

# G

CHFP025

Please do not  
write in this  
margin**COMPANIES FORM No. 155(6)a****Declaration in relation to  
assistance for the acquisition  
of shares**

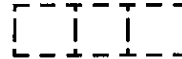
# 155(6)a

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

Please complete  
legibly, preferably  
in black type, or  
bold block letteringTo the Registrar of Companies  
(Address overleaf - Note 5)

For official use

Company number



SC055493

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

Name of company

\* SCOTTISH HIGHLAND HOTELS LIMITED

\* insert full name  
of company§ insert name(s) and  
address(es) of all  
the directors

~~We~~ Paul Martin Rogers of 15 Folly Close, Radlett, Herts, WD7 8DR;  
Massimo Marcovecchio of 27 Manor Wood Road, Putney, CR8 4LG; and  
Colin John Campbell of 25 Wycombe End, Beaconsfield, Bucks, HP9 1LZ

† 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]~~

Limited†

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:

THE ENTIRE ISSUED SHARE  
CAPITAL OF SCOTTISH HIGHLAND HOTELS LIMITEDPresenter's name address and  
reference (if any):Olswang  
90 High Holborn  
London  
WC1V 6XXFor official Use  
General Section

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

PARAMOUNT HOTELS INVESTMENTS

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LIMITED, Fountain Court, 12 BRUNTCLETTE WAY, MORELY  
LEADS, LS27 0UG.

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

The assistance will take the form of:

SEE EXHIBIT 2

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

† delete as  
appropriate

PARAMOUNT HOTELS INVESTMENTS LIMITED

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

SEE EXHIBIT 3

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 8 weeks of the date 2004 of  
this declaration.

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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 I/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

OLSWANG, 90 HIGH HOLBOEN  
LONDON

Declarants to sign below

Day Month Year  
on 

0	9	0	7	2	0	0	4
---	---	---	---	---	---	---	---

before me

G. GUNN G. FLANNERY

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

**SCOTTISH HIGHLAND HOTELS LIMITED**

(the "Company")

**Exhibit 2**

The execution, delivery and performance by the Company of its obligations under the following agreements:

1. A facility agreement to be entered into by, amongst others, Dawnay Shore Hotels plc in its capacity as Borrower and Parent, Paramount Hotels Holdings Limited as Borrower, the Company as an Original Guarantor and Anglo Irish Bank Corporation plc as Original Lender, Arranger, Facility Agent, Security Agent and Hedging Counterparty (the "**Facility Agreement**") pursuant to which the Lenders have agreed to make available a term loan of £305,000,000 in order to finance the acquisition of the entire issued share capital of Paramount. The terms of the Facility Agreement contain a guarantee under which the Company and each other Original Guarantor will guarantee to each Beneficiary on a joint and several basis the obligations of each Obligor under the Transaction Documents.
2. A debenture to be entered into by, amongst others, the Company in favour of Anglo Irish Bank Corporation plc as Security Trustee (the "**Debenture**"). Under the Debenture the Company and others will charge and mortgage the whole of their property, undertaking and assets (including by way of fixed and floating charge) in favour of the Security Trustee to secure, amongst other things, their liabilities to the Beneficiaries under the Transaction Documents.
3. A floating charge to be entered into by the Company in favour of Anglo Irish Bank Corporation plc as Security Trustee (the "**Floating Charge**"). Under the Floating Charge, the Company will grant a floating charge over all of its assets and undertaking whatsoever and wheresoever both present and future in favour of the Security Trustee as continuing security for the payment of the Secured Obligations.
4. A standard security to be entered into by the Company in favour of Anglo Irish Bank Corporation plc as Security Trustee (the "**Standard Security**"). Under the Standard Security, the Company will grant a Standard Security over all and the whole of the subjects known as the Marine Highland Hotel, 8 Crosbie Road, Troon KA10 6HE, together with the whole buildings and erections thereon and the heritable fixtures and fitting therein and thereon and the parts, privileges and pertinents thereof and the Company's whole right of title and interest present and future therein and thereto ("the **Property**") in favour of the Security Trustee in

security of all money and liabilities due owing or incurred by any Obligor under the Transaction Documents.

