

DATED

2026

SHAREHOLDERS' AGREEMENT

between

Stockton-on-Tees Borough Council

and

Stockton Borough Holding Company Limited

and

Stockton Hotels Company Limited

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This agreement is dated

2026

Parties

- (1) Stockton-on-Tees Borough Council of [] (the “**Council**”)
- (2) Stockton Borough Holding Company Limited, company number 10523559 (“**HoldCo**”)
- (3) Stockton Hotels Company Limited, company number (“**HotelCo**”).

BACKGROUND

- (A) The Council is the sole legal and beneficial owner of the entire issued share capital of HoldCo.
- (B) B. HoldCo is the sole legal and beneficial owner of the entire issued share capital of HotelCo.
- (C) The parties wish to regulate the governance of and the exercise of shareholder rights.
- (D) This Deed is intended to operate alongside, and where necessary prevail over, the Articles of the Companies and shall exercise their rights in accordance with the terms and conditions of this agreement.

Agreed terms

1. Interpretation

1.1 The definitions and rules of interpretation in this clause apply in this agreement.

“Articles” means the articles of association of HoldCo or HotelCo as amended from time to time;

“Board” means the board of directors of the relevant Company;

“Business” means the operation of the Hampton by Hilton hotel at Northshore and associated activities;

“Business Day” means a day other than a Saturday, Sunday or public holiday in England;

“Business Plan” means the annual business plan prepared in accordance with clause [];

“CA 2006” means the Companies Act 2006;

“Encumbrance” means any mortgage, charge, pledge, lien or other security interest;

“Financial Year” means the accounting reference period of the relevant Company;

“Group” means together;

“Independent Non-Executive Director” means a director appointed pursuant to clause 4 who is independent of the Council and the executive management of HotelCo;

“Reserved Matters” means the matters set out in Schedule 1;

“Shareholder Consent” means approval given by Cabinet in accordance with the Council’s Constitution;

“Shareholder Representative” means the officer exercising the Council’s statutory Section 151 responsibilities.

- 1.2 Clause, Schedule and paragraph headings shall not affect the interpretation of this agreement.
- 1.3 References to clauses and Schedules are to the clauses of and Schedules to this agreement and references to paragraphs are to paragraphs of the relevant Schedule.
- 1.4 The Schedules form part of this agreement and shall have effect as if set out in full in the body of this agreement. Any reference to this agreement includes the Schedules.
- 1.5 A reference to **this agreement** or to any **other agreement or document** is a reference to this agreement or such other agreement or document, in each case as varied from time to time.
- 1.6 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.7 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.8 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.9 A reference to a **party** shall include that party's successors and permitted assigns.
- 1.10 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.11 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the CA 2006 [and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c),

a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:

- (a) another person (or its nominee), by way of security or in connection with the taking of security; or
- (b) its nominee].

- 1.12 Unless expressly provided otherwise in this agreement, a reference to **writing** or **written** includes email.
- 1.13 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.14 References to a document in **agreed form** are to that document in the form agreed by the parties and initialled by them or on their behalf for identification.
- 1.15 A reference to any legislation or legislative provision is a reference to it as amended, extended or re-enacted from time to time provided that, as between the parties, no such amendment, extension or re-enactment made after the date of this agreement shall apply for the purposes of this agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any party].
- 1.16 A reference to any legislation or legislative provision shall include all subordinate legislation made from time to time under that legislation or legislative provision.
- 1.17 [Any reference to an English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be deemed to include a reference to that which most nearly approximates to the English legal term in that jurisdiction.
- 1.18 Any obligation on a party not to do something includes an obligation not to allow that thing to be done.
- 1.19 [Unless the context requires otherwise, words and expressions defined in the Articles shall have the same meaning when used in this agreement.]

2. Council Public Law Status

- 2.1 The Council enters into this Deed in the exercise of its statutory powers including the Local Government Act 2003 and the general power of competence.

