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legibly, preferably
in black type, or
bold block lettering

*insert full name
of Company

COMPANIES FORM No. 395

00400107

Particulars of a mortgage or charge

395

A fee of £13 is payable to Companies House in respect
of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number

3101

00042775

Name of company

* Post Inns Limited (the "Company")

Date of creation of the charge

22 November 2005

Description of the instrument (if any) creating or evidencing the charge (note 2)

Please see the attached Schedule 1

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent, whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by the Borrower or by some other person) of the Borrower to the Finance Parties (or any of them) under each of the Finance Documents except for any obligation or liability which, if it were so included, would cause that obligation or liability or any of the Security in respect thereof, to be unlawful or prohibited by any applicable law (the "Secured Obligations") (to be read in conjunction with clause 3 of Schedule 2)

Names and addresses of the mortgagees or persons entitled to the charge

Deutsche Bank (Portugal) S.A. registered office at Rua Castilho nr. 20,
Lisbon, registered at the Commercial Registry of Lisbon

Postcode

Presentor's name address and
reference (if any):

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

Return via London Counter

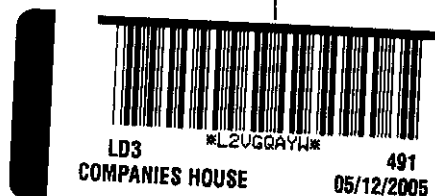
Time critical reference

70-20406399/266692/903678

For official Use (02/00)

Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

Please see attached Schedule 2.

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**Please complete
legibly, preferably
in black type, or
bold block
lettering**

Particulars as to commission allowance or discount (note 3)

N/A

Signed Arthur Chance hlt

Date 5 December 2005

On behalf of ~~XXXXXXXXXXXXXXXXXX~~ [chargee] † DEUTSCHE BANK (PORTUGAL) S.A.

*A fee is payable
to Companies
House in
respect of each
register entry
for a mortgage
or charge.
(See Note 5)*

Notes

† delete as
appropriate

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage", or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

**SCHEDULE 1 TO FORM 395 DATED 5 DECEMBER 2005 FOR POST INNS
LIMITED (REGISTERED IN ENGLAND AND WALES, COMPANY NUMBER
00042775)**

Description of the instrument (if any) creating or evidencing the charge:

A subordination agreement dated 22 November 2005 between Sociedade Hoteleira São Lourenço LDA, Lusotel Industria Hoteleira LDA, Carpeta Centre-Comercio Internacional e Serviços LDA, Sociedade Turistica Da Penina S.A., Golf Invest (Guernsey) Limited, Snowclose Limited, Excelsior Hotels Limited, Meridien Streck Limited, Post Inns Limited, Skyway Hotels Limited, Streck Hotels Limited and Meridien Netherlands Holdings B.V. (each an "**Original Obligor**"), Sociedade Hoteleira São Lourenço LDA, Lusotel Industria Hoteleira LDA, Carpeta Centre-Comercio Internacional e Serviços LDA, Sociedade Turistica Da Penina S.A., Golf Invest (Guernsey) Limited, Snowclose Limited, Excelsior Hotels Limited, Meridien Streck Limited, Post Inns Limited, Skyway Hotels Limited, Streck Hotels Limited and Meridien Netherlands Holdings B.V. (each an "**Original Junior Creditor**") and Deutsche Bank (Portugal) S.A. as security agent for the Finance Parties (the "**Security Agent**") (the "**Subordination Agreement**")

**SCHEDULE 2 TO FORM 395 DATED 5 DECEMBER 2005 FOR POST INNS
LIMITED (REGISTERED IN ENGLAND AND WALES, COMPANY NUMBER
00042775)**

1. TURNOVER TRUST

The Company under the Subordination Agreement has undertaken to the Security Agent that if:

- 1.1.1 any Obligor makes any payment in cash or in kind on account of, or for the purchase or other acquisition of, all or any part of the Junior Liabilities; or
- 1.1.2 any Junior Creditor receives all or any amount in cash or in kind of the Junior Liabilities:
 - (a) by way of payment, repayment, prepayment, set-off or in any other manner; or
 - (b) on account of the enforcement of any Security or payment under any guarantee for any of the Junior Liabilities,

in each case, in contravention of Clause 2 (Subordination) or Clause 4 (Undertakings) of the Subordination Agreement, the Junior Creditor concerned shall:

- (i) (if the Junior Creditor concerned actually receives the amount discharged or purported to be discharged) hold the same upon trust for the Security Agent for application in or towards payment of all the Senior Liabilities and will promptly pay the same to the Security Agent;
- (ii) (if any Junior Creditor does not, for any reason, actually receive the amount discharged or purported to be discharged) promptly pay an amount equal to that discharged or purported to be discharged to the Security Agent for application in or towards payment of all the Senior Liabilities.

2. INSOLVENCY TURNOVER TRUST

2.1 Insolvency Event

- 2.1.1 On a winding-up, administration or dissolution of any Obligor or any Junior Creditor, the claims of the Junior Creditors in respect of the Junior Liabilities will be postponed to the Senior Liabilities and no amount will be payable to the Junior Creditors in respect of the Junior Liabilities nor will any distribution of assets of any kind or character be made to the Junior Creditors in respect of the Junior Liabilities (whether in cash or in kind); and
- 2.1.2 Any payment or distribution of assets of any Obligor of any kind or character to which any Junior Creditor would have been entitled but for the provisions

of Clause 7 (Insolvency) of the Subordination Agreement will be paid by that Obligor, or other person making such payment or distribution, to the Security Agent to the extent necessary to repay all the Senior Liabilities in full.

2.2 Insolvency turnover

In the event of payment being made to, or Security being held by, or the benefit of any right of set-off or counterclaim being exercised by, any Junior Creditor in breach of Clause 7 (Insolvency) of the Subordination Agreement or any payment or distribution being made to any Junior Creditor by any liquidator or other person other than to the Finance Parties, the Junior Creditor concerned shall:

2.2.1 (if the Junior Creditor concerned actually receives the amount discharged or purported to be discharged) hold the same upon trust for the Security Agent for application in or towards payment of all the Senior Liabilities and will promptly pay the same to the Security Agent; and

2.2.2 (if any Junior Creditor does not, for any reason, actually receive the amount discharged or purported to be discharged) promptly pay an amount equal to that discharged or purported to be discharged to the Security Agent for application in or towards payment of all the Senior Liabilities.

3. DEFINED TERMS

3.1 In this Form 395 the following terms have the following meanings:

"**Accession Letter**" means a document substantially in the form set out in the Facility Agreement.

