

Declaration in relation to assistance for the acquisition of shares.

Please do not write in this margin

Pursuant to section 155(6) of the Companies Act 1985

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

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number

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02486634

Name of company

* JARVIS HOTELS LIMITED

Note
Please read the notes on page 3 before completing this form

*Insert full name of company

I/We†

†Insert name(s) and address(es) of all the directors

JOHN FRANCIS JARVIS, CBE of The Old Manor Aldbourne, Marlborough, Wiltshire SN8 2DU;

RICHARD WOOLER THOMASON of Barley House, 6 Granary Close, East Grafton, Wiltshire SN8 3UA;

DAVID OWEN THOMAS of 7 Misbourne House, Amersham Road, Chalfont, St Giles, Buckinghamshire HP8 4RY;

DAVID ANDREWS of 6 Arkendale Road, Glenageary, County Dublin, Republic of Ireland; and

MICHAEL TUNNEY of 42 Nutley Road, Donnybrook, Dublin 4, Republic of Ireland.

§Delete as appropriate

~~the sole director~~ [all the directors]§ of the above company do solemnly and sincerely declare that:

The business of the company is:

‡Delete whichever is inappropriate

~~(a) that of a recognised bank licensed institution within the meaning of the Banking Act 1979; ‡~~

~~(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom; ‡~~

(c) something other than the above ‡

The company is proposing to give financial assistance in connection with the acquisition of shares in the [company] ~~company's holding company~~ §

‡

The assistance is for the purpose of [that acquisition] ~~reducing or discharging a liability incurred for the purpose of that acquisition~~ ‡

The number and class of the shares acquired or to be acquired is: Eleven million, nine hundred and fifty-five thousand, six hundred and forty-nine (11,955,649) ordinary shares of 5 pence in the capital of the company.

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

Jones Day
21 Tudor Street
London EC4Y 0DJ
DX: 67 Chancery Lane
Ref: ADB/OWJ/088620-605001

For official use
General Section

Post room



LD2
COMPANIES HOUSE

L3928T4U

0338
04/03/04

The assistance is to be given to: (note 2)

Kayterm plc (a public company registered in England and Wales with company number 04785061) whose registered office is at 21 Tudor Street, London EC4Y 0DJ.

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:

Please see Schedule 1.

The person who [has acquired]~~[will acquire]~~* the shares is:

Kayterm plc whose registered office is at 21 Tudor Street, London EC4Y 0DJ.

*Delete as
appropriate

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

Please see Schedule 2.

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

NIL

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 eight (8) weeks of the date hereof.

Please do not
write in
this margin

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

† Delete either (a) or
(b) as appropriate

~~†~~ We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) ~~†~~ We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date] † (note 3)

(b) ~~†~~ It is intended to commence the winding up of the company within 12 months of that date and ~~†~~ we have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding up.] † (note 3)

And ~~†~~ we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.


Declared at The Ramada Jarvis Hotel, Hyde Park,
Bayswater Road, London W2 4RT

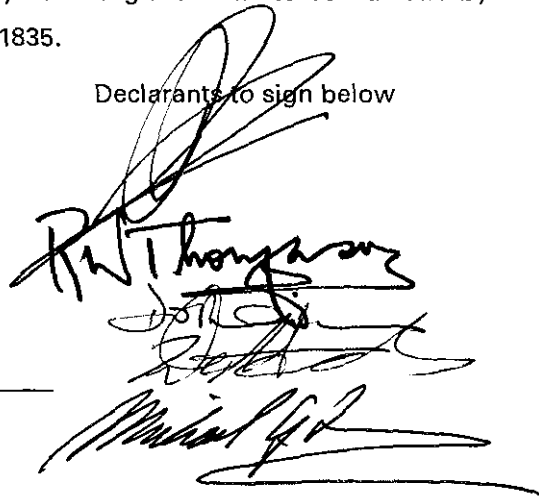
Declarants to sign below

on
Day Month Year

2	6	0	2	2	0	0	4
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before me


A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.



NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account—see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB



Schedule 1 to the Statutory Declaration dated 26 February 2004

1. The execution, delivery and performance by the Company of its obligations under:
 - 1.1 a letter of accession (to be dated on or about the date hereof) (the "**Facility Letter of Accession**") pursuant to which the Company will accede as an additional guarantor to and be bound by a facility agreement (the "**Facility Agreement**") dated 11 December 2003 made between Kayterm plc ("**Kayterm**"), The Royal Bank of Scotland plc as arranger, agent and security trustee, the Original Lenders (each term as defined therein) and The Royal Bank of Scotland plc (as agent for National Westminster Bank plc) as ancillary lender (the "**Ancillary Lender**"), and pursuant to which a maximum aggregate principal amount of £184,000,000 was made available to Kayterm, and accede as an additional borrower to and be bound by the ancillary overdraft facility (the "**Ancillary Facility**") dated 10 December 2003 and made available to Kayterm and the Company (under its former name of Jarvis Hotels plc) by the Ancillary Lender pursuant to which an overdraft facility was made available to Kayterm up to a limit of £5,000,000;
 - 1.2 a deed of accession (to be dated on or about the date hereof) (the "**Security Deed of Accession**") relating to a guarantee and fixed and floating security document (the "**Security Document**") dated 11 December 2003 made in favour of The Royal Bank of Scotland plc as security trustee (the "**Security Trustee**") for the Secured Parties (as such term is defined in the Security Document) pursuant to which the Company will guarantee and give security for the obligations of Kayterm and any other Obligor (as defined in the Intercreditor Agreement) under the Finance Documents (as defined in the Intercreditor Agreement);
 - 1.3 a deed of accession (to be dated on or about the date hereof) (the "**Intercreditor Deed of Accession**") relating to an intercreditor agreement (the "**Intercreditor Agreement**") dated 11 December 2003 between the Agent, the Security Trustee (both as defined in the Facility Agreement) and the Company as an obligor;
 - 1.4 a security interest agreement (to be dated on or about the date hereof) (the "**Security Interest Agreement**") to be entered into by The Royal Bank of Scotland plc as Security Trustee and the Company pursuant to which the Company will grant The Royal Bank of Scotland plc a security interest in the entire issued share capital of Jarvis Red Tin Shed Corporation Limited;
 - 1.5 four standard securities (to be dated on or about the date hereof) to be consented to by the Company to be granted by Aberdeen Hotel Company Limited in favour of the Security Trustee over the properties at:
 - 1.5.1 Church Street, Inverness IV1 1DX;
 - 1.5.2 Dalblair Road, Ayr KA7 1UG;
 - 1.5.3 Ellersly Road, Murrayfield, Edinburgh EH12 6HZ; and
 - 1.5.4 Princes Street, Edinburgh EH2 2DG

(together the "**Consent Standard Securities**"),

as security for the payment and discharge of (1) all present and future obligations and liabilities due by Kayterm and/or any Obligor or Obligors to any Finance Party or Finance Parties (the terms "**Obligor**" and "**Finance Party**" as defined in the Facility Agreement) under the Facility Agreement, and (2) the Liabilities (as defined in the Security Document) and all present and future obligations and liabilities incurred by the Company or any other party under the Security Document;

1.6 standard securities (to be dated on or about the date hereof) in favour of the Security Trustee over:

1.6.1 the property at Learmonth Terrace, Edinburgh EH4 1PW (the "**Edinburgh Standard Security**");

1.6.2 the property at Market Street, Aberdeen AB11 5EL (the "**Aberdeen Standard Security**");

1.6.3 the property at 201 Ingram Street, Glasgow G1 1DQ (the "**Glasgow Standard Security**");

1.6.4 the property at Cloch Road, Gourock PA19 1AR (the "**Gourock Standard Security**");