2.2 Nothing in this Deed shall override the Council's Constitution or fetter its statutory discretion.

3. Governance Framework

3.1 The Council's shareholder functions are executive functions exercised by Cabinet.

3.2 Routine shareholder matters may be exercised by the Shareholder Representative.

3.3 HoldCo shall exercise its rights as shareholder of HotelCo only in accordance with Council direction.

3.4 The Board shall be responsible for day-to-day management subject to this Deed and the Articles.

4. Board Composition And Independent Non-Executive Director

4.1 The Council may determine that the Board of HotelCo shall include one or more Independent Non-Executive Directors.

4.2 Such determination and the identity of the appointee shall constitute a Reserved Matter.

4.3 HoldCo shall procure the appointment or removal of such director in accordance with Council direction.

4.4 HotelCo shall not appoint any Non-Executive Director without Shareholder Consent.

4.5 An Independent Non-Executive Director shall act independently and in accordance with CA 2006 duties.

5. Business of the HoldCo and HotelCo

5.1 The business of the HoldCo and HotelCo is [BUSINESS OF THE HoldCo and HotelCo] (**Business**).

5.2 Each party shall use its reasonable endeavours to promote and develop the Business to the best advantage of the HoldCo and HotelCo.

5.3 HoldCo shall not carry on any trade or business other than holding the shares in HotelCo.

6. Matters requiring consent of the Council (Reserved Matters)

- 6.1 Each Party shall procure that the HoldCo and HotelCo shall not, without the prior written approval of the Council carry out any of the Reserved Matters.
- 6.2 The Shareholders shall communicate their decision in writing in respect of any request for consent to any of the Reserved Matters not later than [14 days] after receipt of a written request from the board of directors specifying the matter in respect of which shareholder consent is requested.

7. Business Plan

- 7.1 The Business Plan is an annual business plan for the HoldCo and HotelCo prepared by jointly by the Boards of each company
- 7.2 The Business Plan shall include financial forecasts, capital expenditure, risk assessment, stress testing and lease issues.
- 7.3 The Business Plan for every Financial Year shall be:
 - (a) prepared by the Board at least before the end of the preceding Financial Year; and
 - (b) adopted and approved by the parties by agreement in writing as soon as possible after it has been prepared.

8. Lease and franchise protection

- 8.1 HotelCo shall not vary, surrender, assign or sub-let the property lease without Shareholder Consent.
- 8.2 Material amendment of the franchise agreement requires Shareholder Consent.

9. Accounting and other information

- 9.1 The HoldCo and HotelCo shall at all times maintain accurate and complete accounting and other financial records including all corporation tax computations and related documents and correspondence with HM Revenue & Customs in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in the United Kingdom.
- 9.2 Each Party and its authorised representatives shall be allowed access at all reasonable times to examine the books and records of the HoldCo and HotelCo and to discuss the HoldCo and HotelCo's affairs with its directors and senior management.

10. Dividend policy

- 10.1 Subject to the requirements of the CA 2006, and unless the parties agree otherwise in relation to any particular Financial Year, the parties shall use reasonable endeavours to procure that the HoldCo and HotelCo shall distribute by way of dividend at the profit of the HoldCo and HotelCo in relation to each Financial Year but after making all necessary, reasonable and prudent provisions and reserves for taxation, for the repayment of borrowings by the HoldCo and HotelCo (if any), minority interests and extraordinary items as shown in the audited accounts for that year.]
- 10.2 A distribution under this clause in relation to any Financial Year shall be made within six months of the day to which the audited accounts of the HoldCo and HotelCo for that year are made up.

11. Tax matters

- 11.1 Unless the parties otherwise expressly agree in writing, the parties shall procure that all of the HoldCo and HotelCo's trading losses and all other amounts eligible for relief from taxation shall be carried forward by the HoldCo and HotelCo and not surrendered (wholly or partly) to the parties.

12. Issue of further shares

The parties shall procure that the HoldCo and HotelCo shall not issue any shares or other equity securities (within the meaning of section 560(1) of the CA 2006) to any person, unless that person is a party to this agreement or has executed and delivered a Deed of Adherence

13. Termination and liquidation

- 13.1 This agreement shall terminate:
- (a) when one Party [and its Permitted Transferee under the Articles] cease[s] to hold any shares in the HoldCo and HotelCo; or
 - (b) when a resolution is passed by shareholders or creditors, or an order is made by a court or other competent body or person instituting a process that shall lead to the HoldCo and HotelCo being wound up and its assets being distributed among the HoldCo and HotelCo's creditors, shareholders or other contributors;

14. Status of agreement

- 14.1 Each party shall, to the extent that it is able to do so, exercise all its voting rights and other powers in relation to the HoldCo and HotelCo to procure that the provisions of this

agreement are properly and promptly observed and given full force and effect according to the spirit and intention of the agreement.