5. A share pledge to be entered into by the Company in favour of Anglo Irish Bank Corporation plc as Security Trustee (the "**Share Pledge**"). Under the Share Pledge, the Company will, amongst other things, pledge and assign to the Security Trustee the Existing Shares and any other Assets to which it is entitled.
6. The provision by the Company of an overdraft facility to its subsidiary, Stirling Highland Hotel Limited ("**Stirling**") in connection with the interim dividend being declared by Stirling and paid to the Company (the "**Stirling Overdraft**").
7. The provision by the Company of an overdraft facility to its subsidiary, Carlton Hotel (Edinburgh) Limited ("**Carlton**") in connection with the interim dividend being declared by Carlton and paid to the Company (the "**Carlton Overdraft**").
8. In addition to the obligations referred to above, the Company will also, from time to time, pay and discharge costs and expenses associated with the Paramount Acquisition including but not limited to, legal, accountancy and other professional fees.
9. **Definitions**

Save as otherwise expressly provided:

**Arranger, Beneficiaries, Facility Agent, Hedging Counterparty, Original Guarantor, Lenders, Obligor, Original Lender, Paramount Acquisition, Parent, Security Agent and Transaction Documents** shall have the meanings ascribed to them in the Facility Agreement.

**Security Trustee** shall have the meaning ascribed to it in the Debenture.

**Secured Obligations** shall have the meaning ascribed to it in the Floating Charge.

**Existing Shares and Assets** shall have the meanings ascribed to them in the Share Pledge.

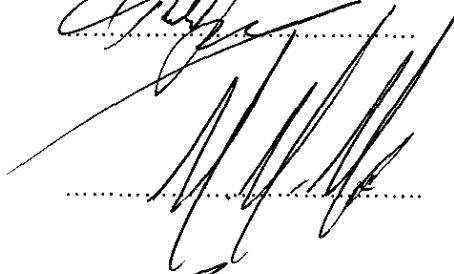
This is Exhibit 2 as referred to in the Statutory Declaration of Paul Rogers, Massimo Marcovecchio and Colin Campbell dated:

Signed:

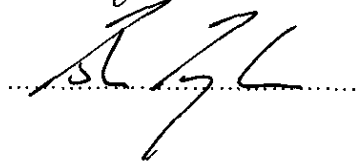
**Paul Rogers**

A handwritten signature in black ink, appearing to be 'Paul Rogers', written over a dotted line.

**Massimo Marcovecchio**

A handwritten signature in black ink, appearing to be 'Massimo Marcovecchio', written over a dotted line.

**Colin Campbell**

A handwritten signature in black ink, appearing to be 'Colin Campbell', written over a dotted line.A small, handwritten signature or initials in black ink, located in the top right corner of the page.

**SCOTTISH HIGHLAND HOTELS LIMITED**

**(the "Company")**

**Exhibit 3**

Save as otherwise expressly provided below, terms defined in Exhibit 3 will have the same meaning given to them in Exhibit 2.

- 1 By executing the Facility Agreement and entering into the Facility Agreement as a guarantor and by giving the guarantee contained therein the Company will inter alia irrevocably and unconditionally jointly and severally:
  - (a) guarantee to each Beneficiary punctual performance by each Obligor of all of each Obligor's obligations under the Transaction Documents;
  - (b) undertake with each Beneficiary that whenever an Obligor does not pay any amount when due under or in connection with any Transaction Document, to immediately on demand pay that amount as if it was the principal obligor; and
  - (c) indemnify each Beneficiary immediately on demand against any cost, loss or liability suffered by that Beneficiary 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 Beneficiary would otherwise have been entitled to recover.*
- 2 By executing the Debenture the Company will inter alia:
  - (a) covenant with the Security Trustee (for the benefit of itself and the other Beneficiaries) to pay the Secured Obligations as and when the same fall due for payment;
  - (b) as security for the payment at the Secured Obligations with full title guarantee, charge in favour of the Security Trustee (for the benefit of itself and the other Beneficiaries) the following assets, both present and future, from time to time owned by the Company or in which the Company is from time to time interested:
    - (i) by way of first legal mortgage all the freehold and leasehold property specified in schedule 2 of the Debenture together with all buildings and fixtures (including trade fixtures) at any time thereon;

