

DATED the.....day of.....20

\_\_\_\_\_

and

\_\_\_\_\_

-with-

\_\_\_\_\_

and

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\_\_\_\_\_

**AGREEMENT FOR SALE OF SHARES**

in

\_\_\_\_\_

\_\_\_\_\_

**THIS AGREEMENT** is made the \_\_\_\_\_ day of \_\_\_\_\_ Two Thousand and \_\_\_\_\_

**BETWEEN:**

(1). \_\_\_\_\_ and \_\_\_\_\_  
both of Post Office Box Number \_\_\_\_\_ Nairobi in the Republic of Kenya (hereinafter together called "the **vendors**" which expression shall where the context so admits include their respective personal representative and assigns) of the one part; **AND**

(2). \_\_\_\_\_ and \_\_\_\_\_  
both of Post Office Box Number \_\_\_\_\_ Nairobi aforesaid (hereinafter called "the **Purchasers**" which expression shall where the context so admits include their respective personal representative heirs and assigns) of the other part.

**WHEREAS:**

\_\_\_\_\_ (hereinafter called "the **Company**") is a limited liability company incorporated in the said Republic and has at the date hereof an authorized share capital of Kenya Shillings One Hundred Thousand (Kshs. 100,000/=) divided into One Thousand (1000) Ordinary Shares of Kenya Shillings One Hundred (100/=) each of which Two (2) are issued and fully paid.

The vendors are the beneficial owners free of any charge lien encumbrance option or adverse interest of the number of shares in the company appearing opposite their respective names in the First Schedule hereto (hereinafter called "the Shares").

The Company is the beneficial owner free of any mortgages charges liens or other encumbrances or adverse interest and has vacant possession of the immovable property (hereinafter called "the Property") more particularly described in the Second Schedule hereto.

The Vendors are the only Directors of the Company.

The Vendors are the only shareholders in the Company.

The Vendors jointly and severally declare and confirm that they do not hold the Shares as trustees or in any other capacity for anyone.

The parties hereto are all residents of Kenya.

The Vendors are willing to sell and the Purchasers desire to purchase the Shares held by the Vendors subject to the terms and conditions of this Agreement.

**NOW IT IS HEREBY AGREED** as follows:

The Vendors shall sell (all pre-emption rights being waived) and the Purchasers shall purchase relying on the warranties hereinafter appearing the Shares for the Consideration hereinafter mentioned free from all charges or liens or any other encumbrances and with all rights (including but not limited to all rights of dividend) and privileges attaching to the Shares with effect from date and year first herein written.

The consideration for the said sale and purchase is the following:

Purchasers	Number of Shares Sold	Consideration (Kshs)
jjj	jjj	jjj
kkkk	kkkk	kkkk
TOTAL	<hr/> 0000 <hr/>	<hr/> 0000 <hr/>

The consideration shall be paid by the Purchasers to the Vendors on the completion date (hereinafter defined).

Completion of the purchase is conditional upon there being no restriction or regulation of the Government of Kenya introduced between the date hereof and the completion Date (hereinafter defined) which would prevent completion.

The sale and purchase shall be completed on the \_\_\_\_\_ day of \_\_\_\_\_, Two Thousand and \_\_\_\_\_ (herein called "the **Completion Date**").

Between the date of this Agreement and the Completion Date the Vendors shall give and shall procure that the Company gives to the purchasers' professional advisers such facilities as may be required by the Purchasers for inspecting the property, all other assets of the Company (if any) and all title deeds, share registers, account books, bank accounts, minutes books, records, insurance policies and all other agreements, documents, deeds, permits and bonds of the Company and the Vendors shall upon request furnish such information regarding the business and affairs of the Company as the Purchasers may require.

The Purchasers shall pay to the Vendors a sum of Kenya Shillings Ten Million (Kshs. 10,000,000/=) for the shares sold on the Completion Date.