1.6.5 the property at Almondview, Livingston, West Lothian (the "**Livingston Standard Security**");

1.6.6 the property at West Mills Street, Perth PH1 5QP (the "**Perth Standard Security**");

1.6.7 the Travelodge Glasgow Airport at Sanderling Road, Renfrew (the "**Travelodge Glasgow Airport Standard Security**"); and

1.6.8 the Ramada Glasgow Airport Hotel at Sanderling Road, Renfrew (the "**Ramada Glasgow Airport Standard Security**" and together with the Edinburgh Standard Security, the Aberdeen Standard Security, the Glasgow Standard Security, the Gourock Standard Security, the Livingston Standard Security, the Perth Standard Security, the Travelodge Glasgow Airport Standard Security and the Consent Standard Securities, the "**Standard Securities**"),

as security for the payment and discharge of (1) all present and future obligations and liabilities due by Kayterm and/or any Obligor or Obligors to any Finance Party or Finance Parties under the Facility Agreement, and (2) the Liabilities and all present and future obligations and liabilities incurred by the Company or any other party under the Security Document;

1.7 an assignation of rents (to be dated on or about the date hereof) (the "**Assignment of Rents**") to be consented to by the Company by Aberdeen Hotel Company Limited in favour of the Security Trustee in respect of the following leases:

- 1.7.1 sub-lease between Aberdeen Hotel Company Limited and HFC Trust Limited dated 17 October, 5 December and 19 December Nineteen Hundred and Eighty-three and registered in the Books of Council and Session on 23 March Nineteen Hundred and Eighty-four;
- 1.7.2 sub-lease between Aberdeen Hotel Company Limited and The Pancake Place Limited dated 28 April, 14 May and 25 May and registered in the Books of Council and Session on 14 June all in the year Nineteen Hundred and Eighty-two;
- 1.7.3 sub-lease between the Aberdeen Hotel Company Limited and Scotia Frozen Foods Limited dated 2 and 21 February and 22 March and registered in the Books of Council and Session on 7 April all in the year Nineteen Hundred and Eighty-three;
- 1.7.4 lease between Aberdeen Hotel Company Limited and Messrs Peter Green Shops dated 5 and 19 May and registered in the Books of Council and Session on 1 June all in the year Nineteen Hundred and Ninety-two;
- 1.7.5 lease between Aberdeen Hotel Company Limited and Turnbull Sports Limited dated 23 August and 24 October and registered in the Books of Council and Session on 12 November all in the year Nineteen Hundred and Ninety-one; and
- 1.7.6 lease between Aberdeen Hotel Company Limited and Hector Russell (Highland Industries) Limited dated 21 August and 12 October and registered in the Books of Council and Session on 12 November all in the year Nineteen Hundred and Ninety-two,

as security for the payment and discharge of (1) all present and future obligations and liabilities due by Kayterm and/or any Obligor or Obligors to any Finance Party or Finance Parties under the Facility Agreement, and (2) the Liabilities and all present and future obligations and liabilities incurred by the Company or any other party under the Security Document,

(each of the Security Document, the Facility Agreement, the Intercreditor Agreement, the Security Interest Agreement, the Standard Securities and the Assignment of Rents being in such form as may be amended, supplemented, novated and/or replaced from time to time) together with the performance by the Company of other acts in connection with the acquisition by Kayterm of the entire share capital of the Company effected by means of a scheme of arrangement pursuant to Section 425 of the Companies Act 1985 and the financing of such acquisition.