"**Account Bank**" means Banco Espírito Santo S.A. with head-office at Avenida da Liberdade, 195, Lisbon or such other bank appointed.

"**Account Pledge**" means each of the Dona Filipa Holdings Account Pledge, the Dona Filipa Account Pledge, the Penina Holdings Account Pledge and the Penina Account Pledge.

"**Affiliate**" as used in each Operating Agreement, means any person that, directly or indirectly, controls, is controlled by, or is under common control with, the referenced Party or other person. For purposes hereof, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of any person, or the power to veto major policy decisions of any person, whether through the ownership of voting securities, by agreement, or otherwise.

"**Agent**" means Deutsche Bank AG, London Branch.

"**Arranger**" means Deutsche Bank AG, London Branch and Lehman Brothers Europe Limited.

"Bank Accounts" means each of the accounts specified in the Facility Agreement, which are to be maintained by the Operator in the name of the relevant Owner in accordance with the Operating Agreement.

"Borrower" means each of the Dona Filipa Borrower, Dona Filipa Holdings Borrower, Penina Borrower and Penina Holdings Borrower.

"Borrowers' Initial Capital Program Amount" means each Initial Capital Program Amount that must be funded by each Borrower as set out in the Facility Agreement.

"Brand" means the "Le Meridien®" brand (it being understood that a separate mark modified by the words "by Le Meridien®" or similar type modifier shall be included in the term "Other Starwood Brands" and not in the term "Brand" for all purposes of each Operating Agreement, provided that such mark is used in association with hotels that are either (i) not required to provide meal service at all three meal periods, room service and/or bell service, or (ii) full-service hotels in a category that is lower than the category of the relevant Hotel as determined in accordance with the Operating Agreement.

"Budgeted Costs" means the itemised budgeted costs and expenses relating to the financing of the Initial Capital Program in relation to each Hotel contained in (as applicable) the Property Improvement Plan for that Hotel, the itemised budgeted costs and expenses relating to any Major Works approved by the Agent, or the Operating Plan in accordance with the Facility Agreement.

"Building Capital Improvements" means, in relation to each Hotel, all repairs, alterations, improvements, renewals, replacements or additions of or to the structure or exterior façade of that Hotel, or to the mechanical, electrical, plumbing, HVAC (heating, ventilation and air conditioning), vertical transport and similar components of the Hotel building that are capitalized under GAAP and depreciated as real property, but expressly excluding ROI Capital Improvements.

"Business Interruption Insurance" means, in relation to a Hotel, insurance coverage against "Business Interruption and Extra Expense" (as that phrase is used in the United States insurance industry for application to transient lodging facilities), which complies with the Insurance Requirements.

"Business Pledge" means each or any of the Dona Filipa Business Pledge, the Penina Business Pledge, the Golf Invest Business Pledge, the Dona Filipa Holdings Business Pledge and the Penina Holdings Business Pledge.

"BV" means Mehobar BV of Apollolaan 2, Amsterdam 1077BA Netherlands (registered number 24272600).

"Category" means a distinct subgroup of Brand hotels and/or Other Starwood Brand hotels, and/or lodging properties and related facilities and services owned, Operated or licensed by Operator or any of its Affiliates, as shall be identified objectively (as reflected in customary industry classifications) on a target customer basis (such as, for

example, business or leisure travellers), service level (such as full service, extended stay or limited service), geographical basis (such as Middle East), target business basis (such as resorts, convention hotels, or suburban hotels), or on a combination of factors (such as, Asia Pacific full-service resorts), provided, however, no Category in which the Hotel is placed shall consist of less than four hotels, including the Hotel. A "Category" may have specific operating standards and policies or may be a designation only.

"Centralized Services" means certain centralized services provided or made available to the Operated Brand Hotels comprising "Starwood Centralized Services" being centralised services provided by the Operator, Starwood or an Affiliate of either of them and "Third Party Centralized Services" being Centralized Services provided or made available by a third party designated by the Operator, Starwood or an Affiliate of either of them.

"Centralized Service Charges" means the charges which shall be determined on the same basis as such amounts are determined for substantially all of the other Operated Brand Hotels that are participating in such Centralized Services (subject to the remainder of this definition) of the Operating Agreement, and may include amounts reasonably calculated to cover the overhead and other costs incurred by Operator, Starwood or their Affiliates (as applicable) in providing (or arranging for the provision of) such Centralized Services, including: (i) compensation and employee benefits of Corporate Personnel directly involved in providing the Centralized Services, (ii) recovery of development costs and promotion costs for such Centralized Services, (iii) costs of equipment employed in providing the Centralized Services, and (iv) costs of operating, maintaining and upgrading the Centralized Services. (In addition, each Operating Agreement provides that the Owner shall pay all costs for the installation and maintenance of any equipment or Technology Systems at the Hotel used in connection with the Centralized Services. Operator, its Affiliates and any third-party providing any Centralized Services shall have the right to increase or decrease any or all of the Centralized Services Charges from time to time, based upon Operator's estimate of increases or decreases in the cost of providing such Centralized Services, upon 60 days notice to Owner, provided that any such changes in the Centralized Services Charges are applied to substantially all of the Operated Brand Hotels.) (In each Operating Agreement, Operator shall provide the mandatory Starwood Centralized Services on a basis that is no less favourable than the services that are generally provided to properties comparable to the Hotel that are Operated by Operator and its Affiliates in Europe under the Westin® and Sheraton® brands (collectively, the "Comparable Westin and Sheraton Hotels"). Owner acknowledges and agrees, however, that certain third-party owners of Operated Brand Hotels and Comparable Westin and Sheraton Hotels currently pay, and may continue to pay, less for the mandatory Starwood Centralized Services than the amounts reflected in the Centralized Services Charges.

"Certified Financial Statements" means the certified financial statements delivered by Operator by 30 April each year in accordance with the Operating Agreement.

"Chargor" means each of the Borrowers, Golf Invest, Snowclose and the Shareholders.

"Club House and Car Park" means the São Lourenço Club House and Car Park Algarve, Portugal.

"Commitment" means each of the Dona Filipa Holdings Commitment, the Dona Filipa Commitment, the Penina Holdings Commitment and the Penina Commitment.

"Condemnation" means, in relation to a Hotel, a taking of all or any portion of that Hotel by any Governmental Authority by condemnation or power of eminent domain for any purpose whatsoever, and a conveyance by Owner in lieu or under threat of such taking.

"Corporate Personnel" means, in relation to a Hotel, any personnel from the corporate or divisional offices of Operator or its Affiliates who perform activities at or on behalf of that Hotel in connection with the services provided by Operator under the Operating Agreement.

