

CHFP025

155(6)a

The assistance is to be given to: (note 2) Tonstate Metropole Hotels Limited
(registered number 05897409) (the "Purchaser")

Please do not
write in this
margin

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

The assistance will take the form of:

See Annexure C.

The person who ~~XXXXXX~~ [will acquire] † the shares is:

† delete as
appropriate

The Purchaser

The principal terms on which the assistance will be given are:

See Annexure D.

The amount of cash to be transferred to the person assisted is £ See Annexure E

The value of any asset to be transferred to the person assisted is £ NIL

The date on which the assistance is to be given is The date hereof or within 8 weeks of the date hereof

- * delete either (a) or (b) as appropriate

[illegible]

Declarants to sign below

before me

conferred on ADDLESHAW CLODDARD, 10 NOBLE ST, LONDON

Laserform International 12/99

Schedules to the Financial Assistance Declaration

Form 155(6)a relating to:

Birmingham Metropole Hotels Limited

(the "Company")

(Registered number 01150202)

This is the document referred to as Annexure A in the attached Statutory Declaration

Edward Wojakowski
3 Park Place
St James's
London
SW1A 1LP

Arthur Matyas
49 Wykeham Road
London
NW4 2SS



Schedules to the Financial Assistance Declaration

Form 155(6)a relating to:

Birmingham Metropole Hotels Limited

(the "Company")

(REGISTERED NUMBER 01150202)

This is the document referred to as Annexure B in the attached Statutory Declaration.

30,000,000 deferred shares of £0.25 each and US\$ divided into 3 ordinary shares of 1US\$ each in respect of the Company's immediate holding company which is Metropole Hotels (Holdings) Limited ("Holdco").

Schedules to the Financial Assistance Declaration

Form 155(6)a relating to:

Birmingham Metropole Hotels Limited

(the "Company")

(Registered Number 01150202)

This is the document referred to as Annexure C in the attached Statutory Declaration.

The assistance will take the form of:

1. The entry by the Company into a facilities agreement (the "**Facilities Agreement**") proposed to be entered into between Tonstate Metropole Hotels Limited (the "**Purchaser**") (1), the subsidiaries of the Purchaser listed in part 1 of schedule 1 as original guarantors (together with the Purchaser, the Original Guarantors) (2), The Governor and Company of the Bank of Scotland (the "**Bank**") (as the Arranger) (3), the financial institutions listed in part 2 of schedule 1 (as the Original Lenders) (4), the Bank (as the Agent) (5), the Bank (as the Security Trustee (the "**Security Trustee**") (6), HBOS Treasury Services Plc (as the Original Hedge Counterparty) (7) the Bank (as the Hedging Guarantor) (8), the Bank (as the Account Bank).
2. The entry by the Company into an intercreditor agreement to be entered into between the Obligors (as defined therein) (1), the Bank (as Agent, Security Trustee, Hedging Guarantor and Account Bank) (2), the Lenders (as defined therein) (3), HBOS Treasury Services Plc (as the Hedge Counterparty) (4) and the Subordinated Creditors (as defined therein) (5) (the "**Intercreditor Agreement**").
3. The entry by the Company into a deed of priorities to be entered into between the Company (1), the Bank (as Agent and Security Trustee) (2), and Tonstate Ten Limited (3) (the "**Deed of Priorities**").
4. The entry by the Company into a debenture to be entered into between the Security Trustee (1) and the Company (2) (the "**Debenture**").
5. The entry by the Company into a third party charge to be entered into between the Company (1), and Tonstate Ten Limited (2) (the "**Third Party Charge**").

6. The entry by the Company into an upstream loan agreement to be entered into between the Company and Holdco (1), and the Purchaser (2) (the "**Upstream Loan Agreement**").
7. References to a document or agreement are to that document, or agreement as amended, supplemented or restated from time to time, even if changes are made to the nature or amount of any facilities made available under such document or agreement. Reference to a person include those persons, assignees, transferees or successors in title.

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Schedules to the Financial Assistance Declaration

Form 155(6)a relating to:

Birmingham Metropole Hotels Limited

(the "Company")

(Registered Number 01150202)

This is the document referred to as Annexure D in the attached Statutory Declaration.

The principal terms on which the financial assistance will be given are:

1. Pursuant to the Facilities Agreement, the Company will need to satisfy the conditions set out in Part 1A of Schedule 2 to the Facilities Agreement in order to enable the Lenders to make facilities under the Facilities Agreement available.
2. Under the terms of the Facilities Agreement, the Company:
 - 2.1 guarantees to each Finance Party punctual performance by the Purchaser of all its obligations under the Finance Documents;
 - 2.2 undertakes with each Finance Party that whenever the Purchaser does not pay any amount when due under or in connection with any Finance Document, the Company shall immediately on demand pay that amount as if it was the principal obligor; and
 - 2.3 indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.
3. The Company's guarantee in the Facilities Agreement is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.
4. The obligations of the Company under the Facilities Agreement mentioned in paragraph 2 above, include (without limitation) an obligation to guarantee repayment with interest, in

accordance with the terms and conditions therein, of the amounts borrowed under the Facilities Agreement, under which the following facilities are available:

- 4.1 a term loan facility A commitment which is, at the date of the Facilities Agreement, of a maximum principal amount of £220,000,000 to be made available to the Purchaser for the purpose of funding, inter alia, the purchase price for the Target Shares;
 - 4.2 a term loan facility B commitment which is, at the date of the Facilities Agreement, of a maximum principal amount of £90,000,000 to be made available to the Purchaser for the purpose of funding, inter alia, the purchase price for the Target Shares;
 - 4.3 term loan facility C commitment which is, at the date of the Facilities Agreement, of a maximum principal amount of £67,000,000 to be made available to the Purchaser for the purpose of funding, inter alia, the purchase price for the Target Shares; and
 - 4.4 a capex facility commitment, which is, at the date of the Facilities Agreement, of a maximum principal amount of £20,000,000 towards funding Capital Expenditure (as defined in the Facilities Agreement) approved in writing in advance by the Majority Lenders (as defined in the Facilities Agreement).
5. Pursuant to the Intercreditor Agreement, the Company acknowledges the arrangements made between the parties as contained therein which regulate, amongst other things, the ability of the Company to make certain payments to certain of the parties contained therein, govern certain ranking and priority arrangements in respect of the Senior Debt and Hedging Debt, and the Subordinated Debt and gives certain undertakings in favour of the other parties to that document.
6. Pursuant to the Deed of Priorities:
- 6.1 The Security Documents shall, to the extent that they relate to the same property, rank in the following order of priority:
 - 6.1.1 first, the Debenture; then
 - 6.1.2 second, the Third Party Charge.

- 6.2 Tonstate Ten Limited agrees that (so long as the security created pursuant to the Senior Security remains outstanding) it shall not take any steps to enforce the security created pursuant to the Third Party Charge.
- 6.3 Any present or future fixed or floating charge or other Charge granted by the Company (other than the Security Documents) to any of the parties shall not (unless otherwise agreed in writing between the parties) prejudice the ranking provisions set out in Clause 3.1 of the Deed of Priorities notwithstanding any provision contained in any of the Security Documents or any future fixed charge or floating charge or other Charge or any rule of law to the contrary
7. Pursuant to the Debenture, the Company:
- 7.1 covenants with the Security Trustee to pay, discharge and satisfy the Secured Obligations in accordance with their respective terms;
- 7.2 charges with full title guarantee in favour of the Security Trustee (as agent and security trustee for the Finance Parties), with the payment and discharge of the Secured Obligations by way of first legal mortgage the Mortgaged Property;
- 7.3 (to the extent not validly and effectively charged by way of first legal mortgage pursuant to clause 3.1 of the Debenture) assigns and agrees to assign absolutely with full title guarantee to the Security Trustee (as agent and security trustee for the Finance Parties) (to the fullest extent assignable or capable of assignment without first infringing any contractual provision restricting the same (unless any applicable consent or waiver to any such assignment has been granted)), as security for the payment and discharge of the Secured Obligations, the benefit of all of its right, title and interest to, in and under all present and future:
- 7.3.1 agreements, contracts, deeds, licences, undertakings, guarantees, covenants, warranties, representations and other documents entered into by, given to or otherwise benefitting the Chargor in respect of the Real Property;
- 7.3.2 licences in relation to the Real Property;
- 7.3.3 any Rental Income (as more particularly defined in the Debenture), any Owners Return, any Disposal Proceeds or any other such monies arising in connection with the Acquisition Documents or the Management Agreement and the right to make demand for and receive the same;

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- 7.3.4 Insurance Policies in relation to the Real Property and all proceeds paid or payable thereunder; and
- 7.3.5 the Management Agreements.
- 7.4 (to the extent not validly and effectively charged by way of first legal mortgage pursuant to Clause 3.1 of the Debenture or effectively assigned pursuant to Clause 3.2 of the Debenture), with full title guarantee in favour of the Security Trustee (as agent and security trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first fixed charge, all present and future:
 - 7.4.1 rights, title and interests in, to and under the Real Property;
 - 7.4.2 monies standing to the credit of the Control Accounts and each of its present and future accounts with any bank, building society, financial institution or other person and the debts represented thereby;
 - 7.4.3 goodwill;
 - 7.4.4 rights and claims in relation to the uncalled share capital of the Purchaser;
 - 7.4.5 rights to recover any VAT on any supplies made to it relating to the Charged Assets and any sums so recovered;
 - 7.4.6 book and other debts and monetary claims due or owing to the Company and all rights relating to such debts including all guarantees, Security or other remedies for or attaching to such debts;
 - 7.4.7 rights in respect of the proceeds of any order of the court made pursuant to Sections 238(3), 239(3) or 244 of the Insolvency Act 1986;
 - 7.4.8 Shares; and
 - 7.4.9 assets which are specified in Clause 3.2 of the Debenture.
- 7.5 with full title guarantee charges in favour of the Security Trustee (as Security Trustee and trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first floating charge all present and future assets and undertaking of the Company other than those assets validly and effectively charged, both under the laws of England and Wales and also the jurisdiction in which each

such asset is situated, by way of fixed Security granted under any Finance Document in favour of the Security Trustee (as Security Trustee and trustee for the Finance Parties) as security for the Secured Obligations;

7.6 will promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Trustee may reasonably specify (and in such form as the Security Trustee may reasonably require in favour of the Security Trustee or its nominee(s)) to:

7.6.1 perfect the Security created or intended to be created in respect of the Charged Assets (which may include the execution by any Chargor of a mortgage, charge or assignment over all or any of the assets constituting, or intended to constitute, the Charged Assets) or for the exercise of the rights, powers and remedies of the Security Trustee provided by or pursuant to the Debenture or by law;

7.6.2 confer on the Security Trustee security over any property or assets of the Chargor located in any jurisdiction outside England and Wales equivalent or similar to the Security intended to be conferred by or pursuant to this Debenture; and/or

7.6.3 facilitate the realisation of the Charged Assets (such realisation to occur if an Event of Default has occurred).

8. Pursuant to the terms of the Third Party Charge, the Company:

8.1 charges with full title guarantee to Tonstate Ten Limited by way of legal mortgage the Property to secure the Third Party Secured Obligations; and

8.2 not without the prior written consent of Tonstate Ten Limited create or permit to exist any Encumbrance or otherwise dispose of deal with or part with or share possession of the Property or any interest therein nor make or suffer to be made any material change or addition whatsoever in or to the use of the Property or agree to do any of the foregoing.

9. Pursuant the terms of the Upstream Loan Agreement, the Company could be required to lend funds the Purchaser, in the maximum aggregate amount of £490,000,000:

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- 9.1 to enable the Purchaser to pay any amounts due to any Finance Party pursuant to any Finance Document;
- 9.2 to enable the Purchaser to pay any amounts due to the Junior Lender pursuant to the Junior Loan Agreement;
- 9.3 in respect of a particular advance for such other purposes as the Company may agree in writing.

Definitions

In these Annexures, the following terms shall have the following meanings:

"Acquisition Documents" means the Acquisition Agreement, the Disclosure Letter and the Tax Deed and any other document designated as an "Acquisition Document" by the Agent and the Purchaser;

"Acquisition Agreement" means the "Acquisition Agreement" as defined in the Facilities Agreement;

"Charge" means any mortgage, charge, assignment by way of security, pledge, hypothecation, lien, right of set-off, retention of title provision, trust or other arrangement for the purpose of, or which has the effect of, granting any security interest of any kind whatsoever;

"Charged Assets" means the assets and undertaking of the Company from time to time charged or assigned by way of fixed and floating Security to which that Company is a party as security for the payment or discharge of all or any of the Secured Obligations;

"Control Accounts" means the Disposal Proceeds Account, the General Account, the Owner's Return Account and the Mandatory Prepayment Account (each term (unless defined herein) as more particularly defined in the Facilities Agreement);

"Disclosure Letter" has the meaning given to that term in the Acquisition Agreement;

"Disposal Proceeds" means all sums paid or payable or any other consideration given or to be given in money or money's worth for the disposal of an Obligor's interest in all or part of any Property including (without limitation): (a) all such sums and other consideration of a capital nature; and (b) all compensation and damages received for any use or disturbance, blight or compulsory purchase;

"Encumbrance" means any mortgage, charge, pledge, hypothecation, title retention, lien, assignment or assignment by way of security or other agreement or arrangement having the effect of conferring security;

"Event of Default" means any event or circumstance specified as such in Clause 26 of the Facilities Agreement;

"Finance Documents" means the Facilities Agreement, any Accession Letter, the Upstream Loan Agreement, any Compliance Certificate, any Fee Letter, any Hedging Agreement, the Hedging Counter-Indemnity, the Intercreditor Agreement, the Deed of Priority, any Resignation Letter, any Selection Notice, any Transaction Security Document, any Utilisation Request and any other

document designated as a "Finance Document" by the Agent and the Purchaser (each term (unless defined herein) as more particularly defined in the Facilities Agreement);

"Finance Party" means the Agent, the Arranger, the Security Trustee, a Lender, a Hedge Counterparty, the Hedging Guarantor or the Account Bank (each term (unless defined herein) as more particularly defined in the Facilities Agreement);

"Hedging Debt" means all present and future sums, obligations or liabilities from time to time due, owing or incurred (actually or contingently) by the Obligors to the Hedging Guarantor under or in connection with the hedging indemnity set out in the Facility Agreement whether or not matured and whether or not liquidated, together with any Additional Debt (each term (unless defined herein) as more particularly defined in the Intercreditor Agreement);

"Junior Lender" means Tonstate Ten Limited and includes its successors, transferees and assignees;

"Junior Loan Agreement" means a loan agreement dated the same date as this Agreement made between (1) the Purchaser and (2) the Junior Lender;

"Insurance Policy" means any policy of insurance or assurance in which an Obligor may at any time have an interest entered into in accordance with Clause 24.25 of the Facilities Agreement (each term (unless defined herein) as more particularly defined in the Facilities Agreement);

"Management Agreements" means (1) the management agreement dated on or around the date of the Facilities Agreement and made between the Target, BMHL the Operator and Hilton International Co relating to the management of the Birmingham Metropole and (2) the management agreement dated on or around the date of this Agreement between the Target, the Operator and Hilton International Co relating to the management of the London Metropole (each term (unless defined herein) as more particularly defined in the Facilities Agreement);

"Mortgaged Property" means the freehold and leasehold property specified in Schedule 1 to the Debenture;

"Obligor" means *"Obligor"* as defined in the Facilities Agreement;

"Operator" means Stakis Limited, a company incorporated in Scotland with registered number SC22163 and having its registered office at 4 Cadogan Place, Glasgow, G2 7PH;

"Owners Return" means the Owners Return (as defined in the Management Agreements) and all other sums of money payable, howsoever arising, by the Operator to the Purchaser pursuant to the Management Agreements;

"Property" means the property more particularly described in the schedule to the Third Party Charge;

"Real Property" means including as provided in Clause 3.4 of the Debenture, the Mortgaged Property and any present or future freehold or leasehold property in which the Company has an interest;

"Secured Obligations" 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 an Obligor or by some other person) of each Obligor to the Secured Parties (or any of them) under each or any of the Finance Documents, except for any obligation or liability which, if it were so included, would result in the Obligor concerned giving financial assistance which is unlawful under section 151 of the Companies Act 1985;

"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;

"Security Documents" means the Debenture and the Third Party Charge;

"Senior Debt" means all present and future sums, obligations or liabilities from time to time due, owing or incurred (actually or contingently) by any Obligor to any Finance Party under or in connection with the Finance Documents, together with any related Additional Debt and whether or not matured and whether or not liquidated (each term (unless defined herein) as more particularly defined in the Intercreditor Agreement);

"Shares" means any stock, share, debenture or other security and any rights relating thereto;

"Subordinated Debt" means all monies, costs, charges, expenses, liabilities and obligations whether certain or contingent which now are or at any time hereafter may be or become due and owing by the Obligors or any of them to Tonstate Ten Limited pursuant to the Subordinated Debt Documents whether solely or jointly with one or more persons and whether as principal debtor or guarantor or surety (each term (unless defined herein) as more particularly defined in the Intercreditor Agreement);

"Target" means Metropole Hotels (Holdings) Limited, a company incorporated under the law of England & Wales with registered number 00465603 and having its registered office at Maple Court, Central Park, Reeds Crescent, Watford, Herts, WD24 4QQ;

"Target Shares" means all of the shares of Target;

"Tax Deed" means the *"Tax Deed"* as defined in the Facilities Agreement; and

"Third Party Secured Obligations" means all present and future liabilities and obligations (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) which now or hereafter may be or become due and owing by the Borrower to the Creditor (each term (unless defined herein) as more particularly defined in the Third Party Charge);

Schedules to the Financial Assistance Declaration

Form 155(6)a relating to:

Birmingham Metropole Hotels Limited

(the "Company")

(Registered Number 01150202)

This is the document referred to as Annexure E in the attached Statutory Declaration.

The amount of cash to be transferred to the person assisted is nil but subject to the Company's contingent liability to make advances under the Upstream Loan Agreement up to a maximum of £490,000,000.





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Private & confidential

The Directors
Birmingham Metropole Hotels Limited
Maple Court
Central Park
Reeds Crescent
Watford
Hertfordshire
WD24 4QQ

28 November 2006

Dear Sirs

Auditors' report to the directors of Birmingham Metropole Hotels Limited (the "Company") pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors dated 28 November 2006 in connection with the proposal that the Company should give financial assistance for the purchase of 100% of the ordinary shares of Metropole Hotels (Holdings) limited, the Company's holding company.

This report is made solely to the Company's directors as a body in accordance with section 156(4) of the Companies Act 1985. Our work has been undertaken so that we as the Company's auditors might state to the Company's directors those matters we are required to state to them in a report under section 156(4) of that Act and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body for our work under section 156(4) of that Act or for this report.

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully

KPMG LLP

KPMG LLP
Registered Auditor