Schedule 2 to the Statutory Declaration dated 26 February 2004

1. By executing the Facility Letter of Accession the Company, among other things:
 - 1.1 guarantees to each Finance Party (as defined in the Facility Agreement) punctual performance by each other borrower or guarantor (each an "**Obligor**") of all that Obligor's obligations under the Facility Agreement, each facility letter of accession, any ancillary facility documents, each fee letter, each hedging document, the hedging letter dated on or about 11 December 2003 between The Royal Bank of Scotland plc (in its capacity as arranger) and Kayterm setting out the hedging strategy agreed in relation to the facilities made available pursuant to the Facility Agreement, the Intercreditor Agreement (and any accession deed), each security document and any other document designated as such by The Royal Bank of Scotland plc (in its capacity as agent) and Kayterm (together, the "**Finance Documents**");
 - 1.2 undertakes with each Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Finance Documents, it shall immediately on demand pay that amount as if it was the principal obligor; and
 - 1.3 indemnifies each Finance Party in respect of certain costs, losses or liabilities suffered by that Finance Party.
2. By executing the Security Deed of Accession the Company, among other things:
 - 2.1 covenants to discharge each of the Liabilities when due in accordance with its terms;
 - 2.2 irrevocably and unconditionally guarantees to the Security Trustee (as trustee for the Guaranteed Secured Parties) punctual payment by any Chargor of any Guaranteed Liability;
 - 2.3 irrevocably and unconditionally undertakes with the Security Trustee (as trustee for the Guaranteed Secured Parties) that whenever a Chargor does not pay any amount when due under or in connection with any Guaranteed Liability, such Chargor will immediately on demand pay that amount as if it was the principal obligor;
 - 2.4 irrevocably and unconditionally agrees to indemnify the Security Trustee (as trustee for the Guaranteed Secured Parties) immediately on demand against any cost, loss or liability suffered by a Guaranteed Secured 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 such Guaranteed Secured Party would otherwise have been entitled to recover;
 - 2.5 with full title guarantee and as security for the payment of all Liabilities (whether of the Company itself or any other Chargor), charges in favour of the Security Trustee (as trustee for the Secured Parties):
 - (a) by way of first legal mortgage, all Real Property in England and Wales (including that described in Schedule 1 (*Real Property*)) to the Security Deed

of Accession) belonging to it at the time of entry into the Security Deed of Accession;

(b) by way of first fixed equitable charge, all other Real Property belonging to the Company at the time of entry into the Security Deed of Accession and all Real Property acquired by it in the future; and

(c) by way of first fixed charge, all the Company's present and future:

- (1) Book Debts;
- (2) Bank Accounts;
- (3) Investments;
- (4) uncalled capital and goodwill;
- (5) Intellectual Property;
- (6) beneficial interest in any pension fund;
- (7) plant and machinery (except that mortgaged or charged by clauses 4.1 and 4.2 of the Security Deed of Accession);
- (8) rights under any contract or other document relating to or in any way connected with the appointment of any managing agent of any Real Property;
- (9) rights under any agreements relating to the purchase of Real Property;
- (10) rights under any agreement for the sale of any Charged Asset;
- (11) benefit of all present and future Authorisations held in connection with the Company's business or the use of any Charged Asset specified in any other sub-paragraph of clause 4.3 of the Security Deed of Accession and the right to recover and receive all compensation which may be payable in respect of them;
- (12) interest in the benefit of all guarantees, warranties and representations given or made by any manufacturers, suppliers and installers of any plant, machinery, equipment, fixtures and fittings now or in future on the Real Property and/or by any other person under contract with or under a duty to the Company in respect of them;
- (13) future easements and other rights at any time vested in, or conferred on, each Chargor in connection with or otherwise for the benefit of the Charged Assets;
- (14) (to the extent that they are not subject to an effective assignment under Clause 5 of the Security Deed of Accession (*Assignments*))

Insurances and all related proceeds, claims of any kind, returns of premium and other benefits;

(15) (to the extent that they are not subject to an effective assignment under Clause 5 of the Security Deed of Accession (*Assignments*)) all rights under Hedging Documents; and

(16) (to the extent that they are not subject to an effective assignment under Clause 5 of the Security Deed of Accession (*Assignments*)) all rights under each Lease Document,