- (ii) by way of first legal mortgage all other freehold and leasehold property (if any) wherever situated together with all buildings and fixtures (including trade fixtures) at any time thereon;
- (iii) by way of first fixed charge all other interests (not expressed as being charged under paragraph (i) or (ii) above) in any freehold or leasehold property, the buildings and fixtures (including trade fixtures) at any time thereon, all proceeds of sale derived therefrom and the benefit of all covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land;
- (iv) by way of first fixed charge all plant, machinery, vehicles, computers, office and other equipment and the benefit of all contracts, licences and warranties relating to the same;
- (v) by way of first fixed charge all the Subsidiary Shares (including those listed in schedule 3 of the Debenture) together with all Distribution Rights from time to time accruing thereto;
- (vi) by way of first fixed charge all Investments together with all Distribution Rights *from time to time accruing thereto*;
- (vii) by way of first fixed charge all rights and interests of the Company in and claims under all policies of insurance and all proceeds thereof either now or in the future held by, or written in favour of, the Company or in which the Company is otherwise interested;
- (viii) by way of first fixed charge all book and other debts, revenues and monetary claims of the Company and all rights and claims of the Company against third parties and against any security in respect of such debts, revenues or claims;
- (ix) by way of first fixed charge all monies from time to time standing to the credit of any and all accounts with any bank, financial institution, or other person;
- (x) by way of first fixed charge all Intellectual Property;
- (xi) *by way of first fixed charge the benefit of all licences, consents, agreements and authorisations held or utilised by the Company in connection with its business or the use of any of its assets; and*
- (xii) by way of first fixed charge all the goodwill and uncalled capital of the Company.



- (c) as further continuing security for the payment of the Secured Obligations charge in favour of the Security Trustee (for the benefit of itself and the other Beneficiaries) by way of first floating charge all its assets and undertaking (including without limitation, each Operating Account, the General Account, the Capex Account and the Unused Capex Account and the balances from time to time standing to the credit thereof) whatsoever and wheresoever both present and future not expressed to be charged by way of first fixed charge as described in paragraph 2(b) above or assigned as described in paragraph 2(d) below.
- (d) as a continuing security for the payment of the Secured Obligations, assign to the Security Trustee (for the benefit of itself and the other Beneficiaries) with full title guarantee all its right title and interest in and to:
  - (i) the Keyman Insurance Policies;
  - (ii) each Occupational Lease, all Rental Income and any guarantee of any Rental Income contained in or relating to any Occupational Lease;
  - (iii) the Insurances;
  - (iv) the Assigned Agreements
- (e) during the continuance of the security created by the Debenture except to the extent permitted by the Facility Agreement, not without the prior consent in writing of the Security Trustee:
  - (i) create or agree or attempt to create or permit to subsist (in favour of any person other than the Security Trustee) any Security Interest over the whole or any part of the Charged Property save for any Permitted Security; or
  - (ii) (whether by a single transaction or a number of related or unrelated transactions and whether at the same time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of or cease to exercise direct control over all or any part of the Charged Property or any interest therein (other than assets the subject of the floating charge only on arm's length terms in the ordinary course of trading) or the right to receive or to be paid the proceeds arising on the disposal of the same or agree or attempt to do so save as set out in paragraphs (a) to (g) of Clause 20.12 of the Facility Agreement; or
  - (iii) dispose of the equity of redemption in respect of all or any part of the Charged Property.