"Cost Overrun" means, at any time, the amount: -

- (b) by which the aggregate actual cost of an item listed in the Budgeted Costs in relation to a Hotel exceeds:
 - (i) the Budgeted Costs for such item in relation to that Hotel at that time; and
 - (ii) any insurance proceeds actually received by the relevant Obligor at that time in relation thereto and which are to be applied by the relevant Obligor in discharge of or towards the cost thereof or any insurance proceeds which the Agent determines are to be received by the relevant Obligor in relation thereto and which are to be applied by the relevant Obligor in respect thereof prior to the relevant cost being incurred; or
- (c) of any costs for items not anticipated in the Budgeted Costs.

"Counterparty" means Lehman Brothers International (Europe) and Deutsche Bank AG, London Branch.

Debt Service means, in relation to a Hotel, any principal, interest and other amounts payable with respect to any Secured Loan or any other secured or unsecured indebtedness of Owner in any way relating to that Hotel or Owner's interest therein (but excluding payments made pursuant to any Secured Loan with respect to escrows for insurance, taxes, reserves or similar items).

"Dona Filipa Account Pledge" means the account pledge entered into or to be entered into by the Dona Filipa Borrower in favour of the Security Agent.

"Dona Filipa Borrower" means Lusotel Industria Hoteleira LDA.

"Dona Filipa Business Pledge" means the pledge entered into or to be entered into by the Dona Filipa Borrower in favour of the Security Agent over its Portuguese Insurance Policies, stocks, moveable assets and business related receivables.

"Dona Filipa Commitment" means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Dona Filipa Commitment" in the Facility Agreement and the amount of any other Dona Filipa Commitment transferred to it under the Facility Agreement; and
- (b) in relation to any other Lender, the amount of any Dona Filipa Commitment transferred to it under the Facility Agreement,

to the extent not cancelled, increased, reduced or transferred by it under the Facility Agreement.

"Dona Filipa Facility" means the EUR 4,000,000 term loan facility made available under the Facility Agreement.

"Dona Filipa Holdings Account Pledge" means the account pledge entered into or to be entered into by the Dona Filipa Holdings Borrower in favour of the Security Agent.

"Dona Filipa Holdings Borrower" means Sociedade Hoteleira São Lourenço LDA.

"Dona Filipa Holdings Business Pledge" means the pledge entered into or to be entered into by the Dona Filipa Holdings Borrower in favour of the Security Agent over its Portuguese Insurance Policies, stocks, moveable assets and business related receivables.

"Dona Filipa Holdings Commitment" means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Dona Filipa Holdings Commitment" in the Facility Agreement and the amount of any other Dona Filipa Holdings Commitment transferred to it under the Facility Agreement; and
- (b) in relation to any other Lender, the amount of any Dona Filipa Holdings Commitment transferred to it under the Facility Agreement,

to the extent not cancelled, increased, reduced or transferred by it under the Facility Agreement.

"Dona Filipa Holdings Facility" means the EUR 62,895,000 term loan facility made available under the Facility Agreement.

"Dona Filipa Holdings Loan" means the loan made or to be made under the Dona Filipa Holdings Facility to the Dona Filipa Holdings Borrower or the principal amount outstanding for the time being of the loan.

"Dona Filipa Holdings Mortgage" means the mortgage entered into or to be entered into by Dona Filipa Holdings Borrower in favour of the Security Agent over the Club House and the Car Park.

"Dona Filipa Holdings Security Interest Agreement" means the security interest agreement relating to the shares in Golf Invest entered into or to be entered into by the Dona Filipa Holdings Borrower and BV in favour of the Security Agent.

"Dona Filipa Holdings Share Pledge" means the share pledge over the shares ("quotas") of the Dona Filipa Borrower entered into or to be entered into by the Dona Filipa Holdings Borrower and Excelsior in favour of the Security Agent.

"Dona Filipa Loan" means the loan made or to be made under the Dona Filipa Facility to the Dona Filipa Borrower or the principal amount outstanding for the time being of the loan.

"Dona Filipa Mortgage" means the mortgage entered into or to be entered into by Dona Filipa in favour of the Security Agent over the Dona Filipa Property.

"Dona Filipa Property" means the Hotel Dona Filipa, Algarve, Portugal.

"Effective Date" means the date of each Operating Agreement.

"English Insurance Pledge" means the pledge entered or to be entered into by each Borrower and Golf Invest in favour of the Security Agent over each Insurance Policy (other than any Portuguese Insurance Policy charged by a Business Pledge) in relation to any Property and the business thereat.

"Excelsior" means Excelsior Hotels Limited incorporated in England and Wales and registered with number 318898, whose registered office is at 166 High Holborn, London, United Kingdom.

"Facility Agreement" means the Facility Agreement dated 22 November 2005 between, amongst others, the Borrowers, the Security Agent and the Lenders (all as defined therein).

"Fee Letter" means each or any letter or letters dated on or about the date of the Facility Agreement between any Finance Party and any Borrower setting out, inter alia, any fees payable by the Borrowers to the Finance Parties.

"FF&E" means, in relation to a Hotel, furniture, fixtures, equipment, interior and exterior signs, as well as other improvements and personal property used in the Operation of that Hotel that are not Supplies.

"Finance Document" means each of:

- (a) the Facility Agreement;
- (b) each Mortgage Agreement;

- (c) each Account Pledge;
- (d) each Business Pledge;
- (e) the English Insurance Pledge;
- (f) the Subordination Agreement;
- (g) each Non-Disturbance Agreement;
- (h) the Operating Agreement Pledge;
- (i) each Transfer Certificate;
- (j) each Fee Letter;
- (k) each Hedge Document;
- (l) the Hedging Proposal;
- (m) each Hedge Pledge;
- (n) each Utilisation Request;
- (o) each Accession Letter;
- (p) each Share Pledge;
- (q) each Initial Capital Program Guarantee; and
- (r) any document designated as such by the Agent, the Security Agent and the Borrowers.

"Finance Party" means each of the Agent, the Security Agent, the Arrangers, the Counterparty, the Servicer and the Lenders.

"GAAP" means those conventions, rules, procedures and practices, consistently applied, affecting all aspects of recording and reporting financial transactions which are generally accepted by major independent accounting firms internationally at the time in question.

"Golf Course" means the São Lourenço Golf Course, Algarve, Portugal.

"Golf Invest" means Golf Invest (Guernsey) Limited incorporated in Guernsey with registration number 13810, whose registered office is at Trafalgar Court, Admiral Park, St Peter Port, Guernsey GY1 3JJ.

