

Execution Copy

DATED 18 December **2020**

- (1) **UNITED CARPETS GROUP PUBLIC LIMITED COMPANY**
- (2) **NPLUS1 SINGER CAPITAL MARKETS LIMITED**

REPURCHASE AGREEMENT

Michelmores 

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SCHEDULE 121

DATED 18 December 2020

PARTIES:

- (1) **UNITED CARPETS GROUP PUBLIC LIMITED COMPANY**, a public company incorporated in England & Wales with registered number 05301665, whose registered office is at Moorhead House Moorhead Way, Bramley, Rotherham, South Yorkshire, United Kingdom, S66 1YY (the **Company**); and
- (2) **NPLUS1 SINGER CAPITAL MARKETS LIMITED**, a company incorporated in England & Wales with registered number 05792780, whose registered office is at One Bartholomew Lane, London, EC2N 2AX (**N+1 Singer**).

RECITALS

- (A) The Company intends to cancel the admission of its entire Ordinary Share capital to trading on AIM and intends to seek the approval of the requisite majority of its shareholders in accordance with Rule 41 of the AIM Rules.
- (B) In connection with the AIM Cancellation, the Company proposes to provide Qualifying Shareholders with an opportunity to realise their investments in the Company by accepting the Tender Offer under which N+1 Singer will offer to purchase Ordinary Shares at the Tender Offer Price.
- (C) N+1 Singer has agreed to make the Tender Offer on the terms and conditions set out in the Circular, (in the case of Qualifying Shareholders who hold their Ordinary Shares in certificated form) the Tender Form and the Tender Offer Deed.
- (D) The Company has granted to N+1 Singer the Put Options whereby, following the exercise by N+1 Singer, the Company will purchase from N+1 Singer at the Tender Offer Price any Ordinary Shares purchased by N+1 Singer pursuant to the Tender Offer on the terms of this Agreement.

THIS AGREEMENT WITNESSES AS FOLLOWS:

1 DEFINITIONS AND INTERPRETATION

In this Agreement, unless inconsistent with the context or otherwise specified:

1.1 the following expressions have the following meanings:

Account	an account with N+1 Singer designated in the name of the Company;
Accounts	the audited consolidated financial statements of the Company for the financial year ended 31 March 2019 together with the notes to such financial statements and the reports thereon;
Advisory LLP	NPlus1 Singer Advisory LLP, a limited liability partnership incorporated in England & Wales with registered number OC364131, whose registered office is at One Bartholomew Lane, London, EC2N 2AX;

AIM	AIM, the market of that name operated by the London Stock Exchange;
AIM Cancellation	the cancellation of admission of the existing issued Ordinary Shares to trading on AIM;
AIM Rules	the 'AIM Rules for Companies' published by the London Stock Exchange;
Announcement	the announcement in the agreed form to be made by the Company via a Regulatory Information Service of, inter alia, the AIM Cancellation, the Tender Offer and the General Meeting;
Associate	each of N+1 Singer's subsidiaries, branches, associates (including, without limitation, Advisory LLP, any joint venture parties of it or its holding company or subsidiaries), holding companies, (and subsidiaries of any such holding companies) and each of their and N+1 Singer's respective officers, directors, supervisory board members, employees, representatives, controlling persons, shareholders and agents;
Board or Directors	the board of Directors of the Company, from time to time (or, where appropriate, any duly authorised committees of it);
Business Day	a day (other than a Saturday, Sunday or public holiday) when banks in the City of London are open for business;
Buy Back	the buy back of the Purchase Shares from N+1 Singer pursuant to the exercise of the Put Options under this Agreement as authorised by the passing of resolution 1 of the Resolutions.
certificated or in certificated form	not in uncertificated form;
Circular	the Circular in the agreed form to be despatched by the Company to Shareholders setting out, inter alia, details of the AIM Cancellation and the terms of the Tender Offer;
Closing Date	8 January 2021 or such other date as may be determined in accordance with paragraph 8 of Part II (Terms of the Tender Offer) of the Circular;
Companies Act	the Companies Act 2006, as amended from time to time;
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations);
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755);

Engagement Letter	the engagement letter between the Company and Advisory LLP dated 10 November 2020 for, inter alia, the provision of corporate finance advisory services and brokerage services by Advisory LLP and N+1 Singer (as appropriate and in each case on an exclusive basis) in relation to the AIM Cancellation and the Tender Offer;
Founders	the individuals listed in the Schedule to the Tender Offer Deed;
FSMA	the Financial Services and Markets Act 2000;
General Meeting	the general meeting of the Company convened for 10.00 am on 5 January 2021, notice of which is set out at the end of the Circular (including any adjournment of such meeting);
Group	the Company and its subsidiary undertakings and associated undertakings from time to time (and "member of the Group" shall be construed accordingly);
Indemnified Person	N+1 Singer and each of its Associates;
Independent Directors	Peter Cowgill, Paul Newton, Kenneth Piggott and Ian Bowness;
Initial Purchase	the purchase by N+1 Singer, as principal (and not as agent, nominee or trustee of the Company) of the Initial Purchase Date Shares at the aggregate Tender Offer Price for such Shares on the Initial Purchase Date pursuant to the Tender Offer;
Initial Purchase Date	the third (3rd) Business Day following the Unconditional Date (or such other date as agreed in writing by the Parties);
Initial Purchase Date Shares	the Ordinary Shares acquired by N+1 Singer pursuant to the Tender Offer on the Initial Purchase Date;
Initial Put Option	the option granted by the Company to N+1 Singer pursuant to clause 2.1.1;
Initial Put Option Exercise Notice	a notice of exercise of the Initial Put Option substantially in the form set out in Part 1 of Schedule 1 served by or on behalf of N+1 Singer on the Company in accordance with the provisions of clause 2.4;
Initial Put Option Period	the period beginning at 12.00 noon on the Initial Purchase Date and ending at 5.30 pm on the second (2nd) Business Day following the Initial Purchase Date;
Inside Information	any 'inside information' as defined for the purposes of Article 7 of MAR;