- (f) at its own expense agree to promptly execute such deeds, assurances, agreements, instruments and otherwise do such acts and things as the Security Trustee may reasonably require for perfecting and protecting the security created (or intended to be created) by the Debenture or facilitating the realisation thereof or otherwise for enforcing the same or exercising any of the Security Trustee's rights under the Debenture. In particular, but without limitation, the Company will:
- (i) execute a valid legal mortgage (in such form as the Security Trustee shall reasonably require) of any freehold or leasehold property now or in the future belonging to the Company which is not effectively charged by way of legal mortgage under the Debenture;
  - (ii) execute a legal assignment (in such form as the Security Trustee shall reasonably require) over all or any of the debts, rights, claims and contracts charged under the Debenture;
  - (iii) execute a valid fixed charge (in such form as the Security Trustee shall reasonably require) over any asset the subject of the floating charge under the Debenture;
  - (iv) *otherwise execute all transfers, conveyances, assignments and assurances whatsoever and give all notices, orders, instructions and directions whatsoever which the Security Trustee may think expedient.*
- (g) indemnify the Security Trustee and will keep the Security Trustee indemnified against all losses and costs, charges and expenses properly incurred by the Security Trustee as a result of a breach by that Company of its obligations under Clauses 8.1 to 8.7 of the Debenture and in connection with the exercise by the Security Trustee of its rights contained in Clause 8.9 of the Debenture (other than those which arise due to the Security Trustee's negligence or wilful default). All sums the subject of the indemnity will be payable by each Company to the Security Trustee on demand and if not so paid will bear interest at the Default Rate. Any unpaid interest will be compounded with monthly rests;
- (h) indemnify each of the Security Trustee the other Beneficiaries and any Receiver appointed under the Debenture on demand from and against any expense (including legal fees), loss, damage or liability which the Security Trustee or the other Beneficiaries (or any Receiver) may incur in connection with the negotiation, preparation, execution, modification, amendment, release and/or enforcement or attempted enforcement of, or preservation of the Security Trustee's or the other

Beneficiaries' (or any Receiver's) rights under, the Debenture or in relation to any of the Charged Property.

3 By executing the Floating Charge, the Company will inter alia:

- (a) covenant with the Security Trustee (for the benefit of itself and the other Beneficiaries) that it will pay the Secured Obligations as and when the same fall due for payment;
- (b) as continuing security for the payment of the Secured Obligations grant in favour of the Security Trustee (for the benefit of itself and the other Beneficiaries) a floating charge over all of its assets (including, without limitation, each Operating Account, the General Account, the Capex Account and the Unused Capex Account and the balances from time to time standing to the credit thereof) and undertaking whatsoever and wheresoever both present and future;
- (c) agree that it shall be prohibited from granting or creating subsequent to the date of the Floating Charge any fixed security or any other floating charge having priority over or ranking *pari passu* with the Floating Charge, other than in favour of the Security Trustee (for the benefit of itself and the other Beneficiaries);
- (d) at its own expense promptly execute such charges, assurances, agreements, instruments and otherwise do such acts and things as the Security Trustee may reasonably require for perfecting and protecting the security created (or intended to be created) by the Floating Charge or facilitating the realisation thereof or otherwise for enforcing the same or exercising any of the Security Trustee's rights thereunder;
- (e) indemnify the Security Trustee and will keep the Security Trustee indemnified against all losses and costs, charges and expenses properly incurred by the Security Trustee as a result of a breach by the Company of its obligations under Clauses 8.1 and 8.2 of the Floating Charge and in connection with the exercise by the Security Trustee of its rights contained in Clause 8.5 of the Floating Charge (other than those which arise due to the Security Trustee's negligence or wilful default). All sums the subject of the indemnity will be payable by the Company to the Security Trustee on demand and if not so paid will bear interest at the Default Rate. Any unpaid interest will be compounded with monthly rests; and
- (f) fully indemnify each of the Security Trustee the other Beneficiaries and any Receiver appointed under the Floating Charge on demand from and against any expense (including legal fees), loss, damage or liability which the Security Trustee or the other Beneficiaries (or any Receiver) may incur in connection with the negotiation, preparation, execution, modification, amendment, release and/or enforcement or attempted enforcement of, or preservation of the Security Trustee's or the other

Beneficiaries' (or any Receiver's) rights under, the Floating Charge or in relation to any of the Charged Property, including any present or future stamp or other taxes or duties and any penalties or interest with respect thereto which may be imposed by any competent jurisdiction in connection with the execution or enforcement of the Floating Charge or in consequence of any payment being made pursuant to the Floating Charge (whether made by the Company or a third person) being impeached or declared void for any reason whatsoever.