2.6 with full title guarantee, assigns by way of security to the Security Trustee (as trustee for the Secured Parties) all the Company's present and future right, title and interest in and to:

(a) all Rental Income;

(b) all Disposal Proceeds;

(c) any guarantee of Rental Income contained in or relating to a Lease Document;

(d) any Hedging Documents including all monies payable to the Company and any claims, awards and judgments in favour of or receivable or received by the Company, a Lender or in connection with or pursuant to any Hedging Documents;

(e) any agreements contracts and Insurances relating to Real Property, including all monies payable to the Company;

(f) any claims, awards and judgements in favour of the Company, under or in connection with any Finance Documents and any agreements, contracts and Insurances relating to Real Property;

(g) all Insurances and all proceeds in respect of Insurances and all benefits of all Insurances (including all claims relating to, and all returns of premium in respect of, Insurances); and

(h) the Company's Real Property (except any Real Property charged by Clause 4.1 and 4.2 of the Security Deed of Accession), including all rights against all past, present and future undertenants of the Company's Real Property and their respective guarantors and sureties;

2.7 with full title guarantee and as security for the payment of all Liabilities (whether of the Company itself or any other Chargor), charges in favour of the Security Trustee (as trustee for the Secured Parties) by way of first floating charge the Company's undertaking and all the Company's assets, both present and future (including assets expressed to be charged or assigned by Clause 4 of the Security Deed of Accession (*Fixed Charge*));

2.8 following entry into and completion of the Security Deed of Accession, the Company becomes a party to, and will be bound by the terms of, and assume

obligations and duties as a Chargor under, the Security Document as if it had been an original party to the Security Document as a Chargor. Accordingly:

- (a) the Security Document contains a covenant pursuant to which the Company may not create or permit to subsist any Security over the Charged Assets, nor do anything else prohibited by Clause 22.6 (*Negative pledge*) of the Facility Agreement, except as permitted by that clause;
 - (b) the Company covenants that it shall not (nor shall the Company agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of the Charged Assets except as permitted in accordance with Clause 22.7 (*Disposals*) of the Facility Agreement;
 - (c) the Security Document contains a covenant for further assurances pursuant to which the Company must promptly do whatever the Security Trustee requires (acting reasonably):
 - (1) to perfect or protect the Charges or the priority of the Charges; or
 - (2) to facilitate the realisation of the Charged Assets following an Enforcement Event or the exercise of any right vested in the Security Trustee or any receiver,including executing any transfer, conveyance, charge, assignment or assurance of the Charged Assets (whether to the Security Trustee or its nominees or otherwise), making any registration and giving any notice, order or direction.
3. By executing the Intercreditor Deed of Accession the Company will, among other things, agree to the repayment of certain monies made available to Kayterm in the order set out in the Intercreditor Agreement and to the ranking of priority between certain creditors of Kayterm;
4. By executing the Security Interest Agreement the Company will grant The Royal Bank of Scotland plc a security interest in the entire issued share capital of Jarvis Red Tin Shed Corporation Limited;
5. By executing the Consent Standard Securities the Company consents to the granting to the Security Trustee (as Security Trustee for the Secured Parties) of standard securities by Aberdeen Hotel Company Limited over the properties at:
- 5.1 Church Street, Inverness IV1 1DX;
 - 5.2 Dalblair Road, Ayr KA7 1UG;
 - 5.3 Ellersly Road, Murrayfield, Edinburgh EH12 6HZ; and
 - 5.4 Princes Street, Edinburgh EH2 2DG,
- as security for the payment and discharge of (1) all present and future obligations and liabilities due by Kayterm and/or any Obligor or Obligors to any Finance Party

or Finance Parties under the Facility Agreement, and (2) the Liabilities and all present and future obligations and liabilities incurred by the Company or any other party under the Security Document;