On the Completion Date the Vendors shall deliver to the Purchaser at the cost of the Vendors:-  
 Duly executed transfers by the registered holders in the name of the Purchasers or as they in writing direct for the respective shares agreed to be sold to them;  
 The relative Share Certificates;  
 Such waivers consents or other documents as may be required to give a good title to the Shares to

enable the Purchasers or their nominees to become their registered holders;  
Forms D in respect of the value of each of the Shares required under Stamp Duty Act (Chapter 480), duly completed and signed by the Company's Auditors.  
Resolutions in writing signed by the Directors of the Company substantially in the form of the draft contained in the third schedule hereto;  
Signed letters of resignation from office by Vendors as Directors of the Company and by the Secretaries and Auditors of the Company with a written acknowledgement from each that he has no claim whatever against the Company and a further statement from the existing Auditors that there are no circumstances which they consider should be brought to the attention of the members or creditors (if any) of the Company;  
All documents of title to the Property in original and any ancillary documents;  
The original certificate of incorporation of the Company;  
All copies of the Memorandum & Articles of Association  
The statutory books of the Company including minute books common seal and all books of account complete and written up to date and any other documents records or memoranda relating thereto;  
Evidence in a form reasonably satisfactory to the Purchasers of the release from all charges debentures and other security interest created by the Company **WHEREUPON** the Purchasers shall pay to the Vendors the agreed purchase price.

Performance by either party of their obligations under Clauses 7 and 8 above is conditional upon the other party being ready and willing to perform their obligations under Clauses 7 and 8 above (as the case may be) and for the purpose of their Agreement completion of the sale involves due performances by all parties of all their said obligations.

The vendors hereby give to the Purchasers the warranties and undertakings set out in the Fourth Schedule hereto.

The Vendors agree to execute and perform or procure the execution and performance of such other acts deeds documents and things as may be necessary effectively to vest the beneficial ownership of the appropriate Shares in the Purchasers free from all charges liens encumbrances options or adverse interests.

Notwithstanding the completion of the sale of the Shares agreed to be sold and purchased the provisions of this Agreement and the warranties undertakings and agreements herein contained shall continue thereafter to subsist for so long as may be necessary for the purpose of giving effect to each and every one of the provisions in the Agreement and calls warranties undertakings and agreements given herein by the Vendors or the purchasers respectively and upon their personal representative and assigns.

Each party shall bear its own costs in connection with this transaction the Purchaser being responsible for all



**THIRD SCHEDULE**  
**DRAFT BOARD RESOLUTION**

Resolution of the Board of Directors of the Company passed pursuant to Article (No.11) of the Articles of Association of the Company and first schedule Table A part 1.

Appointment of the Additional Directors.

Following persons be and are hereby appointed Directors of the Company with effect from the \_\_\_\_ day of \_\_\_\_\_ and the said additional Directors be welcomed to the Board of Directors that is to say:

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The resignations of \_\_\_\_\_ and \_\_\_\_\_ be hereby accepted.

Rajni Shah & Company be appointed as the new Auditors to the Company with effect from \_\_\_\_\_

Praful Chandaria & Associates be appointed as the new Secretaries of the Company with effect from \_\_\_\_\_

The transfer of all the shares held by \_\_\_\_\_ and \_\_\_\_\_ to \_\_\_\_\_ (the Purchasers) shall and are hereby approved for registration.

The existing bank accounts, and mandate (if any) given by the Company shall be closed and cancelled with effect from \_\_\_\_\_

The registered offices of the Company shall be changed as at Purchasers aforesaid may direct.

**FOURTH SCHEDULE**

**WARRANTIES REPRESENTATIONS UNDERTAKINGS AND INDEMNITIES OF THE VENDORS**

The Vendors warrant and represent to the Purchasers that in relation to the Company except as otherwise expressly provided for in the within written Agreement to the intent that such warranties and representations shall remain in full force and effect notwithstanding completion.

For the avoidance or doubt the warranties shall be separate and independent and save as expressly provided shall not be limited by reference to any other Clause or anything in this Agreement or its Schedules.

The provisions of this Clause shall be without prejudice to any right which the Purchaser may have to rescind this Agreement if the Purchasers discover any material breach on the part of the Vendors prior

to Completion and it shall not be a defence to any claim that the Purchasers knew or ought to have known that any matters warranted or represented were not as warranted or represented.

If at any time after Completion Date it should transpire that any of the warranties is untrue or incorrect and has been breached then without prejudice to any other remedy available to the purchasers the Vendors will as the Purchasers may elect either:

Immediately pay to the Purchasers a cash amount sufficient to compensate the purchaser against all loss suffered by them in consequence of such breach taking into account in particular the resulting diminution as at the Completion Date in the value of the Shares, or

Immediately pay to the Company by way of indemnity a cash amount equal to the diminution or shortfall in value of any of the assets and/or the amount of any liability (actual or contingent) which would not have been made or incurred or occasioned if the relevant matters had been as represented in the warranties.

