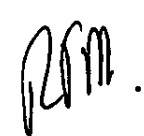

- 1.1 The regulations contained in Table A in the Companies (Tables A to F) Regulations 1985 (as amended) ("Table A") shall apply to the company save in so far as they are hereby modified or excluded.
- 1.2 Regulations 8 to 22 inclusive, 24, 25, 26, 65 to 69 inclusive, 73 to 80 inclusive and 94 of Table A shall not apply to the company
- 1.3 References in Table A and in these Articles to writing shall include typewriting, printing, lithography, photography, telex and fax messages and other means of representing or reproducing words in a legible and non-transitory form
- 1.4 The company is a private company and accordingly no offer shall be made to the public (whether for cash or otherwise) of any shares in or debentures of the company and no allotment or agreement to allot (whether for cash or otherwise) shall be made of any shares in or debentures of the company with a view to all or any of those shares or debentures being offered for sale to the public

**2 MISSION**

- 2.1 The mission of the company is to create, for the communities in which it operates, maximum social impact to include, but not limited to, training and employment opportunities for the unemployed, through its normal business activities, and/or through investment of all profits in furthering the growth and sustainability of the social enterprise sector (which, for the avoidance of doubt, would include distributions and dividends paid to social investors who are Shareholders) On a winding up, monies will be distributed to Shareholders (after applicable payments to any creditors), who as at the date of these Articles are involved in the growth and sustainability of the social enterprise sector.

**3 SHARES AND ALLOTMENT**

- 3.1 The directors may unconditionally exercise the power of the company to allot Shares in the capital of the company up to an aggregate nominal amount of £1,000,000
- 3.2 The general authority conferred by this Article shall.

- 3.2 1      expire on the fifth anniversary of the adoption of these Articles unless varied or revoked or renewed by the company, and
- 3.2 2      entitle the directors to make at any time before the expiry of such authority any offer or agreement which will or may require relevant securities to be allotted after the expiry thereof.
- 3 3      Subject to and without prejudice to the generality of the provisions of Article 7 below, and subject to the provisions of the Investment Agreement, the directors may allot, grant options over or otherwise deal with or dispose of equity securities to such persons (including the directors themselves) on such terms and in such manner as they think fit, provided that no shares shall be issued at a discount
- 3.4      In accordance with Sections 89(1), 90(1) to (6) inclusive and 91(1) of the Act shall be excluded from applying to the company
- 3.5      The directors shall register a transfer of Shares which is presented for registration duly stamped

#### **4      SHARE TRANSFERS**

##### **General prohibition on transfer**

- 4.1      No transfer of any Shares, or any interest in any Shares, may be made except pursuant to these Articles and the Investment Agreement or otherwise in accordance with the written consent of the Shareholders. For this purpose, an interest in any Shares is deemed to be transferred if a Shareholder enters into an agreement (other than the Investment Agreement) with any person in respect of the exercise of votes attached to such Shares. The Parent shall not, without the prior consent of the Investor, create or allow to create any claim, charge, lien, encumbrance or equity on or over or affecting any of its Shares.

##### **Permitted transfers by the Investor**

- 4 2      The following Share transfers by the Investor are permitted under this Article 4.2 (including any agreement in respect of the exercise of votes attached to such Shares) (each, a "Permitted Transfer")
  - 4.2.1      a transfer to an Affiliate of the Investor provided that the transferee agrees with the company that if the transferee ceases to be an Affiliate of the Investor, all its Shares will be transferred to the Investor or another Affiliate of the Investor; and
  - 4 2.2      a transfer to a Social Enterprise Investor.

##### **Right of first offer**

- 4.3      With the exception of any transfers that are Permitted Transfers, before any Shareholder transfers any Shares, or any interest in any Shares, (such Shareholder referred to as the "Selling Shareholder"), the Selling Shareholder shall request the approval of the Board for such transfer in writing (a "Transfer Notice")

4.4 The Transfer Notice:

- 4.4.1 shall specify the number of Shares proposed to be transferred ("**Offered Shares**");
- 4.4.2 shall specify the price per Share at which the Selling Shareholder proposes to Transfer the Offered Shares (the "**Prescribed Price**"),
- 4.4.3 shall specify the name of the proposed transferee (the "**Proposed Transferee**") and its business and any other material terms pertaining to the transfer to the Proposed Transferee, and

shall request that the Board, on behalf of the Selling Shareholder, offers to sell to the other Shareholders (the "**Offerees**") the Offered Shares in accordance with Article 4.5.