"Golf Invest Business Pledge" means the pledge entered into or to be entered into by Golf Invest in favour of the Security Agent over its Portuguese Insurance Policies and business related receivables.

"Golf Invest Mortgage" means the mortgage entered into or to be entered into by Golf Invest in favour of the Security Agent over the Golf Course.

"Governmental Authority" means any government or political subdivision, or an agency or instrumentality thereof.

"Gross Operating Profit" or "GOP" means, in relation to a Hotel, with respect to any period of time, the amount by which Gross Operating Revenue exceeds Operating Expenses for such period.

"Gross Operating Revenue" or "GOR" means in relation to a Hotel, with respect to any period of time, all revenue and income of any kind derived directly or indirectly from the Operation of that Hotel and properly attributable to such period (including rentals or other payments from licensees, lessees, or concessionaires of retail space in that Hotel, but not gross receipts of such licensees, lessees or concessionaires), determined in accordance with GAAP and the Uniform System, expressly including all gross revenues generated from (a) the operation of all banquet, catering and room service functions at that Hotel, (b) the operation of any parking facilities at that Hotel or the Premises, and (c) the rental or use of any retail space or other areas of that Hotel or the Premises by any third-parties pursuant to any lease, license, concession or similar agreement Premises, but expressly excluding the following: (i) applicable excise, sales, occupancy and use taxes and similar taxes, assessments, duties, levies or charges imposed by a Governmental Authority and collected directly from patrons or guests, or as a part of the sales price of any goods, services, or displays, including gross receipts, admission, cabaret and similar taxes; (ii) receipts from the financing, sale or other disposition of capital assets and other items not in the ordinary course of that Hotel's operations and income derived from securities and other property acquired and held for investment; (iii) receipts from awards or sales in connection with any Condemnation, from other transfers in lieu of and under the threat of any Condemnation, and other receipts in connection with any Condemnation, but only to the extent that such amounts are specifically identified as compensation for alterations or physical damage to that Hotel; (iv) proceeds of any insurance, except that the proceeds of any Business Interruption Insurance shall be included in GOR; (v) rebates, refunds, discounts or credits for any goods or services provided by Operator (provided that charge and credit card commissions shall not reduce Gross Operating Revenue, but shall constitute an Operating Expense); (vi) proceeds from any Secured Loan; (vii) proceeds from the financing or refinancing of that Hotel or proceeds from the sale, exchange or other disposition of all or any part of that Hotel; (viii) security deposits or other amounts received from tenants or guests to compensate for damage to or loss of all or any portion of that Hotel; (ix) room reservation and other deposits unless applied or forfeited; (x) all funds provided by Owner to Operator under the terms of the Facility Agreement or otherwise; and (xi) interest income on the funds deposited in the Bank Accounts.

"Gross Rooms Revenues" or "GRR" means, in relation to a Hotel, gross revenues attributable to or payable for rentals of Guest Rooms at the Hotel, whether or not

collected, including all credit transactions and "no show" and early departure charges, but excluding separate charges to guests for food and beverage, telephone, and federal, state and local sales, occupancy and use taxes.

"Guarantor" means Golf Invest, Snowclose and the Borrowers.

"Guest Room" means, in relation to a Hotel, each rentable unit in that Hotel consisting of a room or suite of rooms generally used for overnight guest accommodations, entrance to which is controlled by one key, adjacent rooms with connecting doors that can be locked and rented as separate units shall be deemed to be separate Guest Rooms.

"Hedge Document" means any document evidencing or relating to any interest or currency swap, cap, floor, collar or option transaction or any other treasury transaction or any combination of the same or any other transaction entered into in connection with protection against or benefit from fluctuation in interest or currency rates.

"Hedge Pledge" means the pledge entered or to be entered into by each Borrower in favour of the Security Agent over each Borrower's hedge arrangements.

"Hedging Proposal" means a letter dated on or about the date of the Facility Agreement between the Security Agent and the Obligors setting out the agreed hedging proposal referred to in the Facility Agreement.

"Hotel" means each or any Property and the business carried on thereat.

"Hotel Personnel" means, in relation to a Hotel, all Individuals performing services in the name of the Hotel at the Hotel during the term of the relevant Operating Agreement, including the Senior Executive Personnel.

"Hotel Personnel Costs" means, in relation to a Hotel, all reasonable costs and expenses associated with the employment or termination of Hotel Personnel, including recruitment expenses, the reasonable costs of moving executive level Hotel Personnel, their families and their belongings to the area in which that Hotel is located at the commencement of their employment at that Hotel, compensation and benefits (including the value of any equity based benefits), employment taxes, reasonable training and severance payments, including those that relate to periods of prior employment, all in accordance with Applicable Laws (as defined in the relevant Operating Agreement), Operator's policies for Operated Brand Hotels and such other policies as may be established pursuant to the relevant Operating Agreement.

"Individual" means a natural person, whether acting for himself or herself, or in a representative capacity.

"Initial Capital Program" means, in relation to a Hotel, the collective reference to the Routine Capital Improvements and Building Capital Improvements described in the Property Improvement Plan for that Hotel attached as Exhibit F to each respective Operating Agreement for each respective Hotel.

"Initial Capital Program Amount" means the budgeted costs and expenses to be incurred in connection with each Initial Capital Program as set out in the Facility Agreement.

"Initial Capital Program Guarantee" means each guarantee entered or to be entered into by PAMI LLC and Starwood Capital Hospitality Fund I-2, L.P. in favour of the Finance Parties guaranteeing the payment of:

- (a) the Borrowers' Initial Capital Program Amounts; and
- (b) any Cost Overruns in respect of the Works forming the Initial Capital Program up to an amount equal to each Initial Capital Program Guarantee Cap.

"Initial Capital Program Guarantee Cap" means each cap on the Cost Overrun amounts guaranteed by each Initial Capital Program Guarantee.

"Insurance Costs" means, in relation to a Hotel, all insurance premiums or other costs paid for any insurance policies (including Business Interruption Insurance) maintained with respect to that Hotel.

"Insurance Policy" means any policy of insurance or assurance relating to a Hotel in which an Obligor may at any time have an interest.

"Insurance Requirements" means, in relation to a Hotel, the minimum coverage limits, deductibles and other requirements reasonably required by Operator as set forth in the Manuals or otherwise in writing.

"Junior Creditor" means each of the Original Junior Creditors and any company which at any time becomes a New Junior Creditor.

"Junior Liabilities" means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by the Obligors or by some other person) of the Obligors to the Junior Creditors (or any of them).