The rights and remedies of the Purchasers in respect of the warranties shall not be effected by:

Completion

Any investigation made by them or on their behalf into the affairs of the company.

Their knowledge of any information the Purchasers may have received or been given or have actual implied or constructive notice of prior to the signing of this Agreement.

Their rescinding or failing to rescind this Agreement or failing to exercise or delaying the exercise of any right or remedy or

By any event or matter whatever except a specific and duly authorised written waiver or release.

The Vendors undertake with the Purchasers that they the Vendors shall procure that (save only as may be necessary to give effect to this Agreement) neither they nor the Company shall do allow or procure any act or omission before Completion which would or be likely to constitute a breach of any of the warranties if they were given at Completion or which would make any of such warranties inaccurate or misleading if they were so given.

The Vendors undertake with the Purchasers that they the Vendors will immediately disclose in writing to the Purchasers any event or circumstance which may arise or become known to them after the date of this Agreement would have constituted a breach of the warranties or which is material to be known by a purchaser for value of the Shares.

The Purchasers shall have the right to rescind this Agreement by notice to the Vendors if prior to Completion:

The Vendors are in breach of any of the warranties or any other provisions of this Agreement or

It appears that any of the warranties is or has become inaccurate or misleading or

Any act or event occurs which had it occurred before the date of this Agreement would have constituted a breach of any of the warranties.

**PROVIDED** that any such rescission or the failure of the Purchasers upon the occurrence of any such act or event or discovery of such circumstance to rescind this Agreement shall not extinguish any right to damages or other compensation to which the Purchasers may be entitled in respect of such breach or the occurrence of such event.

If prior to Completion the Company shall sustain a loss on account of fire flood accident or other calamity which in the opinion of the Purchasers materially and adversely affects the Company the Purchasers shall (regardless of whether or not such loss shall have been insured) be entitled to rescind this Agreement without liability to The Vendors covenant with the Purchasers that:

The statements contained in the recitals hereto relating to the vendors and the company are true and correct in all respects;

The Vendors are entitled to sell or procure the sale of the full legal and beneficial interest in the Share to the Purchasers on the terms set out in this Agreement;

The Company has not given any guarantees nor entered into any contract or undertaken any obligation whatsoever;

The Purchasers have been supplied with a true and complete copy of the audited accounts;

The Company does not have any outstanding or any borrowing or indebtedness of any nature whatsoever;

There are no existing Service Agreements or contracts between the Company and the Directors Officers executives or employee of the Company;

The Company is the legal and beneficial owner and has a marketable and unassailable title to the Property and has vacant possession of the same;

The Vendors are not and the Company is not aware of any contingent liabilities;

All premiums due in respect of the Company's insurance policies have been paid in full and nothing had been done or has omitted to be done which would result in the said policies becoming void or voidable;

There are no outstanding notices or demands served on the Company;



The company is not engaged whether as plaintiff or defendant or otherwise in any litigation criminal or arbitration proceedings and no such prosecutions are pending or threatened against the company and the Vendors and the company having made due and careful inquiries know of no facts or matters likely to give rise thereto and the company is not in default in respect of any obligation whether constitutional statutory or municipal;

The company is not subject to any order or judgement given by any court or government agency;

There is no dispute with any revenue or other official department in the Republic of Kenya or elsewhere in relation to the affairs of the company;

Full disclosure of all remuneration payable to each officer and employee of the company has been made to the Purchasers;

The Company has no subsidiaries;

There are no obligations of the company to pay any previous or other sums to or in respect of any former officers or employees of the Company nor will any such obligations arise at any time in the future in respect of any present officers or employees of the Company other than obligations by operation of law; the Vendors are not aware of any outstanding claims against the Company by any person who has been or is now employed by the Company;

There are nor have been outstanding with respect to the Company or to which the Company is a party any contracts or partnerships or contracts for services or arrangements of whatever nature binding on the Company;

The Company has not exercised or purported to exercise or claim any lien over the Shares;

There are no options or other agreements in force which call either at the date hereof or in the future for issue or give any person the right to call for the issued or any share or loan capital of the Company;

The Company has in its possession control or reputed ownership no goods in respect of which the seller or supplier thereof has reserved either title thereto or any right of disposal after delivering of possession thereof;

