DRAFT DOCUMENT FOR LOCAL STAKEHOLDER REVIEW.

THIS INITIATIVE SEEKS TO DELIVER SOCIAL, CULTURAL, AND ECONOMIC REGENERATION THROUGH A WIN-WIN MODEL THAT CENTRES WELLBEING, COMMUNITY VALUE, AND RESPONSIBLE OWNERSHIP, AS WELL AS PEOPLE BEFORE PROFIT.

For informational purposes only. Subject to further legal and structural review.

If you have any questions or constructive feedback, it would be greatly appreciated if it could be emailed to ***ivan@openislandhotel.com***

Shareholder Agreement – Tangible Happiness Ltd

1. Introduction

This Shareholder Agreement governs the relationship between the shareholders of Tangible Happiness Ltd (Company No. 12405156), a private company limited by shares incorporated in England and Wales, whose registered office is at 20-22 Wenlock Road, London, England, N1 7GU. Tangible Happiness Ltd is the legal owner of the property known as Ty Mawr (formerly The Beeches Nursing Home) in Blaenavon, and the principal sponsor of the project known as Ty Mawr – Blaenavon, Wales.

2. Share Structure

The Company has issued 500,000 Ordinary Shares at a nominal value of £1 each. Of these, 250,000 Ordinary Shares (50%) are available for public investment. Investors may participate as Strategic Partners or Fractional Shareholders.

3. Governance

The Company shall be governed by a Board of Directors. The Founders shall retain control as majority directors and manage the day-to-day operations. Strategic Partners may be granted co-decision-making rights as agreed in writing. Fractional Shareholders do not hold voting rights unless such rights are explicitly granted or converted.

4. Reserved Matters & Major Decisions

The following matters shall require unanimous Board approval and/or consent from shareholders holding at least 75% of issued share capital:
- Sale of the property or any major asset
- Incurring debt above £100,000
- Changes to the Articles of Association
- Entering into any partnership, joint venture, or CIC conversion
- Issuing new shares or altering share rights: We anticipate that this may occur, for example, in the event that a developer is invited as a strategic partner and contributes construction services in exchange for equity or shareholding rights in the company

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5. Voting Rights

5.1 Each Ordinary Share shall carry one vote, unless otherwise stated at issuance.
5.2 Shareholders holding less than 33% of the issued share capital shall not have the right to demand a general meeting or override Board decisions. However, all shareholders — regardless of shareholding size — shall be entitled to:

- Receive quarterly investor updates and financial summaries
- Submit written questions, proposals, or concerns to the Board
- Participate in scheduled shareholder briefings and community consultations

These provisions ensure that while strategic control remains streamlined, transparency and engagement remain a core part of the Company's culture and mission.
5.3 The Board may, at its discretion, issue Non-Voting or Preference Shares with appropriate rights.

6. Dividend & Profit Distribution

Dividends shall be declared at the sole discretion of the Board of Directors, subject to the availability of distributable profits. Shareholders shall receive dividends pro-rata to their shareholding. No guarantee is made regarding dividend frequency or amount.

7. Exit & Transfer of Shares

7.1 Shareholders shall not transfer, assign, or dispose of shares without first offering them to existing Shareholders on a pro-rata basis (Right of First Refusal).
7.2 Drag-Along Rights: Shareholders holding more than 50% of the shares may require minority shareholders to sell their shares on the same terms.
7.3 Tag-Along Rights: Minority shareholders shall have the right to join in any qualifying sale of control.
7.4 The Company may offer to repurchase shares at fair market value, subject to funding availability and Board approval.
7.5 After 24 months, if no significant development milestone has been achieved, investors may request redemption. This is subject to Company liquidity and Board approval.

8. Future Community Interest Company (CIC) Option

Upon reaching 50% equity distribution to public investors, the Board may recommend transferring property ownership to a Community Interest Company (CIC). This transition is

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intended to protect the project's mission, support long-term social value, and enable access to grants and public funding. Shareholders shall retain proportional rights within the CIC model, including limited dividend eligibility within statutory caps.

9. Confidentiality & Non-Compete

9.1 Shareholders agree to maintain confidentiality of all sensitive business information during and after their period of shareholding.
9.2 Shareholders shall not engage in or support directly competing ventures for a period of one (1) year following exit from the Company.

10. Dispute Resolution

10.1 In the event of a dispute between shareholders, parties shall first attempt resolution via mediation.
10.2 If mediation fails, disputes shall be referred to arbitration in Cardiff under the Arbitration Act 1996.
10.3 The decision of the arbitrator shall be final and binding.

11. Governing Law & Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of England and Wales. The courts of England and Wales shall have exclusive jurisdiction over any dispute not resolved through arbitration.

12. Signatures

Signed on behalf of Tangible Happiness Ltd:

Name: _____
Position: Director

Shareholder:

Name: _____
No. of Shares: _____
Date: _____