"Junior Party" means each of the Obligors and the Junior Creditors.

"Lease" means any present or future lease, lease agreement, underlease, sub-lease, licence, tenancy or right to occupy all or any part of a Property and any agreement for the grant of any of the foregoing.

"Lender" means:

- (a) any Original Lender; and
- (b) any person, bank, financial institution, trust, fund or other entity which has become a Party as a Lender,

which, in each case, has not ceased to be a Party in accordance with the terms of the Facility Agreement.

"Licence Agreement" means, in relation to a Hotel, the trademark license agreement made or to be made between each Operator Borrower and Starwood (M) International Inc. as licensor for that Hotel.

"Licence Fee" means the licence fee payable to the Licensor under the Licence Agreement, being 5% of Gross Rooms Revenue for each month during the term of the Licence Agreement (including any partial month at the commencement and expiration or termination of the term of the Licence Agreement), as off-set with the Operating Fee in accordance with the Operating Agreement (and which fee when aggregated with the Operating Fee shall never exceed 3% of Gross Operating Revenue in any Operating year).

"Licensor" means Starwood (M) International Inc.

"Loan" means each or any of the Dona Filipa Holdings Loan, the Dona Filipa Loan, the Penina Holdings Loan and the Penina Loan borrowed by the Borrower listed next to it, or the principal amount outstanding for the time being of that loan.

"Majority Lenders" means:

- (a) if there are no Loans then outstanding, a Lender or Lenders whose Commitments aggregate more than $66\frac{2}{3}\%$ of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than $66\frac{2}{3}\%$ of the Total Commitments immediately prior to the reduction); or
- (b) at any other time, a Lender or Lenders whose participations in the Loans then outstanding aggregate more than $66\frac{2}{3}\%$ of all the Loans then outstanding.

"Major Works" means Works in respect of a project with an aggregate anticipated cost of EUR 1,000,000 or more.

"Manuals" means, in relation to a Hotel, all written, digitized, computerized or electronically formatted manuals and other documents and materials prepared and used by Operator for Brand hotels, or hotels in the Category applicable to that Hotel, as instructions, requirements, guidance or policy statements with respect to Operator's chain of Brand hotels, which are loaned or otherwise made available to Owner, including Starwood ONE and design guides for the Brand.

"Meridien Streck" means Meridien Streck Limited incorporated in England and Wales registered with number 01988676, whose registered office is at 166 High Holborn, London, United Kingdom.

"Mortgage" means, in relation to a Hotel, any real estate, leasehold, chattel mortgage, pledge, security agreement, deed of trust, security deed, ground lease or similar document or instrument encumbering that Hotel or any part thereof, together with all promissory notes, loan agreements or other documents relating thereto.

"Mortgage Agreement" means the Penina Mortgage, the Dona Filipa Mortgage, the Dona Filipa Holdings Mortgage, the Golf Course Mortgage and any other security document granting a mortgage over a Property entered or to be entered into by the relevant Obligor in favour of the Security Agent.

"New Junior Creditor" means an affiliate of a Junior Party which at any time becomes a party to the Facility Agreement.

"New Obligor" means an obligor which at any time becomes an Obligor.

"Non-Disturbance Agreement" means, in relation to a Hotel, the non-disturbance agreement made or to be made between the Operator, the relevant Operator Borrower, the Security Agent and the Agent in respect of each Operating Agreement and for that Hotel.

"Obligors" means each of the Original Obligors and any entity which at any time becomes a New Obligor.

"Operate, Operating or Operation" means, in relation to a Hotel, to manage, operate, maintain, market, promote, and provide other management or operations services to that Hotel.

"Operating Agreement" means, in relation to a Hotel, the operating agreement made or to be made between the relevant Borrower and the Operator for that Hotel.

"Operating Agreement Pledge" means the pledge entered or to be entered into by each Operator Borrower of its Operating Agreement in favour of the Security Agent.

"Operator" means, in respect of a Hotel, Starwood (M) Hotels Inc. being the operator under each Operating Agreement for that Hotel.

"Operator Borrower" means each of the Dona Filipa Borrower, the Dona Filipa Holdings Borrower, Golf Invest and/or the Penina Borrower.

"Operated Brand Hotels" means, in relation to a Hotel, all hotels and resorts that are Operated by Operator or its Affiliates under the Brand in Europe, including all such hotels and resorts that are owned and self-Operated by Operator or its Affiliates, but excluding Le Meridien Montparnasse, Le Meridien Hamburg - Stillhorn, Le Meridien Hildesheim - Hanover, Le Meridien Gallia, Le Meridien Apollo, The Park Hotel (Amsterdam, Netherlands) and the Meridien Dona Filipa.

"Original Lender" means Deutsche Bank (Portugal) S.A. and Lehman Commercial Paper Inc.

"Operating Expenses" means, in relation to a Hotel, all ordinary and necessary expenses incurred in the Operation of the Hotel in accordance with the Operating Agreement, including all (a) Hotel Personnel Costs and all other Reimbursable Expenses, (b) all expenses for maintenance and repair, (c) costs for utilities, (d) administrative expenses, including all costs and expenses relating to the Bank Accounts

and Certified Financial Statements, (e) costs and expenses for marketing, advertising and promotion of that Hotel, and (f) amounts payable to Operator as set forth in the Operating Agreement, all as determined in accordance with GAAP and the Uniform System, but expressly excluding the following: (i) the Operating Fees and License Fees; (ii) Taxes; (iii) Insurance Costs; (iv) Reserve Fund Contributions and any expenditures for Routine Capital Improvements, Building Capital Improvements or ROI Capital Improvements; (v) costs for the rental of real or personal property (except, with respect to personal property, rentals incurred directly in connection with revenue generating activities); (vi) any depreciation and amortization of capital assets; (vii) costs for the administration of Owner (including any board or shareholder meetings) or Owner's personnel, including salaries, wages, employee benefits and reimbursements of Owner's directors, officers, employees or agents; (viii) fees and costs for professional services, including the fees and expenses of attorneys, accountants and appraisers, incurred directly or indirectly in connection with any category of expense that is not itself an Operating Expense; and (ix) Debt Service, (other than payments (if any) made pursuant to any Secured Loan with respect to items of expense that would otherwise be includible in Operating Expenses).

"Operating Fee" means, in relation to a Hotel, the Operating Fee payable under the Operating Agreement for that Hotel, being three percent of Gross Operating Revenues for each month during the term of the relevant Operating Agreement (including any partial month at the commencement and expiration of termination of the term of the relevant Operating Agreement), as off-set with the Licence Fee in accordance with the Operating Agreement as set out in Exhibit A thereto.

