

DATED

SHAREHOLDERS' AGREEMENT BETWEEN INDIVIDUALS

between

[

]

and

UNKNOWN WORLDS LTD

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SCHEDULE

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THIS DEED is dated:

PARTIES

- (1) The several persons whose names and addresses are set out in Schedule 1 (**Initial Shareholders**).
- (2) Unknown Worlds Limited incorporated and registered in England and Wales with company number 12332709 whose registered office is at Turner and Brown Chartered Accountants, 105 Garstang Road, Preston, Lancashire PR1 1LD. (**Company**).

BACKGROUND

- (A) Unknown Worlds Limited (**Company**) is a private company limited by shares incorporated and registered in England and Wales with company number 12332709 whose registered office is at Turner and Brown Chartered Accountants, 105 Garstang Road, Preston, Lancashire PR1 1LD. The Company has an issued share capital of £2,400,000, divided into 2400 ordinary shares of £1,000 each.
- (B) Each Initial Shareholder is the registered owner of the number and class of Shares set out opposite his name in Schedule 1.
- (C) The parties have agreed to enter into this agreement as a deed for the purpose of regulating the exercise of their rights in relation to the Company and for the purpose of making certain commitments as set out in this agreement.

AGREED TERMS

1. INTERPRETATION

- 1.1 The following definitions shall apply in this agreement.

Act: the Companies Act 2006.

Articles: the articles of association of the Company.

Board: the board of directors from time to time of the Company.

Business: has the meaning given in clause 2.1.

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

Encumbrance: any interest or equity of any person (including any right to acquire, option, right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement.

Financial Year: each accounting reference period of the Company determined from time to time in accordance with Chapter 3 of Part 15 of the Act.

Group: the Company, any subsidiary or any holding company from time to time of the Company, and any subsidiary from time to time of a holding company of the Company and each company in the Group is a **Group Company**.

ITEPA: the Income Tax (Earnings and Pensions) Act 2003.

Lease: the Lease of the Property to Profound Decisions Limited.

Property: the land and buildings purchased by the Company to be let under the Lease.

Shareholder: each party from time to time to this agreement.

Shares: shares (of any class) in the capital of the Company from time to time.

Tenant: Profound Decisions Limited incorporated and registered in England and Wales with company number 04945345 whose registered office is 105 Garstang Road, Preston, Lancashire PR1 1LD

- 1.2 Clause and Schedule headings shall not affect the interpretation of this agreement.
- 1.3 References to clauses and Schedules are to clauses of and Schedules to this agreement and references to paragraphs and Parts are to paragraphs and Parts of the relevant Schedule.
- 1.4 The Schedules form part of this agreement and shall have effect as if set out in full in the body of this agreement. Any reference to this agreement includes the Schedules.
- 1.5 A reference to **this agreement** or to any other agreement or document referred to in this agreement is a reference to this agreement or such other agreement or document as varied, superseded or novated (in each case, other than in breach of the provisions of this agreement or the provisions of the agreement or document in question, as appropriate) from time to time.
- 1.6 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.7 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.8 A **person** includes a natural person, corporate or unincorporated body (whether or not having a separate legal personality).
- 1.9 A reference to a **party** means an original party to this agreement or any person who has executed a Deed of Adherence together with, in each case, their respective personal representatives, successors and permitted assigns.
- 1.10 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.11 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in *section 1159 (www.practicallaw.com/6-505-7253)* of the Act.
- 1.12 A reference to **writing** or **written** does not include faxes or e-mail unless explicitly provided for by this agreement.
- 1.13 Any words following the terms **including**, **include**, **in particular** or **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.14 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

- 1.15 A reference to a statute or statutory provision is a reference to it as it is in force at the date of this agreement.
- 1.16 A reference to a statute or statutory provision shall include all subordinate legislation made as at the date of this agreement under that statute or statutory provision.
- 1.17 Any obligation on a party not to do something includes an obligation not to allow that thing to be done.
- 1.18 Unless otherwise provided in this agreement all, covenants, undertakings, warranties and other obligations given or entered into by more than one party in this agreement are given or entered into severally.

2. BUSINESS OF THE COMPANY

- 2.1 The business of the Company is to purchase land to be let to Profound Decisions Limited (**Business**).

3. DIVIDEND POLICY

- 3.1 Subject to clause 3.2:

the Company shall endeavour to ensure that the net profits of the Company are distributed evenly amongst the Shareholders whose shares are fully paid on the date of the distribution as per their shareholding.