4.5 Within five (5) Business Days following receipt of the Transfer Notice, the Company shall offer the Offered Shares to the Offerees on the following basis (the "**Offer**")

- 4.5.1 the Offered Shares shall be offered at the Prescribed Price per Share specified in the Transfer Notice,
- 4.5.2 the Offer shall limit the time, not being less than three (3) or more than fifteen (15) Business Days, within which the Offer may be accepted by Offerees (the "**Transfer Acceptance Period**");
- 4.5.3 the Offered Shares shall be offered to the Offerees pro rata, in proportion to their respective holdings of Shares (excluding Ordinary Shares held by the Selling Shareholder);
- 4.5.4 each Offeree to whom the Offer is made shall be invited to indicate whether, if it accepts some or all of the Offered Shares offered to it pursuant to Article 4.5, and whether it wishes to purchase any Offered Shares offered to other Offerees which they decline to accept (such Offered Shares being referred to as "**Excess Shares**") and if so the maximum number which it would wish to purchase,
- 4.5.5 if there are any Excess Shares they shall be allocated between the Offerees who have indicated that they wish to purchase Excess Shares pro rata, in proportion to their respective holdings of Ordinary Shares (excluding Ordinary Shares held by the Selling Shareholder);
- 4.5.6 any remaining balance of Excess Shares after such pro rata allocation shall be allocated to any Offerees who have sought to purchase more than its proportionate entitlement of Excess Shares pro rata, in proportion to their respective holdings of Ordinary Shares

4.6 Not later than five (5) Business Days following the end of the Transfer Acceptance Period the Company shall give written notice (a "**Transfer Allocation Notice**") to the Selling Shareholder stating one of the following:

- 4.6.1 that (i) the Offerees have not sought to purchase all of the Offered Shares (“insufficient take-up”), (ii) the Board has therefore resolved to approve the transfer to the Proposed Transferee, and (iii) that the Selling Shareholder may, within ten (10) Business Days of service on it of the relevant Transfer Allocation Notice proceed with the transfer to the Proposed Transferee at a price not lower than the Prescribed Price and on no more favourable terms than the terms set out in the Transfer Notice and further subject to the condition that any Proposed Transferee must enter into a deed of adherence prior to the transfer of such Shares to the Proposed Transferee, or
- 4.6.2 that (i) the Offerees have sought to purchase all of the Offered Shares (“full take-up”), giving the name and address of each Offeree and the number of Offered Shares to be purchased by each of them, (ii) the Board has therefore resolved to approve the transfer to the Offerees, and (iii) the Selling Shareholder shall be bound on payment of the Prescribed Price to transfer the Shares in question to the accepting Offerees, such transfer to be completed on the first Business Day after the expiry of ten (10) Business Days from the date of service of the Transfer Allocation Notice
- 4.7 If one or more Offerees fail to complete the purchase of the Offered Shares which are to be transferred to it under Article 4.6.2 (the “Defaulted Offered Shares”) in accordance with the terms of a Transfer Allocation Notice then the following provisions shall apply.
- 4.7.1 the company shall notify the fact to the Selling Shareholder; and
- 4.7.2 the Selling Shareholder may
- (a) cancel the authority of the company to sell the Defaulted Offered Shares to such Offeree(s) by delivering to the Company a written notice of withdrawal; and
  - (b) before the expiration of forty (40) Business Days after the end of the Transfer Acceptance Period, select by notice in writing to the company to transfer the Defaulted Offered Shares to any person at a price not lower than the Prescribed Price and on terms not more favourable than those offered to the Offerees, (provided that if such person is in the sole opinion of the Board a competitor of the company then prior to any such transfer to any such person the prior written approval of the Board shall be required) and further subject to the condition that any proposed purchaser of the Offered Shares enter into a Deed of Adherence prior to the transfer of such Offered Shares.

## 5 TAG-ALONG RIGHTS

### Tag-along mechanism

- 5.1 No transfer of any Shares (or any interest in any Shares) may be made by the Parent if it would result in a Proposed Tag-along Transfer unless the Acquirer has first made a written offer in accordance with this Article 5 to the Non-Selling Shareholders to purchase such number of the Non-Selling Shareholders’ Shares as is proportionate to the

number being sold by the Selling Shareholder(s) as a proportion of the total number of Shares held by the Seller Shareholder(s) at the Notified Price (whether the consideration is cash or newly issued securities issued by the proposed purchaser) on no less preferential terms and conditions (including time of payment, form of consideration, representations, warranties, covenants and indemnities (if any)) (provided they are given on a several basis) as to be paid and given to and by the Selling Shareholder(s)

#### **Costs**

- 5.2 A Tagging Shareholder is responsible for his or its proportionate share of the costs of the Proposed Tag-along Transfer to the extent not paid or reimbursed by the Acquirer or the company based on his or its number of Shares sold as a proportion of all Shares sold.

#### **Advance notice of tag-along offer**

- 5.3 The Selling Shareholder(s) must give written notice to each Non-Selling Shareholder of each Proposed Tag-along Transfer as soon as possible and at least five Business Days prior to signing a definitive agreement relating to the Proposed Tag-along Transfer providing details of the Acquirer and its proposed price and, to the extent it is able, the other terms and conditions.

#### **Terms of tag-along offer**

- 5.4 The written offer required to be given by the Acquirer under Article 5.1 must be given not more than five Business Days after the signing of the definitive agreement relating to the Proposed Tag-along Transfer and must be open for acceptance during the Acceptance Period. The Selling Shareholder(s) must deliver or cause to be delivered to the Non-Selling Shareholders copies of all transaction documents relating to the Proposed Tag-along Transfer promptly as the same become available.

#### **Acceptance of tag-along offer**

- 5.5 If a Non-Selling Shareholder wishes to accept the Acquirer's offer under Article 5.1 it must do so by means of a written notice to the Selling Shareholder(s) indicating its acceptance of the offer in respect of all of the number of its Shares specified in the written offer. If the Tag-Along Notice is accepted the Proposed Tag-Along Transfer shall be conditional upon the Selling Shareholders' sale and shall be completed at the same time as that sale.

#### **Effect of no acceptances of tag-along offer**

- 5.6 If some or all of the Non-Selling Shareholders do not accept (as set out in Article 5.5) such offer within the Acceptance Period, the Proposed Tag-along Transfer is permitted to be made:
- 5.6.1 within 45 Business Days after the expiry of that period,
- 5.6.2 so long as it takes place on terms and conditions no more favourable in any respect to the Selling Shareholder(s) than those stated in the written offer; and

- 5.6.3 on the basis that all of the Shares proposed to be sold under the Proposed Tag-along Transfer are transferred

#### **Exclusions**

- 5.7 The provisions of Articles 4 and 5 will not apply to any transfer of Shares
- 5.7.1 which is a Permitted Transfer; or
- 5.7.2 to a new holding company of the company which is established for the purposes of planning for a reorganization or an Initial Public Offering and in which the share capital structure (principally the shareholdings) of the company is and the rights of the parties are replicated in all material respects

### **6 PROCEEDINGS AT GENERAL MEETINGS**

- 6.1 Regulation 40 of Table A shall be deleted and the following substituted therefor
- “No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote and together being members registered as the holders of not less than 90% of the issued shares or a proxy for each such member or a duly authorised representative of each such member shall be a quorum”
- 6.2 A poll may be demanded at any general meeting by the chairman or by any member present in person or by proxy and entitled to vote. Regulation 46 of Table A shall be modified accordingly.
- 6.3 The first sentence of Regulation 38 of Table A shall be amended by deleting the words ‘or a resolution appointing a person as a director’.
- 6.4 If and so long as there is only one member of the company, a decision taken by the member which may be taken in general meeting is as effective as if agreed by the company in general meeting
- 6.5 A decision taken by a sole member of the company under paragraph 6.4 of this Article (unless taken by way of written resolution) shall be recorded in writing and a copy provided to the company.

### **7 VOTES OF MEMBERS**

A proxy shall be entitled to vote on a show of hands and Regulation 54 of Table A shall be modified accordingly. An instrument appointing a proxy shall be deemed to confer authority to vote on any amendment or a resolution put to the meeting for which it is given as the proxy thinks fit and shall be valid as well for any adjournment of the meeting as for the meeting to which it relates

### **8 APPOINTMENT, DISQUALIFICATION AND REMOVAL OF DIRECTORS**

- 8.1 The directors shall not be liable to retire by rotation

8.2 A director shall not be required to hold and share qualification.

8.3 The minimum number of directors shall be two and unless otherwise determined by ordinary resolution, the number of directors is not subject to a maximum.

8.4 Subject to the provisions of the Investment Agreement, the company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director

## **9 PROCEEDINGS OF THE DIRECTORS**

9.1 Subject to the provisions of Section 317 of the Act, a director may vote on any contract or arrangement in which he is interested and on any matter arising therefrom and if he shall so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract or arrangement is under consideration. Regulation 95 of Table A shall be modified accordingly and Regulation 96 shall not apply.

9.2 Any director or member of a committee of the directors may participate in a meeting of the directors or such committee by means of conference, telephone or similar communications equipment whereby all participating in the meeting can hear each other and participation in such a meeting in this manner shall be deemed to constitute presence in person at such meeting.

## **10 DIRECTORS' BORROWING POWERS**

Subject to the terms of the Investment Agreement, the directors may exercise all the powers of the company to borrow or raise money without limit as to amount and upon such terms and in such manner as they think fit and to grant any mortgage or charge over its undertaking, property and uncalled capital, or any part thereof and subject in the case of any security convertible into shares to Section 80 of the Act to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the company or of any third party

## **11 DIVIDENDS**

All of the Distributable Profits of the Company shall be distributed to the Shareholders pro rata to their respective holding of Shares, such distribution to be paid by the Company within three calendar months from the end of each financial year of the Company. If the Board considers it prudent to retain any profits by way of reserve (with due consideration of the Company's balance sheet, its forecast business performance, future commitments and cash position), it may do so, subject to the prior written consent of the Investor, not to be unreasonably withheld. Any profits that have been reserved pursuant to this Article 11 shall be accounted for as a liability on the balance sheet of the Company and shall accrue for the benefit of the Shareholders and, at such time when such monies are no longer reasonably required to be reserved by the Company, shall be distributed by way of dividend pursuant to this Article 11

## **12 THE SEAL**

If the company does not have a common seal Regulation 1 shall be amended accordingly, the obligation in Regulation 6 relating to the sealing of a share certificate shall not apply and Regulation 101 shall not apply.



### **13 INDEMNITY**

Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director, secretary, auditor or other officer of the company shall be entitled to be indemnified by the company against all losses and liabilities sustained or incurred by him in the execution of his duties or in the exercise of his powers or otherwise in connection with his office including, but without prejudice to the generality of the foregoing, any liability incurred by him (a) in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or which otherwise disposed of without any finding or admission of any material breach of duty on his part, or (b) in connection with any application in which relief is granted to him by the court from liability in respect of any action or omission done or alleged to be done by him as an officer or employee of the company.

### **14 NOTICE**

- 14.1 Any notice required by these Articles to be given by the company may be given by any visible form on paper, including telex, facsimile and electronic mail, and a notice communicated by such forms of immediate transmission shall be deemed to be given at the time it is transmitted to the person to whom it is addressed provided that a hard copy thereof is either delivered personally or sent by post Regulations 111, 112 and 115 of Table A shall be amended accordingly.

## SCHEDULE 1

In these Articles unless the context otherwise requires the expressions set out below have the meanings set out after them and Table A is modified accordingly

**"Acceptance Period"** is the period beginning with the date of the written offer given pursuant to Article 5 and ending not less than 10 Business Days after the date of the written offer, such period to be specified in the written offer,

**"Acquirer"** any person or group of persons acting in concert, other than the Parent or the Investor, interested in acquiring Shares from a Selling Shareholder

**"Affiliate"** with respect to a person (the **"First Person"**)

- (a) another person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the First Person;
- (b) a pooled investment vehicle organised by the First Person (or an Affiliate thereof) the investments of which are directed by the First Person,
- (c) a partner or an officer or employee of the First Person (or an Affiliate thereof);
- (d) a Fund organised by the First Person for the benefit of the First Person's (or its Affiliates') partners, officers or employees or their dependants; or
- (e) a successor trustee or nominee for, or a successor by re-organisation of, a qualified trust,

**"Board"** the board of directors of the company from time to time including any duly appointed committee thereof;

**"Business Days"** a day, except a Saturday or Sunday or a public holiday in the United Kingdom, on which clearing banks in the City of London are generally open for business,

**"Distributable Profits"** 50% of post-tax profits of the Company, stated prior to any funds repatriated to the Parent in the form of gift of dividends,

**"Initial Public Offering"** the first public offering of any class of equity securities by the Company (or a new holding company interposed for the purposes of being a successor to the Company) in the legal form (after conversion if necessary) that results in a listing of such class of securities on a public securities market, whether effected by way of an offer for sale, a new issue of shares, an introduction, a placing or otherwise,

**"Investment Agreement"** the investment agreement entered into between the company and the Shareholders on or around the date of adoption of these Articles,

**"Investor"** Bridges Social Entrepreneurs Fund L.P and any person who is a named an Investor in a deed of adherence to the Investment Agreement;

**“Non-Selling Shareholder”** each holder of Shares who is not a Selling Shareholder;

**“Notified Price”** on a Proposed Tag-along Transfer the same price per Share offered by the Acquirer to the Selling Shareholder(s);

**“Parent”** Catch22 Charity Limited,

**“Proposed Tag-along Transfer”** the proposed transfer of any Shares by the Parent,

**“Shares”** the shares in the capital of the company,

**“Shareholders”** the holders of Shares in the company;

**“Social Enterprise Investor”** a person or persons that invest in social enterprise businesses, and

**“Tagging Shareholder”** a Non-Selling Shareholder who wishes to participate in a Proposed Tag-along Transfer, pursuant to Article 5