4 By executing the Standard Security, the Company will inter alia:

- (a) grant a Standard Security in favour of the Security Trustee over all and the whole of the Property in security of all money and liabilities due, owing or incurred to the Beneficiaries (or any of them) by any Obligor under the Transaction Documents.
- (b) agree not to, without the prior consent in writing of the Security Trustee, create or purport or attempt to create or permit to subsist any fixed or floating charge or other security interest of whatever nature (other than the Standard Security) upon or permit any lien or any other encumbrance to arise on or affect the Property;
- (c) indemnify and keep indemnified the Security Trustee from and against all actions proceedings, damages, costs, claims and demands occasioned by any breach of any of the obligations, covenants or agreements on the part of the Company contained in the Standard Security or in any other security documents securing the Secured Obligations and against all sums at any time properly paid or debited in account by the Security Trustee for any purpose referred to in the Standard Security and all other costs, charges and expenses properly incurred by the Security Trustee (including without prejudice to the generality of the foregoing all proper costs and disbursements incurred in the enforcement or protection of the Security Trustee's security or otherwise) which sums, costs, charges and expenses shall (without prejudice to any other remedy for recovery) be deemed as from the date of payment or debit an addition to the Secured Obligations;
- (d) in the event of the Security Trustee entering into possession of the Property, to indemnify and keep indemnified the Security Trustee against all actions, proceedings, damages, costs, claims and demands which may properly be incurred by or made against the Security Trustee under any of the obligations, undertakings, covenants, agreements or obligations contained in or imposed by any conveyance, lease, licence, tenancy agreement or agreement for tenancy or building agreement or other deed or document affecting the Property and against all proper actions, proceedings, damages, costs, claims and demands whatsoever in consequence of any claim by any tenant or occupier of the Property or any other person arising out of any defect in

or want of repair to the Property or out of any failure to perform any such obligation, agreement or obligation and in the event of the Company failing upon the request in writing of the Security Trustee to keep it so indemnified as aforesaid the Security Trustee shall be entitled to settle, liquidate or compound or to contest any such claim (as it may think fit) and expend such moneys and incur such proper costs as it may deem necessary for that purpose; and

- (e) upon notice in writing by the Security Trustee and at the cost of the Company execute and do such documents and things and such further or other charges, assignments or notices in such form and on such terms as the Security Trustee may reasonably require in respect of the Standard Security and do such acts, matters or things as the Security Trustee may reasonably require to perfect or protect the security thereby created or any of it and after the sums due by the Company to the Security Trustee shall have become payable for exercising all powers, authorities and discretions hereby conferred upon the Security Trustee.

5 By executing the Share Pledge, the Company will inter alia:

- (a) undertake to the Security Trustee that it will pay or discharge the Secured Obligations when the same become due for payment or discharge in accordance with the terms of the Transaction Documents together with interest thereon from the due date to the date of payment at the Default Rate;
- (b) pledge and assign to the Security Trustee the Existing Shares and any other Assets to which it is entitled at the date of the Share Pledge;
- (c) undertake to pledge and assign to the Security Trustee any Further Shares and/or Assets to which it becomes entitled after the date of the Share Pledge in accordance with the provisions of the Share Pledge;
- (d) on the execution of the Share Pledge, deliver to the Security Trustee executed stamped transfers of the Existing Shares to the Security Trustee or its nominee together with the share certificates in respect of all the Shares and shall procure the registration of the Shares in the name of the Security Trustee or its nominee;
- (e) subject to any undertakings given by the Company to any Beneficiary in terms of the *Transaction Documents (which shall prevail to the extent of any conflict herewith)* agree not to sell, transfer, or otherwise dispose of or grant or create any option, right of pre-emption, warrant or other right to subscribe for, purchase or otherwise acquire, or create or allow any Security over any of the Shares or any interest therein, except in terms of the Share Pledge or agree, conditionally or unconditionally, to do any of the foregoing;