- 3.2 The parties agree that the Company shall not declare, pay or make any dividend or other distribution:

(a) which is or would be prohibited by the Act.

- 3.3 A distribution under this clause in relation to any financial year of the Company shall be made within six months of the day to which the audited accounts of the Company for that year are made up.

4. ISSUE OF FURTHER SHARES

The Shareholders shall procure that the Company shall not, and the Company undertakes that it shall not, allot, issue, sell, transfer or otherwise dispose of any Shares or other equity securities (within the meaning of section 560(1) of the Act)] (including any Shares held in treasury from time to time) to any person, unless that person is a party to this agreement or has executed and delivered a Deed of Adherence in favour of the other parties to this agreement.

5. THE LEASE

- 5.1 By entering into this agreement, each shareholder authorises the Directors of the Company to enter into a Lease at their absolute discretion using the following heads of term:

- (a) A term of an initial 15 years, which shall be automatically renewed for a term of a further 15 years unless the Tenant serves notice in accordance with the Lease cancelling the renewal;
- (b) The rent shall be fixed for the initial 15-year term. It is intended that the rental income shall be not less than the amounts stated below. Year one shall commence on the date of completion of the Lease:

Year 1	£0	Year 6	£105,000	Year 11	£165,000
Year 2	£75,000	Year 7	£115,000	Year 12	£180,000
Year 3	£75,000	Year 8	£127,500	Year 13	£195,000
Year 4	£85,000	Year 9	£140,000	Year 14	£210,000
Year 5	£95,000	Year 10	£152,500	Year 15	£225,000

- (c) Unless the Tenant exercises their right not to renew the Lease, there shall be an open market rent review, which shall set the rent for years 16-20 and a further open market rent review every fifth anniversary of the renewal date;
- (d) The security of tenure provisions provided the Landlord and Tenant Act 1954 shall apply to the Lease;
- (e) The Tenant shall be responsible for all repairs and maintenance of the Property as well as all outgoing, rates and other payments.

6. TERMINATION

6.1 Subject to clause 6.2, this agreement shall terminate:

- (a) when a resolution is passed by the shareholders or creditors of the Company, or an order is made by a court or other competent body or person instituting a process that shall lead to the Company being wound up and its assets being distributed among the Company's shareholders, creditors or other contributors; or
- (b) the appointment of a receiver, administrator or administrative receiver over the whole or any part of the assets of the Company or the making of any arrangement with the creditors of the Company for the affairs, business and property of the Company to be managed by a supervisor; or
- (c) when, as a result of transfers of Shares made in accordance with this agreement or the Articles, only one person remains as legal and beneficial holder of the Shares.

6.2 On termination of this agreement, the following clauses shall continue in force:

- (a) clause 1 (Interpretation);
- (b) this clause 6;
- (c) clause 9 (Assignment and other dealings);
- (d) clause 10 (Entire agreement);
- (e) clause 11 (Variation and waiver);
- (f) clause 12 (Costs and expenses);
- (g) clause 13 (No partnership);
- (h) clause 14 (notices);
- (i) clause 15 (Severance);
- (j) clause 17 (Governing law and jurisdiction).

6.3 Termination of this agreement shall not affect any rights, remedies, obligations or liabilities of any of the parties that have accrued up to the date of termination, including the right to claim damages in respect of any breach of the agreement which existed at or before the date of termination.

6.4 Where, following an event referred to in clause 6.1(a), the Company is to be wound up and its assets distributed, the parties shall agree a suitable basis for dealing with the interests and assets of the Company and shall endeavour to ensure that, before dissolution:

- (a) all existing contracts of the Company are performed to the extent that there are sufficient resources;
- (b) the Company shall not enter into any new contractual obligations; and
- (c) the Company's assets are distributed as soon as practical.

7. STATUS OF THIS AGREEMENT

7.1 Each Shareholder shall, to the extent that he is able to do so, exercise his voting rights and other powers of control lawfully available to him to procure that the provisions of this agreement are properly and promptly observed and given full force and effect according to the spirit and intention of the agreement.

7.2 If there is an inconsistency between any of the provisions of this agreement and the provisions of the Articles, the provisions of this agreement shall prevail as between the parties.

7.3 Each Shareholder shall, when necessary, exercise his powers of voting and any other rights and powers lawfully available to him to amend, waive or suspend a conflicting provision in the Articles to the extent necessary to permit the Company and its Business to be administered as provided in this agreement.

