Exit Strategies in Shareholder Agreement

1. Introduction

This document provides sample clauses outlining possible exit strategies to be included in a Shareholder Agreement. These clauses are for reference purposes and should be tailored to specific business needs.

---

2. Sample Exit Strategy Clauses

- **2.1 Voluntary Sale of Shares**
  Any Shareholder wishing to sell their shares must first offer them to the remaining Shareholders in proportion to their existing shareholding, in accordance with a right of first refusal.
- **2.2 Tag-Along Rights**
  In the event that a majority Shareholder proposes to sell their shares to a third party, minority Shareholders shall have the right to join (tag along) and sell their shares on the same terms.
- **2.3 Drag-Along Rights**
  Should a majority Shareholder receive an offer to purchase all shares of the Company, they may require minority Shareholders to sell their shares on the same terms to the same purchaser.
- **2.4 Buyback by Company**
  Upon the occurrence of certain events (e.g., death, incapacity, or resignation), the Company shall have the option to repurchase the departing Shareholderâ€™s shares at a price determined by an independent valuation.
- **2.5 Deadlock Resolution**
  If a deadlock arises at board or Shareholder level that cannot be resolved within 30 days, the parties agree to submit to a specified deadlock resolution mechanism, which may include mediation, buy-sell provisions, or winding up the Company.
- **2.6 IPO or Trade Sale**
  If the Shareholders agree to pursue an initial public offering (IPO) or trade sale, all Shareholders shall cooperate and undertake all necessary actions to give effect to such a transaction.

---

3. Conclusion

The exit strategy provisions in a Shareholder Agreement are designed to provide clarity and fairness in situations where a Shareholder wishes to exit or when key events trigger a change in ownership. Parties should seek legal advice before incorporating these clauses.