"Operating Plan" means, in relation to a Hotel, the operating plan for the Hotel prepared by the Operator in accordance with Operator's standard planning and budgeting requirements and delivered to the Owner on the eight week anniversary of the Effective Date, and on or before the eight week anniversary of the Effective Date, and on or before 1 November in each Operating Year after 2005 in accordance with the relevant Operating Agreement, which shall include for the next Operating Year in relation to that Hotel monthly and annualized projections of the following items:

- (a) estimated results of operations (including estimated Gross Operating Revenue, Gross Rooms Revenue, Operating Expenses, and Gross Operating Profit), together with the following supporting data:
 - (i) estimates of total labour costs, including both fixed and variable labour;
 - (ii) estimates of the average daily rate and occupancy; and
 - (iii) estimates of Operating Fees, Centralized Services Charges, Reimbursable Expenses and other amounts payable by Owner to Operator and its Affiliates under the Operating Agreement;
- (b) a description of proposed Routine Capital Improvements, Building Capital Improvements and ROI Capital Improvements to be made during such

Operating Year and itemised estimated capital expenditures related thereto, including capitalised lease expenses and a contingency line item (as set forth in Section 5.1.2 of the Operating Agreement) ("**Capital Budget**");

- (c) a statement of cash flow, including a schedule of any anticipated requirements for funding by Owner; and
- (d) a marketing plan for the activities to be undertaken by Operator pursuant to Article 9 of the relevant Operating Agreement, which plan shall include a description of the Hotel's target markets, the Hotel's relative position in those markets, the proposed room rate structures for each market segment, the current and future sales plan for the Hotel, the advertising and public relations plan for the Hotel, and the proposed staffing for the sales and marketing activities of the Hotel.

"**Operating Standard**" means all such actions for and on behalf of Owner as are reasonably necessary to cause the Hotel to be Operated (a) at a level of service and quality which, viewed in its entirety, is substantially equivalent to a "four star" standard as such term applies in the country in which the Hotel is located with such modification to reflect the customary practices of and amenities typically offered by the Reference Hotels), and equal to or better than the level of service and quality prevailing from time to time at the Operated Brand Hotels and consistent with the other terms and conditions of the Operating Agreement, (b) in accordance with the standards, policies and programs (including, without limitation, purchasing programs, sales promotion programs, quality improvement programs and fire, life and safety projects) in effect from time to time that are applicable to the operation of substantially all of the Operated Brand Hotels and consistent with the other terms and conditions of the Operating Agreement, and (c) in accordance with the requirements and, in all cases, subject to the limitations set forth in the Operating Agreement, including those relating to the Operating Plan and the Lease of each Hotel or relevant part thereof (collectively, the "Operating Standard") and notwithstanding the foregoing:

- (a) in respect of the Dona Filipa Hotel, the Parties acknowledge that there are certain aspects of the physical condition of the Hotel that are not, as of the Effective Date, consistent with the Operating Standard and (i) Operator's duty to Operate the Hotel in accordance with the Operating Standard is subject to the provisions of Section 5.11 of the Operating Agreement, and (ii) except as expressly set forth in the Operating Agreement, neither Party shall have any obligation to bring such aspects of the physical condition of the Hotel into compliance with the Operating Standard;
- (b) in respect of the Penina Hotel, the Parties (being the Owner and the Operator) acknowledged that (i) Operator's duty to Operate the Hotel in accordance with the Operating Standard is subject to the provisions of Section 5.11 of the Operating Agreement, and (ii) given the condition of the Hotel as of the Effective Date, that it was anticipated to take approximately 24 months

following the Effective Date for the Hotel's physical condition and Operations to be brought into compliance with the Operating Standard.

"Operating Year" means, in relation to a Hotel, each calendar year during the Term, except that the first Operating Year shall be a partial year beginning on the Effective Date and ending on December 31, 2005, and if the Operating Agreement is terminated effective on a date other than December 31 in any year, then the last Operating Year shall also be a partial year commencing on January 1 of the year in which such expiration or termination occurs and ending on the effective date of expiration or termination.

"Other Starwood Brands" means the brands, other than the Brand, of lodging facilities owned, Operated or licensed by Starwood or any one or more of its Affiliates from time to time. (As of the Effective Date, the brands of Starwood and its Affiliates (including the Brand) consist of Westin®, Sheraton®, Four Points®, W Hotels®, Le Meridien®, Luxury Collection®, and St. Regis®).

"Out-of-Pocket Expenses" means, in relation to a Hotel, the reasonable, out-of-pocket costs (with no mark up or profit to Operator) incurred by Operator or its Affiliates directly in connection with performing its services under and in accordance with the terms of the Operating Agreement, including air and ground transportation, meals, lodging, taxis, gratuities, document reproduction, printing, promotional materials, stationery, postage, long-distance telephone calls and facsimiles.

"Owner" means, in relation to the Dona Filipa Property, the Dona Filipa Borrower, in relation to the Club House and Car Park, the Dona Filipa Holdings Borrower, in relation to the Golf Course, Golf Invest and in relation to the Penina Property, the Penina Borrower each of which is also an Operator Borrower.

"Party" means a party to the Facility Agreement or to any other Finance Document.

"Penina Account Pledge" means the account pledge entered into or to be entered into by the Penina Borrower in favour of the Security Agent.

"Penina Borrower" means Sociedade Turística da Penina, S.A.

"Penina Business Pledge" means the pledge entered into or to be entered into by the Penina Borrower in favour of the Security Agent over its Portuguese Insurance Policies, stocks, moveable assets and business related receivables.

"Penina Commitment" means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Penina Commitment" in the Facility Agreement and the amount of any other Penina Commitment transferred to it under the Facility Agreement; and
- (b) in relation to any other Lender, the amount of any Penina Commitment transferred to it under the Facility Agreement,

to the extent not cancelled, increased, reduced or transferred by it under the Facility Agreement.

"Penina Facility" means the EUR 4,000,000 term loan facility made available under the Facility Agreement.

"Penina Holdings Account Pledge" means the account pledge entered into or to be entered into by the Penina Holdings Borrower in favour of the Security Agent.

"Penina Holdings Borrower" means Carpeta Center-Comércio Internacional e Serviços LDA.

"Penina Holdings Business Pledge" means the pledge entered into or to be entered into by Penina Holdings in favour of the Security Agent over its business related receivables.