8. ASSIGNMENT AND OTHER DEALINGS

8.1 No party shall assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any or all of his rights and obligations under this agreement (or any other document referred to in it without the prior written consent of the Board.

8.2 Each party confirms that he is acting on his own behalf and not for the benefit of any other person.

8.3 If any Shareholder sells any of their Shares pursuant to the terms of the Articles of Association, the purchaser must agree to be bound by the terms of this agreement or the transfer of Shares will not be valid.

9. ENTIRE AGREEMENT

9.1 This agreement (together with the documents referred to in it) constitute the entire agreement between the parties and supersede and extinguish all previous discussions, correspondence, negotiations, drafts, agreements, promises, assurances, warranties, representations, arrangements and understandings between them, whether written or oral, relating to their subject matter.

9.2 Each party acknowledges that in entering into this agreement (and any documents referred to in it), he does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this agreement or those documents.

9.3 Nothing in this clause shall limit or exclude any liability for fraud.

10. VARIATION AND WAIVER

10.1 No variation of this agreement shall be effective unless it is in writing and signed by or on behalf of each party for the time being.

10.2 A waiver of any right or remedy under this agreement or by law is only effective if it is given in writing and is signed by the party waiving such right or remedy. Any such waiver shall apply only to the circumstances for which it is given and shall not be deemed a waiver of any subsequent breach or default.

10.3 A failure or delay by any party to exercise any right or remedy provided under this agreement or by law shall not constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict any further exercise of that or any other right or remedy.

10.4 No single or partial exercise of any right or remedy provided under this agreement or by law shall prevent or restrict the further exercise of that or any other right or remedy.

10.5 A person that waives a right or remedy provided under this agreement or by law in relation to one person, or takes or fails to take any action against that person, does not affect its rights or remedies in relation to any other person.

11. COSTS AND EXPENSES

Except as expressly provided in this agreement, each party shall pay his own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this agreement (and any documents referred to in it).

12. NO PARTNERSHIP OR AGENCY

Nothing in this agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the parties or constitute any party the agent of another party.

13. NOTICES

13.1 A notice given to a party under or in connection with this agreement shall be in writing and shall be delivered by hand or sent by pre-paid first-class post, recorded delivery or special delivery in each case to that party's address in clause 13.2 (or to such other address as that party may notify to the other party in accordance with this agreement).

13.2 The addresses for service of notices are:

(a) In the case of the Company:

(i) address: its registered office address for the time being

(b) In the case of a Shareholder:

(i) address: as set out opposite that Shareholder's name in Schedule 1

- 13.3 A party may change his details for service of notices as specified in clause 13.2 by giving notice to the other parties, provided that the address for service is an address in the United Kingdom following the change. Any change notified pursuant to this clause 13 shall take effect at 9.00 am on the later of the date (if any) specified in the notice as the effective date for the change or five Business Days after deemed receipt of the notice.
- 13.4 Delivery of a notice is deemed to have taken place (provided that all other requirements in this clause 13 have been satisfied) if delivered by hand, at the time the notice is left at the address or if sent by pre-paid first class post, recorded delivery or special delivery on the Business Day after posting unless, in each case, such deemed receipt would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), in which case deemed receipt will occur at 9.00 am on the day when business next starts in the place of deemed receipt (and, for the purposes of this clause 13, all references to time are to local time in the place of deemed receipt).
- 13.5 This clause does not apply to the service of any proceedings or other documents in any legal action.

14. SEVERANCE

If any provision or part-provision of this agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of this agreement.

15. THIRD PARTY RIGHTS

- 15.1 A person who is not a party to this agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement.
- 15.2 The rights of the parties to terminate, rescind or agree any variation, waiver or settlement under this agreement are not subject to the consent of any other person.

16. COUNTERPARTS

- 16.1 This agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.
- 16.2 No counterpart shall be effective until each party has executed at least one counterpart.

17. GOVERNING LAW AND JURISDICTION

- 17.1 This agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

17.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

This deed has been entered into on the date stated at the beginning of it.

Schedule 1 The Initial Shareholders

Name	Address	Number of Shares

Investor Details

Signed as a deed by:		Signature:	
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Witness Details

Signed in the presence of:		Signature:	
Occupation:			
Address:			

Unknown Worlds Details

Executed as a deed by Unknown Worlds Ltd acting by Matthew Pennington, a director.

Signature:	
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Witness Details

Signed in the presence of:	Cordelia Lowe	Signature:	
Occupation:	Office Administrator		
Address:	47 Greenside Cottam Preston PR4 0WA		