Interim Accounts	the unaudited second interim results of the Group for the 12 months financial period ended 31 March 2020 published by the Company in the RIS announcement released by the Company on 30 July 2020;
International Financial Reporting Standards	International Financial Reporting Standards (including international accounting standards, international financial reporting standards and interpretations of such standards) adopted for use in the European Union under EU Regulation 1606/2002 and in force for the Accounts' accounting period.
Irrevocable Undertakings	irrevocable undertakings in the agreed forms from: <ul style="list-style-type: none">a) Paul Eyre and Deborah Grayson addressed to the Company and N+1 Singer: (i) not to accept (and to procure that the relevant registered holder(s) do not accept) the Tender Offer in respect of their holdings of an aggregate of 51,023,892 Ordinary Shares; and (ii) to vote (and to procure that the relevant registered holder(s) vote) in favour of the Resolutions in respect of their holdings of an aggregate of 51,023,892 Ordinary Shares; andb) Peter Cowgill and Ian Bowness addressed to the Company and N+1 Singer: (i) to accept the Tender Offer in respect of their beneficial holdings of an aggregate of 2,771,208 Ordinary Shares; and (ii) to vote (and to procure that the relevant registered holder(s) vote) in favour of the Resolutions in respect of their beneficial holdings of an aggregate of 2,771,208 Ordinary Shares;
Loans	(i) the term loan facility entered into on 19 August 2020 pursuant to the Government's Coronavirus Business Interruption Loan Scheme and (ii) the Shareholder Loan Agreement (as defined in the Circular);
London Stock Exchange	London Stock Exchange plc;
Losses	all losses, claims, costs, damages, liabilities, charges and expenses (including reasonable fees/costs and expenses of legal counsel reasonably incurred) incurred in connection with the investigation of, preparation for, defence of, or participation as principal or witness in any inquiry, inspection or investigation or any pending or threatened litigation or proceedings;
MAR	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse;

Maximum Aggregate Purchase Amount	the Purchase Price multiplied by the maximum number of Ordinary Shares which may be tendered for purchase by N+1 Singer pursuant to the Tender Offer;
Ordinary Shares	the ordinary shares of £0.01 each in the capital of the Company, the rights and restrictions of which are set out in the Company's articles of association;
Overseas Shareholders	Shareholders resident in, or a citizen of, a jurisdiction outside the UK;
Parties	the parties to this Agreement (and " Party " means either of them);
Purchase Price	an amount per Purchase Share equal to the Tender Offer Price;
Purchase Shares	the Ordinary Shares which N+1 Singer acquires pursuant to the Tender Offer;
Put Option Completion	completion of the sale and purchase of Purchase Shares pursuant to the exercise of a Put Option by N+1 Singer in accordance with the terms of clause 4;
Put Option Completion Date	the second (2nd) Business Day following service by N+1 Singer of the Initial Put Option Exercise Notice or the Second Put Option Exercise Notice (as relevant) on the Company (or such other date as may be agreed between N+1 Singer and the Company) on which the Company shall complete the purchase of the Initial Purchase Date Shares or the Second Purchase Date Shares (respectively) from N+1 Singer in accordance with the provisions of clause 4;
Put Option Exercise Conditions	has the meaning given thereto in clause 2.2;
Put Option Exercise Notices	an Initial Put Option Exercise Notice and a Second Put Option Exercise Notice (and Put Option Exercise Notice shall be construed accordingly);
Put Option Periods	the Initial Put Option Period and the Second Put Option Period (and Put Option Period shall be construed accordingly);
Put Options	the Initial Put Option and the Second Put Option (and Put Option shall be construed accordingly);
Qualifying Shareholders	Shareholders who are entitled to participate in the Tender Offer, being Shareholders on the Register at the Record Date other than: <ul style="list-style-type: none"> (i) Overseas Shareholders; or (ii) Shareholders who have irrevocably undertaken to the Company and N+1 Singer not to tender

their beneficial Ordinary Shares pursuant to the Tender Offer;