"Penina Holdings Commitment" means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Penina Holdings Commitment" in the Facility Agreement and the amount of any other Penina Holdings Commitment transferred to it under the Agreement; and
- (b) in relation to any other Lender, the amount of any Penina Holdings Commitment transferred to it under the Facility Agreement,

to the extent not cancelled, increased, reduced or transferred by it under the Facility Agreement.

"Penina Holdings Facility" means the EUR 29,411,000 term loan facility made available under the Facility Agreement.

"Penina Holdings Loan" means the loan made or to be made under the Penina Holdings Facility to the Penina Holdings Borrower or the principal amount outstanding for the time being of the loan.

"Penina Loan" means the loan made or to be made under the Penina Facility to the Penina Borrower or the principal amount outstanding for the time being of the loan.

"Penina Mortgage" means the mortgage entered into or to be entered into by Penina Borrower in favour of the Security Agent over the Penina Property.

"Penina Property" means the Hotel Penina, Algarve, Portugal.

"Penina Share Pledge" means the share pledge over the shares of the Penina Borrower entered into or to be entered into by the Penina Holdings Borrower in favour of the Security Agent.

"Portuguese Insurance Policy" means each Insurance Policy governed by Portuguese law.

"Post Inns" means Post Inns Limited incorporated in England and Wales with registered number 42775, whose registered office is at 166 High Holborn, London, United Kingdom.

"Premises", in relation to a Hotel, means Premises as defined in the Operating Agreement for that Hotel being a short description of the Hotel the subject of the relevant Operating Agreement.

"Property" means each of:

- (a) the Dona Filipa Property;
- (b) the Penina Property;
- (c) the Golf Course;
- (d) the Club House and the Car Park; and
- (e) any other present or future property in which an Obligor has an interest,

but any such property shall cease to be included in this definition to the extent only that a Borrower or Golf Invest has disposed of any such property or the Dona Filipa Holdings Borrower, the Penina Holdings Borrower or the Shareholders has disposed of a Borrower and that property and, if relevant, Borrower is irrevocably released from the Security constituted under the Finance Documents.

"Property Improvement Plan" means, in relation to a Hotel, the relevant Initial Capital Program (and delivered to the Agent in accordance with Schedule 2 (Conditions Precedent)) and any subsequent list of upgrades and improvements, which Operator prepares and provides to Owner in connection with a Building Capital Improvement or ROI Capital Improvement, or otherwise pursuant to the relevant Operating Agreement.

"Reference Hotels" means:

- (a) in respect of the Dona Filipa Property: none; and
- (b) in respect of the Penina Property: Sheraton Algarve Hotel; Pine Cliffs Resort; Villa Vita Parc Hotel; Quinta de Lago Hotel; Villa Sol Hotel.

"Reimbursable Expenses" means, in relation to a Hotel, the following expenses incurred by Operator or any of its Affiliates: (a) all Hotel Personnel Costs (to the extent incurred directly by Operator or any of its Affiliates); (b) all amounts paid by Operator to third parties relating to Third-Party Centralized Services in accordance with the Operating Agreement; (c) all Out-of-Pocket Expenses incurred by Operator directly in connection with its Operation of that Hotel; (d) the per diem charge as reasonably established by Operator from time to time for personnel of Operator or its Affiliates assigned to special projects for that Hotel (without any special mark-up); (e) payments made or incurred by Operator or its Affiliates, or its or their employees to third parties for goods and services (i) in the ordinary course of business in the

Operation of that Hotel, (ii) in accordance with the Operating Plan, (iii) as permitted under the Operating Agreement, or (iv) as otherwise approved by Owner; (f) all taxes, assessments, duties, levies or charges (other than Operator's income taxes) imposed by any Governmental Authority against any reimbursements payable to Operator under the Operating Agreement for expenses incurred for Owner's account, including the other Reimbursable Expenses listed in the Operating Agreement; and (g) costs incurred by Hotel Personnel in attending management conferences and seminars organized by the corporate divisions of Operator or its Affiliates, and any costs of Corporate Personnel in presenting and/or training the Hotel Personnel at such conferences and seminars provided such costs are reasonably allocated to Owner and a majority of other Operated Brand Hotels are similarly allocated such costs.

"Reserve Fund Contribution" means the greatest of (a) four percent (4%) of Gross Operating Revenues (as adjusted in accordance with the Operating Agreement (but not, for the avoidance of doubt, without the prior written consent of the Agent on the instructions of the Lenders)); or (b) the amount of any capital reserve requirement established under Applicable Law (as defined in the relevant Operating Agreement).

"ROI Capital Improvements" means, in relation to a Hotel, all alterations, improvements, replacements, renewals and additions to that Hotel that are capitalized under GAAP and involve a material change in the primary use of, or a material physical expansion or alteration of, that Hotel (including adding or removing Guest Rooms or meeting rooms, or changing the configuration of the Hotel from that set forth in Exhibit A to the Operating Agreement).

"Routine Capital Improvements" means, in relation to a Hotel, all maintenance, repairs, alterations, improvements, replacements, renewals and additions to that Hotel (including replacements and renewals of FF&E and Supplies, exterior and interior painting, resurfacing of walls and floors, resurfacing parking areas and replacing folding walls) that are capitalized under GAAP and not depreciated as real property. For avoidance of doubt, the term Routine Capital Improvements expressly excludes Building Capital Improvements and ROI Capital Improvements.

"Secured Loan" mean, in relation to a Hotel, any of the following forms of indebtedness, the proceeds of which are used solely to finance or refinance Owner's investment in the Hotel or for other Hotel-related purposes: (a) any Mortgage, (b) any loan secured by a pledge or collateral assignment of all or any part of the direct or indirect ownership interests in Owner, (c) any mezzanine financing relating to the Hotel, (d) any sale/leaseback or similar financing transaction, together with all other instruments evidencing or securing the payment of the indebtedness secured by such mortgage, deed of trust, pledge, collateral assignment or the obligation to make rental or other payments in connection with any such sale/leaseback or similar financing transaction, and (e) all amendments, modifications, supplements and extensions of such instruments. In the event of any sale/leaseback, (i) the tenant under the lease shall be treated as Owner for purposes of this Agreement, and (ii) lease payments shall not be treated as Operating Expenses, except for lease payments (if any) made on account of

items of expense which would have been payment by Owner to third parties as Operating Expenses in the absence of such lease.

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Senior Executive Personnel", in relation to a Hotel, means the Individuals employed from time to time as the general manager and controller of that Hotel, or serving such functions, regardless of the specific titles given to such Individuals.

"Senior Liabilities" means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by the Obligor or by some other person) of the Obligor to the Finance Parties (or any of them) under each of the Finance Documents.