- 14.2 If there is an inconsistency between any of the provisions of this agreement and the provisions of the Articles, the provisions of this agreement shall prevail as between the parties.
- 14.3 The parties shall, when necessary, exercise their powers of voting and any other rights and powers they have to amend, waive or suspend a conflicting provision in the Articles to the extent necessary to permit the HoldCo and HotelCo and its Business to be administered as provided in this agreement.
- 14.4 The HoldCo and HotelCo is not bound by any provision in this agreement that would constitute an unlawful fetter of any of its statutory powers.

15. Transparency and Confidentiality

- 15.1 The Council is subject to FOIA, EIR and transparency obligations.
- 15.2 HoldCo and HotelCo shall provide information reasonably required to enable compliance.
- 15.3 The Council shall apply statutory exemptions and public interest tests in accordance with law.
- 15.4 Nothing in this Agreement renders the Companies public authorities for FOIA purposes.
- 15.5 Each party shall keep Confidential Information confidential except where disclosure is required by law.

16. Announcements

- 16.1 Subject to clause 16.2 and clause 16.3, no party shall make, or permit any person to make, any public announcement, communication or circular (**announcement**) concerning the existence, subject matter or terms of this agreement, the wider transactions contemplated by it, or the relationship between the parties, without the prior written consent of the other parties [(such consent not to be unreasonably withheld or delayed)]. [The parties shall consult together on the timing, contents and manner of release of any announcement.]
- 16.2 Where an announcement is required by law or any governmental or regulatory authority (including, without limitation, any relevant securities exchange), or by any court or other authority of competent jurisdiction, the party required to make the announcement shall

promptly notify the other parties. The parties concerned shall make all reasonable attempts to agree the contents of the announcement before making it.

- 16.3 On the signing of this agreement the JV Parties shall issue a joint announcement about the formation of the HoldCo and HotelCo in agreed form.

17. Assignment and other dealings

No party shall assign, transfer, mortgage, charge, sub-contract, delegate, declare a trust over or deal in any other manner with any or all of its rights and obligations under this agreement (or any other document referred to in it) without the prior written consent of the other parties [(such consent not to be unreasonably withheld or delayed)].

18. Entire agreement

- 18.1 This agreement [(together with the documents referred to in it)] constitute[s] the entire agreement between the parties and supersede[s] and extinguish[es] all previous discussions, correspondence, negotiations, drafts, agreements, promises, assurances, warranties, representations, arrangements and understandings between them, whether written or oral, relating to [its **OR** their] subject matter.

- 18.2 Each party acknowledges that in entering into this agreement [(and any documents referred to in it)], it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this agreement [or those documents].

- 18.3 [Nothing in this clause shall limit or exclude any liability for fraud.]

19. Variation and waiver

- 19.1 No variation of this agreement shall be effective unless it is in writing and signed by the parties (or their authorised representatives).

- 19.2 A waiver of any right or remedy under this agreement or by law is only effective if given in writing [and signed by the person waiving such right or remedy] and shall not be deemed a waiver of any subsequent right or remedy.

- 19.3 A failure or delay by any person to exercise any right or remedy provided under this agreement or by law shall not constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict any further exercise of that or any other right or remedy. No single or partial exercise of any right or remedy provided under this agreement or by law shall prevent or restrict the further exercise of that or any other right or remedy.

19.4 A person that waives a right or remedy provided under this agreement or by law in relation to one person, or takes or fails to take any action against that person, does not affect its rights or remedies in relation to any other person.

20. Costs

Except as expressly provided in this agreement, each party shall pay its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this agreement (and any documents referred to in it).

21. No partnership or agency

21.1 Nothing in this agreement is intended to, or shall be deemed to, establish any partnership between the parties or constitute any party the agent of another party.

21.2 Each party confirms that it is acting on its own behalf and not for the benefit of any other person.

22. Notices

22.1 [For the purposes of this clause 23, but subject to clause 23.7, notice includes any other communication.]

22.2 A notice given to a party under or in connection with this agreement:

- (a) shall be in writing and in English [or accompanied by an accurate translation into English];
- (b) [shall be signed by or on behalf of the party giving it;]
- (c) shall be sent to the party for the attention of the contact and at the address[, email address] specified in clause 23.3, or such other contact, address [or] [email address] as that party may notify in accordance with clause 23.4; and
- (d) shall be sent by a method listed in clause 23.5; and
- (e) [unless proved otherwise] is deemed received as set out in clause 23.5 if prepared and sent in accordance with this clause.

22.3 The addresses[, email addresses] and contacts for service of notices are:

- (a) [PARTY 1]
 - (i) address: [ADDRESS]
 - (ii) for the attention of: [NAME]
 - (iii) [email address: [EMAIL ADDRESS]].
- (b) [PARTY 2]

- (i) address: [ADDRESS]
- (ii) for the attention of: [NAME]
- (iii) [email address: [EMAIL ADDRESS]].

22.4 A party may change its details for service of notices as specified in clause 23.3 by giving notice to the other party [(provided that in the case of a change to the party's postal address, the new address is an address in the UK)], the change taking effect for the party notified of the change at [9.00 am] on the later of:

- (a) the date, if any, specified in the notice as the effective date for the change; and
- (b) the date [five] Business Days after deemed receipt of the notice.

22.5 This clause 23.5 sets out the delivery methods for sending a notice to a party under this agreement and, for each delivery method, the date and time when the notice is deemed to have been received:

- (a) if delivered by hand, at the time the notice is left at the address;
- (b) if sent by pre-paid first class post or other next working day delivery service [providing proof of [postage **OR** delivery]], at 9.00 am on the [second] Business Day after posting;
- (c) [if sent by pre-paid airmail [providing proof of [postage **OR** delivery]], at 9.00 am on the [fifth] Business Day after posting;]
- (d) [if sent by [email], at the time of transmission.]

22.6 If deemed receipt under clause 23.5 would occur outside Usual Business Hours, the notice shall be deemed to have been received when Usual Business Hours next recommence. For the purposes of this clause, **Usual Business Hours** means 9.00 am to 5.30 pm local time on any day which is not a Saturday, Sunday or public holiday in the place of receipt of the notice [(which, in the case of service of a notice by [email] shall be deemed to be the same place as is specified for service of notices on the relevant party by hand or post)].

22.7 [This clause 23 does not apply to the service of any proceedings or other documents in any legal action [or, where applicable, any arbitration or other method of dispute resolution].]

22.8 [A notice given under or in connection with this agreement is not valid if sent by email.]

23. Severance

- 23.1 If any provision or part-provision of this agreement is or becomes invalid, illegal or unenforceable, it shall be deemed deleted, but that shall not affect the validity and enforceability of the rest of this agreement.
- 23.2 [If any provision or part-provision of this agreement is deemed deleted, the parties shall negotiate in good faith to agree a replacement provision that, to the greatest extent possible, achieves the intended commercial result of the original provision.]

24. Agreement survives Completion

This agreement (other than obligations that have already been fully performed) remains in full force after Completion.

25. Third party rights

- 25.1 Unless it expressly states otherwise, this agreement does not give rise to rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement.
- 25.2 The rights of the parties to rescind or vary this agreement are not subject to the consent of any other person.

26. Counterparts

- 26.1 This agreement may be executed in any number of counterparts, each of which shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.
- 26.2 [Transmission of [an executed counterpart of this agreement (but for the avoidance of doubt not just a signature page) **OR** the executed signature page of a counterpart of this agreement] by:
- (a) fax; or
 - (b) email (in PDF, JPEG or other agreed format),

shall take effect as the transmission of an executed "wet ink" counterpart of this agreement. [If [this **OR** either] method of transmission is adopted, without prejudice to the validity of the agreement thus made, each party shall on request provide the others with the "wet ink" hard copy originals of their counterpart.]

- 26.3 No counterpart shall be effective until each party has provided to the others at least one executed counterpart.

27. Language

If this agreement is translated into any language other than English, the English language version shall prevail.

28. Governing law and jurisdiction

28.1 This agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

28.2 Each party irrevocably agrees that the courts of England and Wales shall have [exclusive **OR** non-exclusive] jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this agreement or its subject matter or formation.