Record Date	6.00 p.m. on 8 January 2021;
Register	the register of members of the Company;
Registrar	Neville Registrars Limited of Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD;
Regulatory Information Service or RIS	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements;
Resolutions	the resolutions in the agreed form numbered 1 and 2 to be proposed at the General Meeting as special resolutions as set out in the notice of the General Meeting at the end of the Circular;
Second Closing Date	the date which is fourteen (14) days after the Closing Date;
Second Purchase	the purchase by N+1 Singer, as principal (and not as agent, nominee or trustee of the Company) of the Second Purchase Date Shares at the aggregate Tender Offer Price for such Shares on the Second Purchase Date pursuant to the Tender Offer;
Second Purchase Date	the third (3rd) Business Day following the Second Closing Date (or such other date as agreed in writing by the Parties);
Second Purchase Date Shares	the Ordinary Shares acquired by N+1 Singer pursuant to the Tender Offer on the Second Purchase Date;
Second Put Option	the option granted by the Company to N+1 Singer pursuant to clause 2.1.2;
Second Put Option Exercise Notice	a notice of exercise of the Second Put Option substantially in the form set out in Part 2 of Schedule 1 served by or on behalf of N+1 Singer on the Company in accordance with the provisions of clause 2.4;
Second Put Option Period	the period beginning at 12.00 noon on the Second Purchase Date and ending at 5.30 pm on the second (2nd) Business Day following the Second Purchase Date;
Shareholder	a holder of Ordinary Shares;
subsidiary and subsidiary undertaking	have the meanings set out in section 1159 of the Companies Act;
Takeover Code	the City Code on Takeovers and Mergers;
Takeover Panel	the Panel on Takeovers and Mergers;

- Tender Form** the form to be enclosed with the Circular for use by Qualifying Shareholders who hold Ordinary Shares in certificated form in respect of the Tender Offer;
- Tender Offer** the tender offer to Qualifying Shareholders made by N+1 Singer (acting as principal) to purchase Ordinary Shares from Qualifying Shareholders at the Tender Offer Price and otherwise on the Tender Offer Terms & Conditions and other applicable terms and conditions set out in the Circular and also, in the case of certificated Ordinary Shares, the Tender Form;
- Tender Offer Deed** the tender offer deed entered into between (1) the Company (2) the Founders and (3) N+1 Singer on the date of this Agreement;
- Tender Offer Documents** the Circular, the Tender Form, the Tender Offer Deed, the Form of Proxy and the Announcement and any other documents issued in connection with the Tender Offer (with the authority of the Company);
- Tender Offer Price** 6.25 pence per Ordinary Share;
- Tender Offer Terms & Conditions** the terms of the Tender Offer set out in Part II (Terms of the Tender Offer) of the Circular and the Tender Offer Deed;
- this Agreement** this Agreement, as varied from time to time in accordance with its terms;
- Unconditional Date** the date on, and time at which, the Tender Offer is declared unconditional by N+1 Singer (which is expected to be 12 January 2021); and
- Uncertificated or in uncertificated form** recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST.
- 1.2 references to any statute include any statutory instrument or regulations made under it and references to all or any part of any statute or statutory instrument include any statutory amendment, modification or re-enactment in force from time to time;
- 1.3 references to the recitals and clauses are to the recitals and clauses of this Agreement and any reference to a sub-clause or a clause is to the relevant sub-clause or clause of the clause in which it appears;
- 1.4 words importing gender include each gender;
- 1.5 references to persons include natural persons, bodies corporate, firms, partnerships, unincorporated associations, governments, foundations and trusts (in each case whether or not having separate legal personality);
- 1.6 the singular includes the plural and vice versa;

- 1.7 clause headings are included for the convenience of the Parties only and do not affect its interpretation;
- 1.8 any reference to a document being "in the agreed form" is to a document in a form agreed by the Parties and initialled by, or on behalf of, each of them for the purpose of identification as such;
- 1.9 references to time of day are to London time;
- 1.10 any obligation not to do anything shall be deemed to include an obligation not to suffer, permit or cause that thing to be done if it is within the power of the relevant person to prevent that thing being done; and
- 1.11 any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2 PUT OPTIONS

- 2.1 In consideration of the payment by N+1 Singer to the Company of the sum of £1.00 (receipt of which the Company hereby acknowledges), the Company irrevocably grants to N+1 Singer:
 - 2.1.1 the exclusive right and option to require the Company to purchase the Initial Purchase Date Shares at the Purchase Price as an on-market transaction and otherwise on the terms of this Agreement; and
 - 2.1.2 the exclusive right and option to require the Company to purchase the Second Purchase Date Shares at the Purchase Price as an on-market transaction and otherwise on the terms of this Agreement.
- 2.2 Each of the Put Options shall be exercisable by N+1 Singer subject to, and conditional upon, satisfaction of the following conditions:
 - 2.2.1 the Tender Offer having become unconditional in all respects in accordance with the Tender Offer Terms & Conditions;
 - 2.2.2 (with respect to the Initial Put Option) N+1 Singer purchasing (acting as principal and not as agent, nominee or trustee) in accordance with the Tender Offer Deed and becoming the registered holder of the Initial Purchase Date Shares upon completion of the Initial Purchase by the Initial Purchase Date (or such later date(s) as the Parties shall agree in writing); and
 - 2.2.3 (with respect to the Second Put Option) N+1 Singer purchasing (acting as principal and not as agent, nominee or trustee) in accordance with the Tender Offer Deed and becoming the registered holder of the Second Purchase Date Shares upon completion of the Second Purchase by the Second Purchase Date (or such later date(s) as the Parties shall agree in writing),

(together, the "**Put Option Exercise Conditions**").
- 2.3 The Put Option Exercise Conditions set out in clauses 2.2.1, 2.2.2 and 2.2.3 shall not be capable of waiver by either of the Parties.