"Servicer" means Deutsche Bank AG, London Branch or such other person appointed by the Agent (acting upon the direction of the Majority Lenders and approved by each Borrower (acting reasonably) to act as loan servicer under the Facility Agreement.

"Shareholders" means Excelsior, Meridien Streck, Post Inns, Skyway, Streck and BV.

"Shareholders' Share Pledge" means each or any of the pledges granted by Meridien Streck, Excelsior, Post Inns, Skyway and Streck over the shares ("**quotas**") of the Dona Filipa Holdings Borrower and granted by Meridien Streck, Excelsior, Post Inns, Skyway and Streck over the shares ("**quotas**") of Penina Holdings Borrower, entered into or to be entered into by the Shareholders in favour of the Security Agent.

"Share Pledge" means each or any of the Shareholders' Share Pledge, the Dona Filipa Holdings Security Interest Agreement, the Dona Filipa Holdings Share Pledge or the Penina Share Pledge.

"Skyway" means Skyway Hotels Limited incorporated in England and Wales with registered number 833752, whose registered office is at 166 High Holborn, London, United Kingdom.

"Snowclose" means Snowclose Limited incorporated in England and Wales with registered number 5495324, whose registered office is at Citypoint, 1 Ropemaker Street, London EC2Y 9HT, United Kingdom.

"Starwood" means Starwood Hotels & Resorts Worldwide, Inc., together with its successors and assigns, including and successor parent company of the Operator.

"Streck" means Streck Hotels Limited incorporated in England and Wales with registered number 322815, whose registered office is at 166 High Holborn, London, United Kingdom.

"Subordination Period" means the period beginning on the date of the Subordination Agreement and ending on the date on which the Security Agent is satisfied that the Senior Liabilities have irrevocably been paid or discharged in full.

"Supplies" means, in relation to a Hotel, all operating supplies and equipment used in the Operation of that Hotel.

"Taxes" means all taxes, assessments, duties, levies and charges, including ad valorem taxes on real property, personal property taxes and business and occupation taxes, imposed by any Governmental Authority against the relevant Owner in connection with the ownership or Operation of the relevant Hotel, but expressly excluding income, franchise or similar taxes imposed on the relevant Owner.

"Third-Party Centralized Services" means, in relation to a Hotel, any Centralized Services provided by a person other than Starwood or any Affiliate.

"Total Commitments" means the aggregate of the Total Dona Filipa Holdings Commitments, the Total Dona Filipa Commitments, the Total Penina Holdings Commitments and the Total Penina Commitments.

"Total Dona Filipa Commitments" means the aggregate of the Dona Filipa Commitments being EUR 4,000,000 at the date of the Facility Agreement.

"Total Dona Filipa Holdings Commitments" means the aggregate of the Dona Filipa Holdings Commitments being EUR 62,895,000 at the date of the Facility Agreement.

"Total Penina Commitments" means the aggregate of the Penina Commitments being EUR 4,000,000 at the date of the Facility Agreement.

"Total Penina Holdings Commitments" means the aggregate of the Penina Holdings Commitments being EUR 29,411,000 at the date of the Facility Agreement.

"Transfer Certificate" means a certificate substantially in the form set out in the Facility Agreement or any other form agreed between the Agent and the Borrowers.

"Uniform System" means the Uniform Systems of Accounts for the Lodging Industry that is published by the Hotel Association of New York City, Inc. and approved by the American Hotel and Motel Association, in effect at the time in question (currently, the 9th Revised Edition, 1996).

"Utilisation Request" means a notice substantially in the form set out in the Facility Agreement.

"Works" means all or any works carried out or to be carried out by an Obligor or at any Obligor's direction in relation to the Initial Capital Program or otherwise in respect of ROI Capital Improvements.

3.2 Terms defined elsewhere

Terms not expressly defined in this Form 395 have the meanings given to those terms in the Subordination Agreement.

4. ADDITIONAL INFORMATION

4.1 The Company under the Subordination Agreement has undertaken to the Security Agent:

4.1.1 that, except as provided in the Subordination Agreement, the rights of the Junior Creditors in respect of the Junior Liabilities are subordinated to the Senior Liabilities and payment and receipt of any amount of the Junior Liabilities is not permitted until the end of the Subordination Period.;

4.1.2 not, without prior written consent of the Security Agent to:

- (a) make any payment (whether in respect of principal interest or otherwise, but without prejudice to the accrual thereof) on account of all or any of the Junior Liabilities (whether by way of cash, loan or otherwise), except permitted payments;
- (b) redeem, purchase or otherwise acquire, or grant Security in respect of, all or any of the Junior Liabilities;
- (c) take, or allow there to be outstanding any circumstances which would allow there to be taken, any action or step with a view to the winding-up, receivership or administration of an Obligor;
- (d) repay or prepay any, or pay any interest, fees, commissions (but without prejudice to the accrual thereof) on, or by reference to, all or any of the Junior Liabilities, except for any permitted payments; or
- (e) take or omit to take any action or step whereby the subordination of all or any of the Junior Liabilities as contemplated by the Subordination Agreement might be terminated, impaired or adversely affected.

4.2 The Company under the Subordination Agreement has undertaken not to, without the prior written consent of the Security Agent:

4.2.1 receive any payment (whether in respect of principal, interest or otherwise) made by any Obligor of all or any of the Junior Liabilities (whether by way of cash, loan or otherwise), except for permitted payments;

4.2.2 assign, transfer or otherwise dispose of (save to a party to the Subordination Agreement who is a Junior Creditor), or make demand for or accept Security in respect of, all or any of the Junior Liabilities or all or any rights which it may have against any Obligor in respect of all or any part of the Junior Liabilities;

- 4.2.3 take, or allow there to be outstanding any circumstances which would allow there to be taken, any action or step to commence or continue any proceedings against any Obligor, or take any action in respect of, all or any of the Junior Liabilities (including, without limitation, the exercise of any right of set-off, counterclaim or lien);
- 4.2.4 take or allow there to be outstanding any circumstances which would allow there to be taken, any action or step with a view to the winding-up, receivership or administration of any Obligor; or
- 4.2.5 take or omit to take any action or step whereby the subordination of all or any of the Junior Liabilities as contemplated by the Subordination Agreement might be terminated, impaired or adversely affected.

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 00042775

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A SUBORDINATION AGREEMENT DATED THE 22nd NOVEMBER 2005 AND CREATED BY POST INNS LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE BORROWER TO THE FINANCE PARTIES (OR ANY OF THEM) ON ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 5th DECEMBER 2005.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 8th DECEMBER 2005.

pm



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES