

**CHFP025**

# 155(6)a

The assistance is to be given to (note 2) Hallmark Hotels Holdings Limited (company number 06247707) whose registered office is at 3 Hardman Square, Spinningfields, Manchester M3 3EB (the "Buyer")

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 Appendix 3

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

† delete as appropriate

The principal terms on which the assistance will be given are

See Appendix 4

The amount of cash to be transferred to the person assisted is £ See Appendix 5

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 within 8 weeks of the date hereof



**HALLMARK HOTELS LIMITED**  
**APPENDICES TO FORM 155(6)a**

**APPENDIX 1**

Name: James Hawksworth  
Address: 29 Blakeys Crossing  
Howdon  
East Yorkshire  
DN14 7GE

Name: Arnold Schnegg  
Address: Copperfields  
Lowerdown  
Bovey Tracey  
Newton Abbot  
Devon  
TQ13 9LF

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**HALLMARK HOTELS LIMITED**

**APPENDICES TO FORM 155(6)a**

**APPENDIX 2**

The number and class of the shares being acquired is 208,073 ordinary shares of £1.00 each in the capital of the Company.

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**HALLMARK HOTELS LIMITED**  
**APPENDICES TO FORM 155(6)a**  
**APPENDIX 3**

All capitalised terms in this appendix 3 shall have the meanings given to them in appendix 6.

**Form of assistance**

The assistance will take the form of the execution by the Company of the following documents (as the same may be amended, varied, supplemented or substituted from time to time) and the Company complying with and fulfilling its obligations thereunder:

- 1 the Guarantee;
- 2 the Debenture;
- 3 the Legal Mortgage,
- 4 the Intercreditor Accession Deed;
- 5 the Credit Accession Deed;
- 6 the Investor Guarantee and Debenture Accession Deed,
- 7 the Security Trust Accession Deed; and
- 8 the Intra Group Funding Accession Deed.

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**HALLMARK HOTELS LIMITED**

**APPENDICES TO FORM 155(6)a**

**APPENDIX 4**

All capitalised terms in this appendix 4 shall the meanings given to them in appendix 6.

**Terms on which assistance given**

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

- 1 pursuant to the terms of the Guarantee, the Company guarantees the liabilities and obligations from time to time of each other member of the Group to the Lender (including the Buyer) under, or as contemplated by, the Facility Agreement and the Working Capital Facility Letter;
- 2 pursuant to the terms of the Debenture, the Company grants to the Lender fixed and floating charges over all the property, assets and undertaking of the Company as security for all the liabilities and obligations of the Company to the Lender (including, without limitation, the Guarantee Liabilities), it being noted that the Hallmark Facilities are to be utilised in connection with the Acquisition;
- 3 the Legal Mortgage contains terms pursuant to which the Company will grant a legal mortgage in favour of the Lender over the freehold land known as Durley Hall Hotel, Durley Chine Road, Bournemouth BH2 5JS registered at the Land Registry with title number DT137903 to secure all obligations of the Company to the Lender (including, without limitation, the Guarantee Liabilities) it being noted that the Hallmark Facilities are to be utilised in connection with the Acquisition,
- 4 the Intercreditor Accession Deed contains terms pursuant to which the Company accedes to the Intercreditor Deed, thereby regulating the ranking of security granted by the Group in favour of the Lender and the Security Trustee;
- 5 pursuant to the terms of the Credit Accession Deed, the Company accedes to the Facility Agreement, it being noted that the Facility Agreement contains the terms pursuant to which the Lender has made, or will make, term loan facilities (including the Hallmark Facilities) available to the Buyer, it being noted that the Hallmark Facilities are to be utilised in connection with the Acquisition;
- 6 pursuant to the terms of the Investor Guarantee and Debenture Accession Deed, the Company accedes to the Investor Guarantee and Debenture and thereby
  - (a) undertakes to discharge its own liabilities and obligations from time to time to the Security Trustee and guarantees the liabilities and obligations from time to time of each other member of the Group to the Security Trustee under, or as contemplated by, the Loan Note Instrument, and

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- (b) grants to the Security Trustee fixed and floating charges over all the property, assets and undertaking of the Company as security for all the liabilities and obligations of the Company to the Security Trustee,
- 7 the Security Trust Accession Deed contains the terms and conditions upon which the Company accedes to the Security Trust Deed and will agree to be bound by the terms of the Security Trust Deed as if it had been an original party thereto; and
- 8 pursuant to the terms of the Intra Group Funding Agreement Accession Deed, the Company accedes to the terms of the Intra Group Funding Agreement and thereby agrees to, inter alia, provide funds to the Borrowers (as defined therein) to enable them to meet their obligations under, or as contemplated by, the Facility Agreement and the Working Capital Facility Letter and also for any purpose in connection with the Acquisition

In entering into the various documents referred to above, the Company is entering into obligations and assuming liabilities and giving security in connection with the Acquisition and may in the future be called upon pursuant to any of the documents referred to in this statutory declaration to discharge obligations and/or liabilities arising in connection with the Acquisition

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**HALLMARK HOTELS LIMITED**

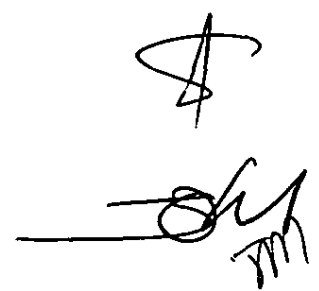
**APPENDICES TO FORM 155(6)a**

**APPENDIX 5**

All capitalised terms in this appendix 5 shall have the meanings given to them in appendix 6.

**The amount of cash to be transferred to the person assisted**

Up to £20,000,000, being the maximum amount available under the Intra Group Funding Agreement

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**HALLMARK HOTELS LIMITED**

**APPENDICES TO FORM 155(6)a**

**APPENDIX 6**

In this Form 155(6)a, and all its appendices, the following terms shall have the following meanings:

**"Acquisition"** means the acquisition of the entire issued share capital of the Company by the Buyer pursuant to the terms of the Share Purchase Agreement;

**"Belfry"** means Hallmark Hotels (The Belfry) Limited (registered number 06247710);

**"Buyer"** has the meaning given to it on page 2 of this Form 155(6)a;

**"Company"** has the meaning given to it on page 1 of this Form 155(6)a;

**"Credit Accession Deed"** means the accession deed to the Facility Agreement to be made between the Parent, the Buyer and the Company,

**"Debenture"** means the mortgage debenture to be executed by the Company in favour of the Lender;

**"Existing Facilities"** means the term loan facilities in the maximum aggregate principal amount of £25,000,000 granted to the Buyer by the Lender pursuant to the Original Facility Agreement;

**"Facility Agreement"** means the Original Facility Agreement as amended and restated by the Second Amendment and Restatement Agreement;

**"Group"** means the Buyer, the Parent, Belfry, Lakes Court, Midland and the Company;

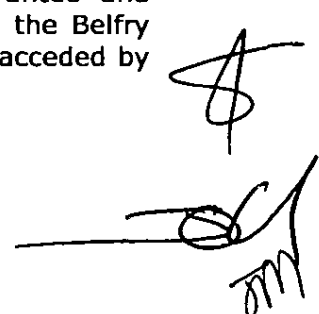
**"Guarantee"** means the corporate guarantee to be executed by the Group in favour of the Lender;

**"Guarantee Liabilities"** means the liabilities and obligations of the Company under, or pursuant to, the Guarantee;

**"Hallmark Facilities"** means the term loan facilities in the maximum aggregate principal amount of £5,025,000 granted to the Buyer by the Lender to, inter alia, finance the Acquisition pursuant to the Facility Agreement,

**"Investor Guarantee and Debenture Accession Deed"** means the deed of accession to the Investor Guarantee and Debenture to be executed by the Group and the Security Trustee;

**"Investor Guarantee and Debenture"** means the composite guarantee and debenture dated 11 October 2007 executed by the Parent, the Buyer, the Belfry and Lakes Court in favour of the Security Trustee and to which Midland acceded by way of a deed of accession dated 28 March 2008;

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**"Intercreditor Accession Deed"** means the deed of accession to the Intercreditor Deed to be executed by the Company and the Lender,

**"Intercreditor Deed"** means the intercreditor deed dated 11 October 2007 executed by the Parent, the Buyer, the Belfry, Lakes Court, the Lender and the Investors (as defined therein) and to which Midland acceded by way of a deed of accession dated 28 March 2008 executed by Midland and the Lender;

**"Intra Group Funding Agreement"** means the intra group funding agreement dated 11 October 2007 executed by the Parent, the Buyer, the Belfry and Lakes Court and to which Midland acceded by way of a deed of accession dated 28 March 2008,

**"Intra Group Funding Agreement Accession Deed"** means the accession deed to the Intra Group Funding Agreement to be executed by the Company and the Parent;

**"Lakes Court"** means Hallmark Hotels (The Lakes Court) Limited (registered number 06297002);

**"Legal Mortgage"** means the legal mortgage to be executed by the Company in favour of the Lender,

**"Lender"** means AIB Group (UK) p l c acting through its office at St James' House, Charlotte Street, Manchester, M1 4DZ;

**"Loan Note Instrument"** means the loan note instrument dated 20 September 2007 executed by the Buyer,

**"Loan Notes"** means the 10% fixed rate secured loan notes 2017 constituted by the Buyer pursuant to the Loan Note Instrument,

**"Midland"** means Midland Hotels Limited (registered number 01573823);

**"Original Facility Agreement"** means the facility agreement between the Buyer, the Parent, Belfry, Lakes Court and the Lender originally dated 20 September 2007 (as amended by an amendment agreement dated 7 February 2008, as amended and restated by an amendment and restatement agreement dated 28 March 2008 and as supplemented by an accession deed dated 28 March 2008);

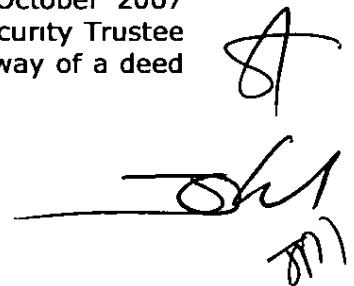
**"Parent"** means Hallmark Hotels Group Limited (registered number 06247573);

**"Second Amendment and Restatement Agreement"** means the second amendment and restatement agreement to be made between the Parent, the Buyer, Belfry, Lakes Court and the Lender amending and restating the terms of the Original Facility Agreement;

**"Security Trustee"** means Zeus Private Equity LLP;

**"Security Trust Accession Deed"** means the deed of accession to the Security Trust Deed to be executed by the Parent, the Buyer, the Belfry, Lakes Court, Midland and the Security Trustee and the holders of the Loan Notes,

**"Security Trust Deed"** means the security trust deed dated 11 October 2007 made between the Parent, the Buyer, the Belfry, Lakes Court, the Security Trustee and the holders of the Loan Notes and to which Midland acceded by way of a deed of accession dated 28 March 2008,

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**"Share Purchase Agreement"** means the share purchase agreement to be made between the Vendors and the Buyer;

**"Vendors"** means Morris John Murray, Nigel J Murray, Jon Murray and Susan Maclean; and

**"Working Capital Facility Letter"** means the working capital facility letter to be made between the Buyer and the Lender

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**BDO Stoy Hayward LLP**  
Chartered Accountants

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Leeds LS11 5RU  
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The Directors  
Hallmark Hotels Limited  
7 Durley Chine Road  
Bournemouth  
BH2 5JS

4 April 2008

Dear Sirs

**Independent auditors' report to the directors of Hallmark Hotels Limited (the "Company") pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of the Company dated 4 April 2008 in connection with the proposal that the Company should give financial assistance for the purchase of the entire issued share capital of the Company

Our report has been prepared pursuant to the requirements of section 156(4) of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of section 156(4) of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

**Basis of opinion**

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

**Opinion**

We are not aware of anything to indicate that the opinion expressed by the directors in their statutory 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

**BDO Stoy Hayward LLP**  
*Chartered Accountants and Registered Auditors*