- 2.4 Subject to satisfaction or fulfilment of the Put Option Exercise Conditions, each of the Put Options may be exercised at any time during the relevant Put Option Period and, in the case of the Initial Put Option, in respect of all (but not some only) of the Initial Purchase Date Shares and, in the case of the Second Put Option, in respect of all (but not some only) of the Second Purchase Date Shares by N+1 Singer serving the Company with the relevant Put Option Exercise Notice. Once served, the relevant Put Option Exercise Notice shall be irrevocable.

3 TITLE AND ENCUMBRANCES

Subject to the satisfaction of the Put Option Exercise Conditions, on exercise of either of the Put Options, N+1 Singer shall sell the Initial Purchase Date Shares or the Second Purchase Date Shares (as applicable) to the Company with such title to such shares as N+1 Singer acquires from the sellers thereof under the Tender Offer but otherwise free and clear of all other costs, commissions and expenses, together with all rights attaching to the Initial Purchase Date Shares and the Second Purchase Date Shares (as relevant).

4 PUT OPTION COMPLETION

- 4.1 Put Option Completion shall occur on the Put Option Completion Date.

- 4.2 At Put Option Completion:

4.2.1 the Company shall procure that a sum equal to the Initial Purchase Date Shares or the Second Purchase Date Shares (as relevant) multiplied by the Purchase Price shall be released from the Account and paid to N+1 Singer (or as it may direct) and such payment shall constitute a good discharge by the Company in respect of its payment obligations in respect of the acquisition of the Initial Purchase Date Shares and the Second Purchase Date Shares (as relevant) from N+1 Singer;

4.2.2 N+1 Singer shall deliver to the Company (or as it may direct), the relevant share certificate(s) or other document(s) of title (or, in the case of any lost certificate, a valid indemnity in relation to it) for the Initial Purchase Date Shares or the Second Purchase Date Shares (as the case may be);

4.2.3 the Company agrees and undertakes, as soon as reasonably practicable, to cancel from its issued share capital the Initial Purchase Date Shares or the Second Purchase Date Shares (as the case may be);

4.2.4 the Company will execute and deliver to the Registrar form(s) of discharge (or such other documentation as the Registrar may require) in the form required by the Registrar instructing the Registrar to remove the Initial Purchase Date Shares or the Second Purchase Date Shares (as the case may be) from the register of members of the Company in order to effect such cancellation; and

4.2.5 N+1 Singer shall provide the Company with a contract note in respect of the Initial Purchase Date Shares or the Second Purchase Date Shares (as relevant) and shall provide all assistance, including (without limitation) taking any actions and/or procuring the execution of any documentation as may reasonably be required by the Company and/or the Registrar to complete the sale and purchase of the Initial Purchase Date Shares or the Second Purchase Date Shares (as the case may be) and their cancellation upon and

following the relevant Put Option Completion.

- 4.3 The sale of all of the Initial Purchase Date Shares or (as the case may be) all of the Second Purchase Date Shares by N+1 Singer to the Company pursuant to the relevant Put Option Completion on the relevant Put Option Completion Date shall be completed simultaneously.
- 4.4 N+1 Singer agrees that, upon the last Put Option Completion occurring, the Company shall have fulfilled its obligations (including, without limitation, its payment obligations) under this Agreement and any balance of the Maximum Aggregate Purchase Amount remaining in the Account shall not be subject to any further obligation under this Agreement.
- 4.5 The Company will pay any and all stamp duty or stamp duty reserve tax attributable to the acquisition of the Initial Purchase Date Shares and/or the Second Purchase Date Shares whether by N+1 Singer pursuant to the Tender Offer or by the Company pursuant to this Agreement.

5 THE ACCOUNT

- 5.1 N+1 Singer acknowledges that an amount equal to the sum of the Maximum Aggregate Purchase Amount has been received in cleared funds in the Account prior to the date of this Agreement.

- 5.2 The Company undertakes to N+1 Singer in relation to the Account and at all times until the date on which N+1 Singer shall have no further obligation to make any payment under the Tender Offer (the "**Release Date**") as follows:

- 5.2.1 the monies standing to the credit of the Account will be used solely for the purpose of enabling the Company to pay the aggregate Purchase Price for all the Purchase Shares in respect of which N+1 Singer shall have exercised the Put Options and the Company undertakes to N+1 Singer to (and undertakes to N+1 Singer that it will use all reasonable endeavours to procure that the relevant Directors of the Company shall) give all necessary instructions and sign all necessary documents to enable the Company to discharge its payment obligations under this Agreement promptly as required;

- 5.2.2 no transfer out of the Account shall be authorised by the Company or any of the Directors of the Company (save as referred to in clause 5.2.1 above);

- 5.2.3 no payment will be made out of the Account without the prior agreement or consent in writing of N+1 Singer,

but so that (for the avoidance of any doubt) following the Release Date (or, if earlier, the date on which all Put Options shall lapse), the Company shall be free to make payments out of the Account without any of the restrictions as referred to in this clause 5.2 save to the extent such funds are due to be paid to, but remain to be received by, the Registrar or N+1 Singer in accordance with this Agreement.

- 5.3 Notwithstanding any agreement or arrangement to the contrary:

- 5.3.1 N+1 Singer agrees that it shall not approve, acknowledge or take any action which would enable it or a third party to acquire or perfect any claim, proprietary interest, charge, mortgage, pledge, lien, assignment, right of set-

off, counter-claim, rights or interests or other encumbrance or security interest or any other agreement or arrangement having similar effect (each an “**Encumbrance**”) over or in relation to the Account or the monies from time to time standing to the credit thereof;

- 5.3.2 N+1 Singer waives and agrees that it shall not exercise or have the benefit of any lien, right of set-off, amalgamation, combination of accounts or any Encumbrance or rights or remedies in respect thereof on or over the Account or the monies from time to time standing to the credit thereof or have or exercise any right to deduct, or withdraw sums from, or withhold sums standing to the credit of, the Account in payment of any taxes or costs, expenses, fees, liabilities, obligations or any other sums payable by the Company or any other person to N+1 Singer or any other person other than any tax required by law to be deducted from the Account in respect of interest received in relation to the credit balance of, and which has been paid into, the Account; and
- 5.3.3 for the avoidance of doubt, no costs, expenses, fees or any other sums payable by the Company to N+1 Singer shall be deducted from the Maximum Aggregate Purchase Amount. Any such monies payable to N+1 Singer by the Company shall be settled separately by the Company.

6 WARRANTIES AND UNDERTAKINGS OF N+1 SINGER

- 6.1 N+1 Singer warrants to the Company as at the date of this Agreement and at all times up to and including the time at which it has fulfilled all of its obligations under this Agreement by reference to the facts and circumstances then subsisting, that:
- 6.1.1 it has full corporate power and authority to execute and deliver this Agreement and to perform fully its obligations contemplated hereunder and that all necessary corporate action has been taken;
- 6.1.2 following the service of a Put Option Exercise Notice, the sale of the Purchase Shares by N+1 Singer to the Company will be effected by way of an on-market sale; and
- 6.1.3 each of the warranties set forth in clauses 6.1.1 and 6.1.2 will be true and accurate on and as of: (i) the date of this Agreement; (ii) the date of issue of the Circular; (iii) the Initial Purchase Date; and (iv) the Second Purchase Date.
- 6.2 N+1 Singer undertakes that in fulfilling its obligations under the Tender Offer and this Agreement it will act at all times in accordance with the arrangements set out in the Tender Offer Documents, the FSMA, the rules of the London Stock Exchange, the Takeover Code, MAR and all other applicable laws, rules and regulations of the United Kingdom relevant to the Tender Offer. N+1 Singer covenants that it will not charge or encumber the Purchase Shares in any way.
- 6.3 N+1 Singer undertakes to do all such acts or things as shall be necessary or expedient or execute any additional documents deemed by the Company to be reasonably necessary, in each case to transfer to the Company such right title and interest as N+1 Singer shall have received from Shareholders in relation to the Purchase Shares at the sole cost and expense of the Company. In no event shall N+1 be liable or responsible for paying any stamp duty or stamp duty reserve tax (including any interest or penalties for late payment) in relation to the purchase or sale of the Purchase

Shares.

7 WARRANTIES AND UNDERTAKINGS OF THE COMPANY

7.1 The Company warrants to N+1 Singer for its own account and as trustee for each Indemnified Person as at the date of this Agreement and at all times up to and including the time at which it has fulfilled all of its obligations under this Agreement and the Tender Offer Deed by reference to the facts and circumstances then subsisting, that:

7.1.1 no restraining order or proceedings have been issued against the Company or, to the best of the knowledge of the Company, threatened or to the best of the knowledge of the Company any investigation or litigation initiated, in each case with respect to the Tender Offer, or the execution, delivery and performance of this Agreement or the Tender Offer Deed;

7.1.2 the Company is a company duly incorporated and validly existing under the laws of England and Wales;

7.1.3 subject to the passing of the Resolutions and (in respect of clause 7.1.3.3) all other resolutions set out in the notice of General Meeting, the Company has full corporate power and authority to take and has duly taken all necessary corporate action to authorise:

7.1.3.1 the Tender Offer;

7.1.3.2 the Buy Back; and

7.1.3.3 all actions by the Company contemplated in the Tender Offer Documents, and the execution and delivery of, and the consummation of the transactions contemplated by, this Agreement including, without limitation, the purchase by the Company of Purchase Shares from N+1 Singer;

7.1.4 without prejudice to clause 7.1.3, any purchase of Purchase Shares by the Company pursuant to, and as contemplated in, this Agreement will be a 'market purchase' within the meaning of section 693(4) of the Companies Act and, upon the passing of the Resolution numbered 1 at the General Meeting, will have been authorised by the Company and its shareholders in accordance with section 701 of the Companies Act;

7.1.5 the Company has sufficient cash deposits available to it to satisfy its obligations under this Agreement (and in an amount equal to the Maximum Aggregate Purchase Amount) to purchase from N+1 Singer the Purchase Shares on exercise of the Put Options by N+1 Singer (and without using any amount drawn down or to be drawn down by any member of the Group under any Loan) and such purchase will not constitute prohibited or unlawful 'financial assistance' for the purposes or within the meaning of sections 677–683 (inclusive) of the Companies Act;

7.1.6 without prejudice to clause 7.1.3, the Company has sufficient 'distributable profits' for the purposes of Part 23 of the Companies Act (as shown in the balance sheets of the Company contained in the Accounts and the Interim Accounts) to satisfy its obligations under this Agreement to purchase from N+1 Singer the Purchase Shares on exercise by N+1 Singer of the Put Options;