6. By executing the Standard Securities the Company grants to the Security Trustee (as Security Trustee for the Secured Parties) standard securities over:

- 6.1 the property at Learmonth Terrace, Edinburgh EH4 1PW;
- 6.2 the property at Market Street, Aberdeen AB11 5EL;
- 6.3 the property at 201 Ingram Street, Glasgow G1 1DQ;
- 6.4 the property at Cloch Road, Gourrock PA19 1AR;
- 6.5 the property at Almondview, Livingston, West Lothian;
- 6.6 the property at West Mills Street, Perth PH1 5QP;
- 6.7 the Travelodge Glasgow Airport at Sanderling Road, Renfrew; and
- 6.8 the Ramada Glasgow Airport Hotel at Sanderling Road, Renfrew,

as security for the payment and discharge of (1) all present and future obligations as security for the payment and discharge of (1) all present and future obligations and liabilities due by Kayterm and/or any Obligor or Obligors to any Finance Party or Finance Parties under the Facility Agreement, and (2) the Liabilities and all present and future obligations and liabilities incurred by the Company or any other party under the Security Document; and

7. By executing the Assignment of Rents the Company consents to the granting to the Security Trustee (as Security Trustee for the Secured Parties) of the Assignment of Rents by Aberdeen Hotel Company Limited in respect of the following leases:

- 7.1 sub-lease between Aberdeen Hotel Company Limited and HFC Trust Limited dated 17 October, 5 December and 19 December Nineteen Hundred and Eighty-three and registered in the Books of Council and Session on 23 March Nineteen Hundred and Eighty-four;
- 7.2 sub-lease between Aberdeen Hotel Company Limited and The Pancake Place Limited dated 28 April, 14 May and 25 May and registered in the Books of Council and Session on 14 June all in the year Nineteen Hundred and Eighty-two;
- 7.3 sub-lease between the Aberdeen Hotel Company Limited and Scotia Frozen Foods Limited dated 2 and 21 February and 22 March and registered in the Books of Council and Session on 7 April all in the year Nineteen Hundred and Eighty-three;
- 7.4 lease between Aberdeen Hotel Company Limited and Messrs Peter Green Shops dated 5 and 19 May and registered in the Books of Council and Session on 1 June all in the year Nineteen Hundred and Ninety-two;

- 7.5 lease between Aberdeen Hotel Company Limited and Turnbull Sports Limited dated 23 August and 24 October and registered in the Books of Council and Session on 12 November all in the year Nineteen Hundred and Ninety-one; and
- 7.6 lease between Aberdeen Hotel Company Limited and Hector Russell (Highland Industries) Limited dated 21 August and 12 October and registered in the Books of Council and Session on 12 November all in the year Nineteen Hundred and Ninety-two,

as security for the payment and discharge of (1) all present and future obligations and liabilities due by Kayterm and/or any Obligor or Obligors to any Finance Party or Finance Parties under the Facility Agreement, and (2) the Liabilities and all present and future obligations and liabilities incurred by the Company or any other party under the Security Document.

(Each defined term referred to in this schedule to the statutory declaration dated 26 February 2004 is as defined in the Security Document unless otherwise stated or defined elsewhere in this Companies Form 155(6)a.)

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF JARVIS 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 26 February 2004 in connection with the proposal that the Company should give financial assistance for the purchase of the entire ordinary share capital of the Company.

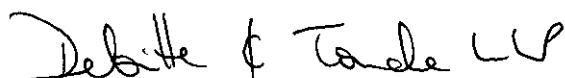
This report is made solely to the directors of the Company for the purpose of section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors of the Company those matters that we are required to state to them in an auditors' report under that section and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

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 declaration as to any of the matters mentioned in section 156(2) of the Companies Act is unreasonable in all the circumstances.



Deloitte & Touche LLP
Chartered Accountants & Registered Auditors
180 Strand
London WC2R 1BL

26 February 2004