The Company, its officers, employees or agents have not disclosed or caused to be disclosed to any third party any fact or matters the disclosure of which would be contrary to any agreements entered into by the Company prohibiting such disclosures;

All returns, particulars, resolutions and other documents required to be filed or delivered on behalf of the company to the Registrar of Companies have been properly made up and so filed or delivered as required by the Companies Act and the Company had made all other appropriate

returns and all relevant information has been supplied to all relevant governmental municipal and local authorities and there is no dispute or matter unresolved of any material importance with any of the said authorities;

The Company is not under any contingent liability to pay compensation for loss of office or employment to any director or employee of the Company;

The Company is in actual occupation of the property and no tenancy or licence has been granted to any third party in respect of any part thereof;

There are not in respect of the property or any part of it;

Any outstanding notices or orders issued by or agreement with any local or other authority and the Vendors are not aware of any proposals in relation to any of the matters referred to in this paragraph or any other circumstances known which might affect the property;

The Property has been utilised for purposes permitted under the provisions of the legislation orders and regulations applicable to it and in accordance with the requirements of the relevant local or other interested authorities which have been fully complied with and the user or intended user of the property is as of right and/or the permitted user of the Property for the purposes of such legislation orders and regulations and it is not likely to be adversely affected by planning proposals nor is it other than the indicated primary use under approved development plans for the relevant area in which the Property is situated;

The Company in whom the title is vested;

Has paid all the rent insurance service charges and other outgoing that may be payable in respect of the Property; and

Has performed and observed all covenants (whether in relation to freehold or leasehold land) conditions agreements statutory requirements planning consents by-laws orders and regulations affecting the Property and requiring observance or performance by it and no notice of any breach of any such matters has been received;

There is no other matter of which the Vendors are or ought to be aware on reasonable inquiry and which adversely affects the value of the Property or casts any doubt on the right or title of the Company to it which should be revealed to a Purchaser of the Shares of the Company.

All returns computations and payments which should be or should have been made by the Company for any fiscal purpose have been prepared on a proper basis and submitted within the

prescribed time limits and are upto date and correct;

The company is not registered nor is it liable to be registered as a taxable person for the purposes of VAT legislation;

The Vendors agree to ensure that prior to the Completion Date the Company will not except with the previous written consent of the Purchasers:

Incur any expenditure on capital account or enter into any commitments to do so;

Create grant or issue any mortgages charges debentures or other securities either on the Company or its assets or properties;

Create or issue or agree to create or issue any option in respect of any share or loan capital;

Declare make or pay any dividend or other distribution;

Enter into any long-term or abnormal contract or capital commitment;

Grant or issue or agree to grant or issue any mortgages charges debentures or other securities for money or agree to give any guarantees or indemnifies;

Do or suffer anything whereby its financial position may be rendered less favourable than at the date hereof;

Permit any of its insurance to lapse or do anything which would make any policy of insurance void and voidable;

Pass any resolution by its members or in general meeting or make any alteration to the provisions of its Memorandum or Articles of Association;

Pay or agree to pay its Directors or Officers or any of them any remuneration or other emoluments or benefits whatsoever other than those which has been disclosed and agreed to by the Purchasers;

Acquire any assets on hire purchase or deferred terms;

Part with vacant possession or dispose of or grant any option or lease in respect of the Property or any asset of the Company or allow any person to trespass on or occupy the Property or any part thereof;

The Vendors hereby undertake with the Purchasers that they will indemnify the Purchasers against:

Any claim or demand for income tax corporation or similar tax already assessed or which may hereafter be assessed for any period ending on or before the Accounts Date in respect of any income of the Company;

Any debt or liability of the Company arising in respect of the period ending on or before the Accounts Date other than those debts and liabilities which have been disclosed or which may have been incurred by or which may have arisen in respect of any time or period upto and including the Completion Date and not disclosed.

The recovery of any tax from the Company in respect of any income tax advantage obtained by the Company provided that such recovery is in respect of the period prior to the Accounts Date;

Any loss or damage suffered by the Company or the Purchasers due to breach of any of the

warranties and undertakings given in this Agreement on the part of the Vendors.

**SIGNED** by the Vendors the said )

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in the presence of:- )

**SIGNED** by the Purchasers the said )

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and the said )

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in the presence of:- )

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