

SHAREHOLDER AGREEMENT QUESTIONNAIRE

1. GENERAL		
1.1 What is the name and registered number of the Company?		
1.2 Describe the nature of the business of the Company?		
1.3 Who are the shareholders? (names and addresses)		
1.4 How many shares do they currently hold, if any?		
1.5 Who is the Company Secretary?		
1.6 Who are the Auditors?		
1.7 Who are the Bankers?		
1.8 Who will be the Managing Director?		
2. ABOUT THE SHARES		
2.1 How many classes of shares are there? i.e. A, B, Ordinary, Preference shares?		
2.2 What specific rights attach to each class? For example, different shares can have different voting rights or dividend policy attached them or a right to veto		
<i>Class of Shares (e.g. Ordinary, preference etc)</i>	<i>Voting Rights</i>	<i>Dividend Rights</i>
2.3 Do: (i) any of the classes of shares; or (ii) any specific individual shareholders; or (iii) shareholders generally who hold a percentage of shares, have the right to appoint directors to the Board?		
2.4 If yes to 2.3, which ones and how many and, if relevant, what is the percentage?		
2.5 If it is a new company how many shares will the shareholders be allocated and how much will they pay per share?		

3. MANAGEMENT OF THE COMPANY/DECISION MAKING	
3.1 Who makes up the board of Directors? Name and title of each director	
3.2 Who will be the chairperson? Will they have a casting vote at Board meetings and shareholder meetings?	
3.3 (a) What is the proposed quorum for meetings of directors and recommended meetings? (b) Do any individuals specifically need to be part of the quorum?	
3.4 Are there to be any negative control rights (also known as veto powers) regarding important decisions?*	
3.5 Are there founder shareholders? Are there any specific matters that founder shareholders would want control over?	
3.6 Is it intended to declare dividends and if so what is the dividend policy?	
<p>*If so, it is common that certain persons will need to approve certain critical matters before the Company can proceed with them. The persons needing to give consent might be: (a) all the Shareholders; (b) at least 75% of Shareholders; (c) specific individuals; (d) all/certain number of the directors.</p> <p>A sample list of such important matters is attached - this is only to give an indication and is not exhaustive - other matters can be included.</p>	
4. DEALINGS IN THE SHARES	
4.1 Are the shares able to be transferred to related persons of the members? Related persons are usually defined as family members, family trusts or even a related company?	
4.2 Is there a period where certain shareholders are to be blocked from selling their shares without the consent of other shareholders?	
4.3 Are pre-emption rights to be given to the shareholders? <ul style="list-style-type: none"> On a sale of shares by a shareholder, pre-emption rights permit the other shareholders to have first choice on purchasing the shares from the shareholder before they can be offered to alternative purchasers. It is a good way of protecting the shareholding of a company, for example if you want to keep it within the family. 	
4.4 Are there to be any drag along and tag along rights? <ul style="list-style-type: none"> Drag along rights enables a majority shareholder to force a minority shareholder to join in the sale and ultimately force the minority to sell his shareholding. 	

<p>The majority owner doing the dragging must give the minority shareholder the same price, terms, and conditions as any other seller.</p> <ul style="list-style-type: none"> • Tag along rights are a contractual obligation used to protect a minority shareholder. If a majority shareholder sells their stake, then the minority shareholder has the right to join the sale. 	
<p>4.5 In the event that the shares are owned 50/50 or there is a potential for deadlock, are any deadlock provisions required to resolve disputes?</p> <ul style="list-style-type: none"> • E.g. in the event of deadlock X shareholder will have the casting vote, or B and C shares will count for 2 votes per share. 	
<p>4.6 Do you want to maintain the same % shareholdings irrespective of future issues of new shares?</p>	
<p>5. WORKING CAPITAL</p>	
<p>5.1 Will there be any agreement on further funding?</p>	
<p>5.2 If debt finance is to be pursued, will personal guarantees be given?</p>	
<p>6. COMPETITION - RESTRICTIVE COVENANTS</p>	
<p>6.1 Should there be any restrictive covenants?</p> <ul style="list-style-type: none"> • These can restrict shareholders throughout their shareholding and/or afterwards, for example not holding an interest in a competing company throughout current shareholding nor for 6 months after. 	
<p>6.2 If so, for how long should the restriction last, where would be the area of restraint and what would be the restricted business?</p>	
<p>6.3 Please consider other restrictions?</p>	
<p>7. ANY OTHER MATTERS</p>	
<p>7.1 A Shareholder's agreement is largely tailor-made and the above is meant to be an indicator only of the standard terms, please indicate here any other matters that you are proposing for inclusion in the shareholder's agreement</p>	

Important decisions as referred to at 3.4:

Capital expenditure of more than:

- (i) [£] for a single item; or
- (ii) [£] within a financial year

Leasing expenditure for goods with a value exceeding:

- (i) [£] for a single item; or
- (ii) [£] within a financial year

Ordering goods or services costing more than:

- (i) [£] per order; or
- (ii) [£] within a financial year

Disposals of assets of the Company in any year with a book value or market value of more than:

- (i) [£]; or
- (ii) a total of [£] within a financial year

Causing the total financial accommodation used by the Company to be more than [£];

Providing financial accommodation to any person, other than in the ordinary course of the Business;

Giving a guarantee, indemnity or other assurance for a debt of another person or about the financial condition of that person, or becoming liable under any of those things;

Creating a security interest over an asset of the Company;

Entering into an arrangement or incurring a liability which is not on arm's length terms;

Granting an employee of the Company a total salary package exceeding [£] per annum;

Creating a committee of the Board or delegating a power of the Board;

Appointing or removing the Auditor;

Recommending or declaring an interim or final dividend;

Materially changing the Business, acquiring a business or entering into a new business;

Disposing of the Business or a substantial part of it;

Issuing shares, debentures, options or other equity or debt securities of the Company other than an allotment;

Buying, selling or leasing real property;

Adopting each budget for the Company and approving the financial statements or any material deviation from a Budget;

Adopting a business plan and/or any material deviation from a business plan;