- 7.1.7 without the Maximum Aggregate Purchase Amount (which is held in the Account for the purpose of discharging the Company's payment obligations to N+1 Singer that may arise under this Agreement, the Tender Offer and the Tender Offer Deed), the Company is able to pay its debts as they fall due over the next twelve (12) months;
- 7.1.8 this Agreement and the Tender Offer Documents have been duly authorised, and (in the case of this Agreement) has been (or in respect of the other such documents) will (to the extent required) be duly executed and delivered on behalf of the Company, and this Agreement constitutes legal, valid, binding and enforceable obligations of the Company;
- 7.1.9 the Company does not have any knowledge of any Inside Information which, being required to be disclosed by the AIM Rules or MAR, has not been made generally available to the public or disclosed to or announced by a Regulatory Information Service or in the Circular in the manner required by the AIM Rules and/or MAR prior to the date of this Agreement;
- 7.1.10 the Company does not have any knowledge of any other information, event or circumstance which, being required to be disclosed by the AIM Rules and/or MAR, has not been made generally available to the public or disclosed to or announced by a Regulatory Information Service;
- 7.1.11 the Tender Offer Documents do not, and any Tender Offer Documents issued after the date of this Agreement will not, contain any untrue or misleading statement of a material fact, nor do they, or will they omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they are made, true and accurate in all material respects and not misleading;
- 7.1.12 each of the Tender Offer Documents contains all particulars and information required by, and will comply with, as appropriate, the FSMA, the Financial Services Act 2012, applicable UK company law, the CREST Regulations, MAR, the AIM Rules and all other applicable statutes and regulations in any jurisdiction to which they are posted;
- 7.1.13 all actions by the Company contemplated in the Tender Offer Documents, this Agreement and the delivery of, and the consummation of the transactions contemplated by, this Agreement by the Company will not conflict with, result in a breach of or constitute a default under the articles of association of the Company, the Companies Act, the AIM Rules or MAR;
- 7.1.14 the financial information contained in the Accounts:-
- 7.1.14.1 gives a true and fair view of the state of affairs of the Group as at 31 March 2019, of the profit or loss of the Group for the financial year ended on 31 March 2019 and of the cash flows for the Group for the financial year ended on 31 March 2019; and
- 7.1.14.2 have been prepared in accordance with International Financial Reporting Standards, and within the terms of such Standards give a true and fair view of the financial position at the end of, and profits and cash flow of the Company and its subsidiaries for such financial year;

- 7.1.15 the Interim Accounts were prepared on a basis consistent with the Accounts in accordance with International Financial Reporting Standards and gives a true and fair view of the state of affairs of the Group as at 31 March 2020, of the profit or loss of the Group for the 12 month financial period ended on 31 March 2020 and of the cash flows for the Group for the 6 month financial period ended on 31 March 2020;
 - 7.1.16 the checklist completed by or on behalf of the Company (as if the Circular comprised an Offer Document for the purposes of the Takeover Code) and submitted to the Takeover Panel contains all matters required to be disclosed by the Takeover Panel and the Takeover Code and all disclosures set out in that checklist are correct;
 - 7.1.17 the maximum number of Ordinary Shares which may be tendered for purchase by N+1 Singer pursuant to the Tender Offer is 29,026,108;
 - 7.1.18 81,400,000 Ordinary Shares are in issue at the date of this Agreement and none are held in treasury;
 - 7.1.19 there are no options or warrants over Ordinary Shares or other securities convertible into Ordinary Shares that have been exercised prior to the date of this Agreement (and in relation to which the Ordinary Shares to be allotted in relation thereto have not been issued) or which could be exercised on or before the Second Purchase Date;
 - 7.1.20 no new Ordinary Shares shall be allotted or issued whilst the Tender Offer remains open;
 - 7.1.21 each of the warranties set forth in this clause 7.1 will be true and correct on and as of (i) the date of this Agreement; (ii) the date of issue of the Circular; (iii) the Initial Purchase Date; and (iv) the Second Purchase Date; and
 - 7.1.22 any certificate signed by any director of the Company and delivered to N+1 Singer or their solicitors/counsel in connection with the Tender Offer shall be deemed a warranty to N+1 Singer by the Company as to matters covered thereby.
- 7.2 The Company acknowledges and agrees that it has not provided N+1 Singer with any disclosure or other qualification in respect of any of the warranties set out in clause 7.1 above and that such warranties are not qualified or pre-empted by any statement contained now or during the subsistence of such warranties on the Company's website or by any announcement that the Company has made or may make after the date of this Agreement.
- 7.3 The Company undertakes that in fulfilling its obligations under the Tender Offer and this Agreement it will:
- 7.3.1 at all times, act in accordance with the Companies Act, the Financial Services Act 2012, the AIM Rules, MAR and the arrangements set out in the Circular; and
 - 7.3.2 not exercise any rights to purchase Ordinary Shares granted pursuant to resolutions passed by Shareholders prior to the date of this Agreement.
- 7.4 The Company undertakes to N+1 Singer not to authorise or otherwise permit the

transfer, encumbering or otherwise deal with any of the sums credited to the Account other than in accordance with this Agreement and not to give any instructions contrary to the matters contemplated by this Agreement.

