

Sands Films AGM 1 July 2024

1. Welcome and apologies

Olivier Stockman (OS) called the meeting to order at 3 pm, introducing himself, Nigel Wood, the company's accountant, and David Warren, the statutory accountant.

OS then outlined the quorum requirements as set out in the articles of association, noting the number of members who, unable to attend in person, had submitted proxy forms. (Attendees and proxies are noted in the attached sheet.) He also requested that members ensure their contact details were up to date.

Before commencing the business of the AGM, OS announced the recent death of the company's colleague and essentially family member, Neale Brown. Neale was and remained a local resident and had been a stalwart of the company since 1975, typifying the company's deep ties with the local community. His absence will be felt by all.

OS then noted that the meeting was being filmed and transmitted live, so that a full record (in addition to the written account) would be available to shareholders.

2. Director's report on the year 2023

OS discussed the unpredictability of the costume hire business. After virtually no costume work from the EU in 2022, attributed to the constraints of Brexit, the costume business in the first six months of 2023 came entirely from the EU. The first such project was a remake of *The Leopard*.

This prompted the company to establish an agent in Vienna, through whom all of Sands' EU-destined work could be routed, ensuring that the production companies retained the financial advantages of dealing with a EU-based company. This development aided the company's work on the two different remakes (one French, one Italian) of *The Count of Monte Cristo* and then a feature film on the life of Italian poet Leopardi. Other films which followed were *Belgravia: The Next Chapter*, *Renegade Nell* and *Mary & George*, three series of limited quality, in contrast with the second series of *Wolf Hall*, completed at the end of 2023, 10 years after the first (and thus underlying the unpredictability of the business). Also of interest was the company's participation in *Here*, a Disney production which takes a single camera viewpoint in a given location through millennia to the present day.

In contrast to this costume hire activity, there has been virtually no new costume production, a consequence of the writer' and actors' strikes in Hollywood (ending in October 2023) which affected film production worldwide and in particular in the US and UK. As the company's overheads remained constant, the directors decided to put the additional available time to good use, developing the company's own film project, *The Man With the Plan*, about the reforms of William Beveridge, as rediscovered in the 21st century. This includes the production of some symbolic costumes (e.g. magpies and

sheep), which OS displayed to the members, and which incidentally qualified the company for the tax relief available on UK film production work. In addition to the commercial work, OS reported that the popularity of the film club, which currently has 13,000 followers, remains unabated, as is that of the “music room” for concerts and related (paid) use of the stage.

3. Presentation of the accounts (including questions): Nigel Wood (NW)

NW gave a detailed analysis of the accounts, on a virtually line-by-line basis, which can be accessed on the video recording. Of particular note was the treatment of some of the employee costs (wages and social security): this is because of the company’s decision not to cut staff during the business lull; instead, the costs related to the time they spent on the Beveridge project were capitalised, i.e. attributed to the creation of an intangible asset, which now appears on the Balance Sheet.

4. Future of Sands Films

OS reminded members of the discussions held in and around past AGMs concerning succession planning and in particular the steps needed to avoid a situation where the company’s main asset – the property – might become the focus of speculation, e.g. for receivers.

To this end the directors have consulted Baxendale Employee Ownership, with a view to transitioning Sands Films from a limited company (i.e. for profit) to a form of trust, in order to ensure that the company’s wider purposes – cultural and artistic – are respected, continued and furthered.

Such a transition, anticipated to coincide with the end of the mortgage in May 2027, cannot take place without the redemption of all the members’ shares. Two forms of redemption are envisaged: for cash or alternatively for a form of reinvestment, i.e. continuing support for the company under its new arrangements.

Discussions with Baxendale were paused last year while certain technicalities with the company’s articles of association were ironed out with Sands’ original solicitors. This process also highlighted the need to ensure more discipline in procedures, such as voting at the AGM, hence a new focus on proxy votes and ensuring an accurate register of members is maintained.

The proposed process going forward will be in two stages: the first will be to define, as clearly as possible, the two options, which will ideally be equally attractive. A vote taken at this stage will determine how many shares need to be redeemed for cash and, in consequence, the policy Sands will need to follow to deliver that result. Members’ ideas are warmly welcomed in this first stage, anticipated to end sometime in 2026, with a further year allowed for the implementation of the shareholders’ vote.

The focus of the consultations with Baxendale is on creating a structure where the building provides an envelope for ongoing and new artistic or creative endeavours, such

that the next 50 years might be as fruitful as the last 50. A personal succession plan for, e.g., Christine is seen as less a priority, not least because she would be virtually impossible to replace, but also because the importance in films of accurately reproduced period costumes has declined as the cultural environment evolves and artistic values change. On the other hand, Olivier's role over the years has evolved to include a wide range of technical as well as business and artistic matters, such that his succession is best secured by developing the range of talents and capabilities within the staff, present and future. The company currently has about 18 employees, with many younger ones active in the music room, an indication that a commercial transition away from costume making has already begun.

To a question about the number of shareholders for which Sands has no contact information, OS observed that the number seemed to have declined from 80-something a year ago to about 59 now. But the situation changes as members die or change address without giving notice, so the final redemption exercise will inevitably leave some shareholdings in limbo; appropriate allowance for that will be made within the legal arrangements.

5. Votes

The following motions were carried by a show of hands (and proxies vested in OS), no tally having been requested:

- That the accounts be adopted.
- That Cocke, Vellacott & Hill be reappointed accountants.
- That the directors' proposal to develop a redemption plan, with options to withdraw one's shares or to reinvest them, be approved.

6. Any other business

A motion was carried to thank the accountants, the staff at Sands, and particularly the directors, Olivier and Christine, for their hard work.

The meeting was adjourned at 5.30 for cake and refreshments.