- (f) reimburse or pay to the Security Trustee and each other Beneficiary on demand the amount of all costs and expenses (including legal and other professional fees plus disbursements) reasonably incurred by the Security Trustee and each other Beneficiary (together with any applicable value added tax) in connection with:
  - (i) the perfection of any security created or intended to be created by the Share Pledge, or any other document entered into by the Company and/or the Security Trustee and/or any other Beneficiary pursuant to the Share Pledge; and
  - (ii) the exercise or the attempted or purported exercise by or on behalf of the Security Trustee of any of the powers of the Security Trustee and the enforcement, preservation or the attempted or purported enforcement or preservation of the Share Pledge; and
- (g) following the occurrence of a Default which is continuing unremedied or unwaived, promptly sign, execute, deliver and complete all transfers, renunciations, proxies, mandates, assignments, deeds and documents and do all acts and things which the Security Trustee may require:-
  - (i) *to enable or assist the Security Trustee to perfect its title to and security over the Assets;*
  - (ii) to vest the Shares and other Assets in the Security Trustee or its nominee;
  - (iii) to exercise (or enable its nominee to exercise) any rights or powers attaching to the Assets;
  - (iv) after the security created pursuant to this Share Pledge becomes enforceable, to sell or dispose of the Shares and other Assets; or
  - (v) otherwise to enforce any of the rights of the Security Trustee under or in connection with this Share Pledge;
- (h) other than in the event of gross negligence or wilful default by the Security Trustee, any Receiver, any Beneficiary or any of their employees or agents, indemnify the *Security Trustee and each other Beneficiary from and against all losses, costs, expenses, claims, demands and liabilities whether in contract, delict, tort or otherwise (together with any applicable value added tax) properly incurred by the Security Trustee or any other Beneficiary or by any employee or agent of the Security Trustee or any other Beneficiary in connection with anything done or omitted under the Share Pledge or any other document relating to it, or in the exercise or attempted or*

purported exercise of the powers in the Share Pledge, or occasioned by any breach by the Company of any of its undertakings or other obligations to the Security Trustee or any other Beneficiary, or in consequence of any payment in respect of the Secured Obligations (whether made by the Company or a third person) being declared void or impeached for any reason.

6. The terms of the Stirling Overdraft contain the following provisions:

- (a) the overdraft facility is for the principal sum of up to £10,000,000 and Stirling will be able to draw upon that facility in one or more amounts on call unless the amount exceeds £1,000,000 in which case the draw will be on not less than 3 business days' written request to the Company;
- (b) the overdraft together with the interest thereon is repayable on demand;
- (c) the principal amount of the overdraft outstanding from time to time will carry interest at the rate of 3 per cent per annum above the base rate as varied from time to time by Anglo Irish Bank Corporation plc accruing daily and payable annually in arrears at the end of December in each year;
- (d) the overdraft will be unsecured.

7. The terms of the Carlton Overdraft contain the following provisions:

- (a) the overdraft facility is for the principal sum of up to £15,000,000 and Carlton will be able to draw upon that facility in one or more amounts on call unless the amount exceeds £1,000,000 in which case the draw will be on not less than 3 business days' written request to the Company;
- (b) the overdraft together with the interest thereon is repayable on demand;
- (c) the principal amount of the overdraft outstanding from time to time will carry interest at the rate of 3 per cent per annum above the base rate as varied from time to time by Anglo Irish Bank Corporation plc accruing daily and payable annually in arrears at the end of December in each year;
- (d) the overdraft will be unsecured.

8. **Definitions**

Save as otherwise expressly provided:

**Insurances, Intellectual Property, Occupational Lease, Operating Account, General Account, Capex Account, Unused Capex Account, Permitted Security and Rental Income** shall have the meanings ascribed to them in the Facility Agreement.

**Assigned Agreements, Charged Property, Default Rate, Distribution Rights, Investments, Keyman Insurance Policies, Receiver, Secured Obligations and Subsidiary Shares** shall have the meaning ascribed to them in the Debenture.

**Further Shares and Security** shall have the meanings ascribed to them in the Share Pledge.

This is Exhibit 3 as referred to in the Statutory Declaration of Paul Rogers, Massimo Marcovecchio and Colin Campbell dated:

Signed: **Paul Rogers**

**Massimo Marcovecchio**

**Colin Campbell**



The Directors  
Scottish Highland Hotels Limited  
Carlton Hotel  
North Bridge  
Edinburgh  
Midlothian EH1 1SD

9 July 2004

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF SCOTTISH  
HIGHLAND 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 9 July 2004 in connection with the proposal that the Company should give financial assistance arising on the discharge of a liability incurred in connection with the acquisition by Dawnay Shore Hotels plc of the whole of the issued share capital of Paramount Hotels Group Limited.

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*

Deloitte & Touche LLP  
Registered Auditors  
Audit • Tax • Consulting • Corporate Finance.

Member of  
Deloitte Touche Tohmatsu