- 7.5 The Company will advise N+1 Singer as soon as reasonably practicable of:
- 7.5.1 the occurrence of any event which becomes known to the Company that is likely to cause N+1 Singer to extend, withdraw or terminate the Tender Offer or would permit N+1 Singer to exercise any right not to purchase any Ordinary Shares pursuant to the Tender Offer;
 - 7.5.2 the occurrence of any event, or the discovery of any fact, the occurrence or existence of which the Company believes would require the making of any material change in any of the Tender Offer Documents or would cause any warranty or covenant contained in this Agreement to be untrue or inaccurate in any material respect;
 - 7.5.3 the occurrence of any event, or the discovery of any fact, the occurrence or existence of which would require to be announced via a Regulatory Information Service pursuant to the AIM Rules, MAR, the Takeover Code or any other law or regulatory body by which the Company is governed;
 - 7.5.4 the issue to the Company by any governmental or regulatory agency of any action, inquiry, investigation or proceeding against the Company in each case concerning the Tender Offer or the transactions contemplated thereby (and, if in writing, will furnish N+1 Singer with a copy thereof); or
 - 7.5.5 any material developments to which the Company is party in connection with the Tender Offer or the transactions contemplated thereby, including, without limitation, the commencement against the Company of any lawsuit concerning the Tender Offer or the transactions contemplated thereby.
- 7.6 The Company agrees that, if any event occurs or condition exists as a result of which the Tender Offer Documents would include an untrue statement of a material fact, or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances when the Tender Offer Documents are delivered to a Shareholder, not misleading, or if it is necessary at any time to amend or supplement the Tender Offer Documents to comply with applicable law, the Company shall notify N+1 Singer as soon as reasonably practicable upon it becoming aware, prepare an amendment or supplement to the Tender Offer Documents that will correct such statement or omission or effect such compliance, and supply such amended or supplemented Tender Offer Documents to N+1 Singer.

8 SURVIVAL OF INDEMNITIES, WARRANTIES, ETC.

All warranties, undertakings and agreements (including, without limitation, the indemnity contained in clause 9) contained herein shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Party and shall survive termination of the Tender Offer and this Agreement.

9 INDEMNITY

- 9.1 The Company shall indemnify (on an after-tax basis) and hold harmless N+1 Singer, for its own account and as trustee for each Indemnified Person, from and against any Losses which the Indemnified Person may suffer or incur or which may be made

against the Indemnified Person in connection with or arising out of any breach or alleged breach by the Company of any of the provisions or warranties contained in this Agreement or the Tender Offer Deed or the proper and lawful performance by N+1 Singer of its duties and obligations under this Agreement or the Tender Offer Deed and the Company will reimburse the Indemnified Persons for all Losses which are properly incurred by any Indemnified Person in connection with investigating, preparing or defending any such action or claim, whether or not in connection with pending or threatened litigation or arbitration, in which any Indemnified Person is a party or otherwise involved, and whether or not resulting in liability on the part of any Indemnified Person.

- 9.2 N+1 Singer will, to the extent reasonable and practicable in the circumstances and subject to any requirements imposed by any insurer of N+1 Singer or any Indemnified Person, consult with the Company and keep the Company informed in relation to any action or claim of this kind.
- 9.3 The Company will not, however, be responsible for any Losses of an Indemnified Person to the extent that they result from a material breach by N+1 Singer of its obligations under this Agreement or the finally determined fraud, gross negligence or wilful default of an Indemnified Person.

10 **N+1 SINGER'S REMEDIES**

- 10.1 The Company agrees to ratify and confirm all actions which each Indemnified Person shall properly undertake or do, or shall have done prior to the date of this Agreement, in the exercise of its powers, authorities and discretions in relation to the Tender Offer.
- 10.2 The Company acknowledges and accepts that, if the Company shall fail to purchase any or all of the Purchase Shares on exercise by N+1 Singer of the Put Options in accordance with the terms of this Agreement or should otherwise be in breach of any of its obligations hereunder, an order for specific performance shall (subject always to the Companies Act) be the only adequate remedy.
- 10.3 The remedies stated in this clause 10 are without prejudice to any other right or remedy available to each Indemnified Person.

11 **RELATIONSHIP BETWEEN N+1 SINGER AND THE COMPANY**

- 11.1 This Agreement and the Tender Offer shall not create a relationship of agency between N+1 Singer and the Company and N+1 Singer shall not hold itself out to any Shareholder or to any other person as being the agent of the Company for the purposes of the Tender Offer.
- 11.2 The Company and N+1 Singer confirm that in acquiring Ordinary Shares pursuant to valid and successful elections made in the Tender Offer and in selling such Purchase Shares to the Company on exercise by N+1 Singer of the Put Options, N+1 Singer will be acting as principal (and not as agent of the Company).

12 **ASSIGNMENT**

- 12.1 N+1 Singer shall be entitled to assign the benefit, subject to the burden, of this Agreement to any subsidiary or holding company of N+1 Singer or any subsidiary of such holding company, (together the "**N+1 Singer Group**") as at the date of this Agreement, provided that if the assignee ceases to be a member of the N+1 Singer Group, N+1 Singer shall procure that all the right, title, benefit and interest of the

assignee in and to this Agreement shall be reassigned to N+1 Singer or assigned to another member of the N+1 Singer Group.

