

**Declaration by the directors
of a holding company in
relation to assistance for the
acquisition of shares**

155(6)b

Please do not
write in
this margin

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

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

For official use

Company number

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

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|--|--|--|--|
| | | | |
|--|--|--|--|

02486634

Name of company

* JARVIS HOTELS LIMITED

*Insert full name
of company

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

~~I/We~~[†]

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 (hereinafter called 'this company') do
solemnly and sincerely declare that:

The business of this company is:

[†]Delete whichever
is inappropriate

~~(a) that of a recognised bank or 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 [†]

This company is ~~the~~ [†] holding company of* Jarvis Hotels Watford Nominee 2 Limited
(the "Subsidiary Company")

which is

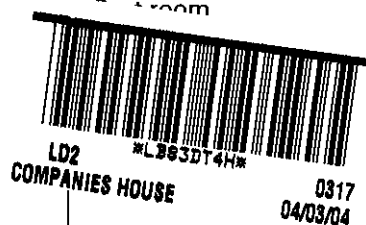
proposing to give financial assistance in connection with the acquisition of shares
in [this company]

~~the holding company of this company~~ [§]

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

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

For official use
General Section



The assistance is for the purpose of [that acquisition]~~reducing or discharging a liability incurred for the purpose of that acquisition~~.* (note 1)

Please do not
write in
this margin

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 each in the capital of this company.

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

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.

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 (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is £ NIL

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

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

The date on which the assistance is to be given is within eight (8) weeks of the date hereof.

~~1/~~We have formed the opinion, as regards this 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) ~~1/~~We have formed the opinion that this 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 this company within 12 months of that date, and 1/ we have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding up.] † (note 3)~~

And ~~1/~~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

Day Month Year
on

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2 | 6 | 0 | 2 | 2 | 0 | 0 | 4 |
|---|---|---|---|---|---|---|---|

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 or 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 Subsidiary 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 Subsidiary Company will accede as an additional guarantor to and be bound by:
 - 1.1.1 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
 - 1.1.2 an ancillary overdraft facility dated 10 December 2003 and made available to Kayterm and the Jarvis Hotels Limited (now known as Jarvis Hotels Limited) 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 Subsidiary 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 Jarvis Hotels plc (now known as Jarvis Hotels Limited) as an obligor;

(each of the Security Document, the Facility Agreement and the Intercreditor Agreement being in such form as may be amended, supplemented, novated and/or replaced from time to time) together with the performance by the Subsidiary Company of other acts in connection with the acquisition by Kayterm of the entire share capital of Jarvis Hotels plc 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 Subsidiary 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 Subsidiary 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 Subsidiary 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 Subsidiary 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 Subsidiary 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 Subsidiary 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 Subsidiary 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 Subsidiary 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 Subsidiary Company and any claims, awards and judgments in favour of or receivable or received by the Subsidiary 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 Subsidiary Company;
- (f) any claims, awards and judgements in favour of the Subsidiary 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 Subsidiary 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 Subsidiary 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 Subsidiary 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 Subsidiary Company's undertaking and all the Subsidiary 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 Subsidiary 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 Subsidiary 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 Subsidiary Company covenants that it shall not (nor shall the Subsidiary 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 Subsidiary 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 Subsidiary 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,

(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)b.)

Deloitte.



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London WC2R 1BL
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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 of the Company dated 26 February 2004 in connection with the proposal that Jarvis Hotels Watford Nominee 2 Limited should give financial assistance for the purchase of the entire ordinary share capital of the Company.

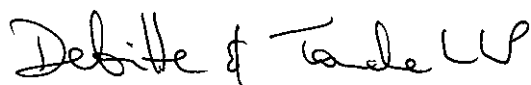
This report is made solely to the directors of the Company for the purpose of section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors of the Company those matters that we are required to state to them in an auditors' report under that section and 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 and Registered Auditors
180 Strand
London WC2R 1BL

26 February 2004

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