This agreement has been entered into on the date stated at the beginning of it.

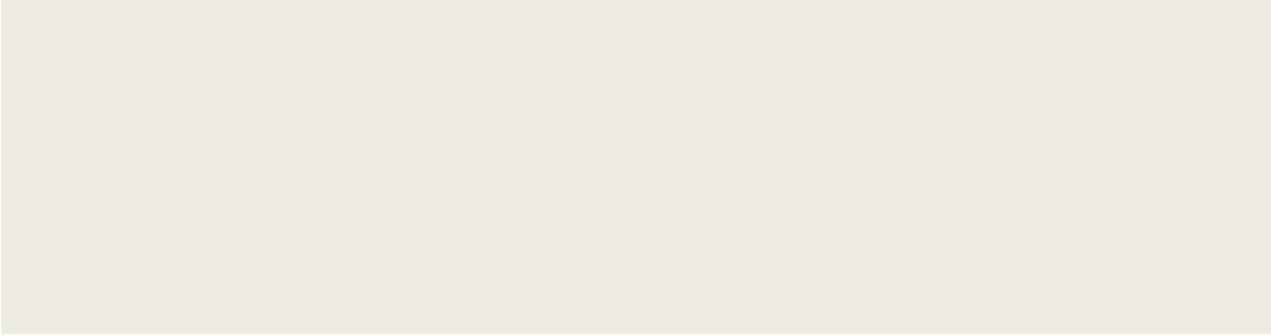
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Schedule 1 Matters reserved for shareholder approval

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1. Altering in any respect the Articles or the rights attaching to any of the shares in the HoldCo and HotelCo.
2. Permitting the registration of any person as a member of the HoldCo and HotelCo.
3. Increasing or reducing the amount of the HoldCo and HotelCo's issued share capital, granting any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeeming or purchasing any of its own shares or effecting any other reorganisation of its share capital.
4. Passing any resolution for the HoldCo and HotelCo's winding up or presenting any petition for its administration (unless it has become insolvent).
5. Altering the name of the HoldCo and HotelCo or its registered office.
6. Adopting or amending the Business Plan in respect of each Financial Year.
7. Changing the nature of the HoldCo and HotelCo's Business or commencing any new business by the HoldCo and HotelCo which is not ancillary or incidental to the Business.
8. Forming any subsidiary or acquiring shares in any other company or participating in any partnership or joint venture (incorporated or not).
9. Amalgamating or merging with any other company or business undertaking.
10. Making any acquisition or disposal by the HoldCo and HotelCo of any material asset(s) otherwise than in the ordinary course of business.
11. Creating or granting any Encumbrance over the whole or any part of the Business, undertaking or assets of the HoldCo and HotelCo or over any shares in the HoldCo and HotelCo or agreeing to do so [other than liens arising in the ordinary course of business or any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business].
12. Making any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits or in the ordinary course of business) or granting any credit (other than in the normal course of trading) or giving any guarantee (other than in the normal course of trading) or indemnity.
13. Entering into any arrangement, contract or transaction outside the normal course of the HoldCo and HotelCo's Business or otherwise than on arm's length terms.
14. Giving notice of termination of any arrangements, contracts or transactions which are material in the nature of the HoldCo and HotelCo's Business, or materially varying any such arrangements, contracts or transactions.

15. Changing the auditors of the HoldCo and HotelCo or its Financial Year end.
16. Making or permitting to be made any material change in the accounting policies and principles adopted by the HoldCo and HotelCo in the preparation of its audited accounts except as may be required to ensure compliance with relevant accounting standards under the CA 2006 or any other generally accepted accounting principles in the United Kingdom.
17. Establishing or amending any profit-sharing, share option, bonus or other incentive scheme of any nature for directors or employees.
18. Establishing or amending any pension scheme or granting any pension rights to any director, officer, employee, former director, officer or employee, or any member of any such person's family.
19. Instituting any legal proceedings, or settling or compromising any legal proceedings (other than debt recovery proceedings in the ordinary course of business) instituted or threatened against the HoldCo and HotelCo, or submitting to arbitration or alternative dispute resolution any dispute involving the HoldCo and HotelCo.



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