- 12.2 The Company shall not be entitled to assign any of its rights or obligations under this Agreement.

13 MISCELLANEOUS

- 13.1 Save for an Indemnified Person, a person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

- 13.2 The times and dates set out in the Circular and in this Agreement are subject to such revision as may be agreed between N+1 Singer and the Company. The Parties agree that any such material amendments shall be notified to the Shareholders by announcement through a Regulatory Information Service.

- 13.3 No waiver of any rights arising under this Agreement shall be effective unless in writing and signed by the party against whom the waiver is to be enforced.

- 13.4 Except as provided in clause 13.5, this Agreement and the Tender Offer Deed constitutes the entire and the only legally binding agreement between the Parties relating to the purchase by the Company of Purchase Shares on exercise by N+1 Singer of the Put Options and no variation of this Agreement shall be effective unless made in writing signed by or on behalf of the Parties and expressed to be such a variation.

- 13.5 The provisions of the Engagement Letter shall remain in full force and effect notwithstanding the entering into of this Agreement, but to the extent that the provisions of the Engagement Letter are inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

14 NOTICES

- 14.1 Any notice or other communication pursuant to, or in connection with, this Agreement shall be in writing and delivered personally, or sent by first class pre-paid recorded delivery post, to the Party due to receive such notice at its registered office or address set out in this Agreement (or to such other address in the United Kingdom as may from time to time have been notified in writing to the other Party in accordance with this clause 14 or by sending it by email to the email address of the Party concerned set out in this clause or to such other email address as may from time to time have been notified in writing to the other Party in accordance with this clause) (subject to the original notice or communication being sent by post on the same day in the manner specified above):

Company's email address: ianbowness@unitedcarpets.net

N+1's email address: Richard.Thompson@n1singer.com

- 14.2 Subject to clause 14.1, any notice or other communication shall be deemed to have been served:

14.2.1 if delivered personally, when left at the address referred to in clause 14.1;

14.2.2 if sent by pre-paid recorded delivery post (other than air mail), two days after

posting it;

14.2.3 if sent by email (subject to the original notice or communication being sent by post on the same day in the manner specified in clause 14.1) upon dispatch.

14.3 If a notice is given or deemed given at a time or on a date which is not a Business Day, it shall be deemed to have been given on the next Business Day.

15 COUNTERPARTS

This Agreement may be executed in any one or more number of counterparts each of which, when executed, shall be deemed to form part of and together constitute the agreement set out in this Agreement.

16 GOVERNING LAW AND JURISDICTION

16.1 This Agreement and any non-contractual obligations arising from or in connection with it shall in all respects be governed by and interpreted in accordance with English law.

16.2 The Parties irrevocably agree that the Courts of England and Wales are to have exclusive jurisdiction over any dispute: (i) arising from or in connection with this Agreement; or (ii) relating to any non-contractual obligations arising from or in connection with this Agreement.

IN WITNESS of which this Agreement has been duly executed as a deed by each of the Parties on the day and the year first stated above.

SCHEDULE 1

PART 1 - EXERCISE NOTICE

Initial Put Option

To: The Directors
United Carpets Group Public Limited Company
Moorhead House
Moorhead Way
Bramley
Rotherham
South Yorkshire
S66 1YY

Dated: [●] 2021

United Carpets Group Public Limited Company (the Company)

Notice of Exercise of Initial Put Option

Dear Sirs

We refer to the repurchase agreement (the **Agreement**) dated 18 December 2020 between us. Terms defined in the Agreement bear the same meanings in this notice unless the context requires otherwise.

This letter constitutes notification to you of our exercise of the Initial Put Option in respect of the Initial Purchase Date Shares, being [●] Ordinary Shares. The relevant sum to be released from the Account is £[●].

Completion of the exercise of the Initial Put Option shall take place on [●] 2021 in accordance with the terms of the Agreement.

Yours faithfully.

for and on behalf of
Nplus1 Singer Capital Markets Limited

PART 2 - EXERCISE NOTICE

Second Put Option

To: The Directors
United Carpets Group Public Limited Company
Moorhead House
Moorhead Way
Bramley
Rotherham
South Yorkshire
S66 1YY

Dated: [●] 2021

United Carpets Group Public Limited Company (the Company)

Notice of Exercise of Second Put Option

Dear Sirs

We refer to the repurchase agreement (the **Agreement**) dated 18 December 2020 between us. Terms defined in the Agreement bear the same meanings in this notice unless the context requires otherwise.

This letter constitutes notification to you of our exercise of the Second Put Option in respect of the Second Purchase Date Shares, being [●] Ordinary Shares. The relevant sum to be released from the Account is £[●].

The balance standing to the credit of the Account, being £[●], shall be paid to you within three Business Days of Put Option Completion.

Completion of the exercise of the Second Put Option shall take place on [●] 2021 in accordance with the terms of the Agreement.

Yours faithfully

for and on behalf of
Nplus1 Singer Capital Markets Limited

Executed as a deed by
**UNITED CARPETS GROUP PUBLIC
LIMITED COMPANY**
acting by two Directors

Ian Bowness
.....
Director

Paul Eyre
.....
Director

Executed as a deed by
**NPLUS1 SINGER CAPITAL
MARKETS LIMITED** acting by a
director in the presence of:

.....
Signature of witness

.....
Director

.....
Name of witness

.....

.....
Address of witness