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COMPANIES FORM No. 410(Scot)

Particulars of a charge created by a company registered in Scotland

A fee of £13 is payable to Companies House in
respect of each register entry for a mortgage or
charge

CHFP025

Please do not
write in this
margin

Pursuant to section 410 of the Companies Act 1985

AC/00400107/13.

410

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

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number

114

SC074783

Name of company

* Le Meridien Piccadilly Limited (the "Company")

* insert full name
of company

Date of creation of the charge (note 1)

23 November 2005

Description of the instrument (if any) creating or evidencing the charge (note 1)

Debenture dated 23 November 2005 ("Debenture") between the Company and Deutsche Bank AG

Amount secured by the charge

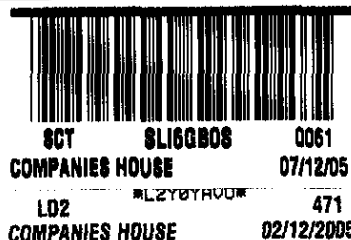
All present and future obligations and liabilities (whether actual or contingent, whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by the Borrower or by some other person) of the Borrower to the Finance Parties (or any of them) under each of the Finance Documents except for any obligation or liability which, if it were included, would cause that obligation or liability or any of the Security in respect thereof, to be unlawful or prohibited by any applicable law (the "**Secured Obligations**") (for definitions see Clause 4 Schedule 1).

Names and addresses of the persons entitled to the charge

Deutsche Bank AG, London Branch
Winchester House, 1 Great Winchester Street, London, EC2N 2DB

CH London Council
Presentor's name address telephone
number and reference (if any):
Clifford Chance Limited
10 Upper Bank Street
London
E14 5JJ

020 7006 2060



Short particulars of all the property charged.

See attached schedule 1.

Please do not
write in
this margin

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

Statement, in the case of a floating charge, as to any restrictions on power to grant further securities and any ranking provision (note 2)

See attached Schedule.

Particulars as to commission, allowance or discount paid (see section 413(3))

None.

A fee is payable
to Companies
House in respect
of each register
entry for a
mortgage or
charge.
(See Note 5)

Signed

Clifford Chance LLP

Date 2 December 2005

On behalf of ~~XXXXXX~~ [chargee] †

Notes

1. A description of the instrument e.g. "Standard Security" "Floating Charge" etc, should be given. For the date of creation of a charge see section 410(5) of the Act. (Examples - date of signing of an Instrument of Charge; date of recording/registration of a Standard Security; date of intimation of an Assignment.)

2. In the case of a floating charge a statement should be given of (1) the restrictions, if any, on the power of the company to grant further securities ranking in priority to, or pari passu with the floating charge; and/or (2) the provisions, if any, regulating the order in which the floating charge shall rank with any other subsisting or future floating charges or fixed securities over the property which is the subject of the floating charge or any part of it.

3. A certified copy of the instrument, if any, creating or evidencing the charge, together with this form with the prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of the creation of the charge. In the case of a charge created out of the United Kingdom comprising property situated outside the U.K., within 21 days after the date on which the copy of the instrument creating it could, in due course of post, and if despatched with due diligence, have been received in the U.K. Certified copies of any other documents relevant to the charge should also be delivered.

4. A certified copy must be signed by or on behalf of the person giving the certification and where this is a body corporate it must be signed by an officer of that body.

5. A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders are to be made payable to **Companies House**.

6. The address of the Registrar of Companies is: Companies House, 37 Castle Terrace, Edinburgh EH1 2EB
DX 235 Edinburgh or LP - 4 Edinburgh 2

† delete as
appropriate

**SCHEDULE 1 TO FORM 410 DATED 2 DECEMBER 2005
FOR LE MERIDIEN PICCADILLY LIMITED (REGISTERED IN SCOTLAND
NUMBER SC074783)**

1. SECURITY

1.1 Mortgage

The Company has charged with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the Mortgaged Property.

1.2 Assignment by way of Security

To the extent not validly and effectively charged by way of first legal mortgage pursuant to Clause 1.1 (*Mortgage*), the Company has assigned and agreed to assign absolutely with full title guarantee to the Security Trustee (as trustee for the Finance Parties) to the fullest extent assignable or capable of assignment without infringing any contractual provision restricting the same, as security for the payment and discharge of the Secured Obligations, all of its right, title and interest from time to time and to each of the following assets:

- 1.2.1 any agreements, contracts, deeds, leases, licences, undertakings, guarantees, covenants, warranties, representations and other documents entered into by, given to or otherwise benefiting the Company in respect of the Real Property;
- 1.2.2 any rental income and all sums payable and any other consideration given in money or money's worth for the disposal of an interest in all or part of any Real Property and the right to make demand for and receive the same.
- 1.2.3 any Insurance Policies and all proceeds paid or payable thereunder;
- 1.2.4 each Control Account, each Bank Account and the debt or debts represented thereby; and
- 1.2.5 the hedge documents and all proceeds paid or payable thereunder.

1.3 Fixed charges

To the extent not validly and effectively charged by way of first legal mortgage pursuant to Clause 1.1 (*Mortgage*) or effectively assigned pursuant to Clause 1.2 (*Assignment by way of Security*), the Company has charged with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first fixed charge, all of its rights, title and interest from time to time in and to each of the following assets:

- 1.3.1 the Real Property and all Related Rights;
- 1.3.2 each Control Account and each Bank Account;

- 1.3.3 each of its present and future accounts with any bank, building society, financial institution or other person (including any replacement account or sub-division or sub-account of that account) and the debt or debts represented thereby;
- 1.3.4 the hedge documents and all proceeds paid or payable thereunder and each of its present and future interest or currency rate swap, cap, floor, collar or option transactions, all proceeds paid or payable thereunder and all Related Rights;
- 1.3.5 book and other debts and monetary claims owing to it and any proceeds of those debts and claims and all Related Rights;
- 1.3.6 patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests to which it is entitled, whether registered or unregistered, the benefit of all applications and its rights to use such assets and all Related Rights;
- 1.3.7 plant, machinery, office equipment, computers, vehicles and other chattels (excluding any for the time being forming part of the Company's stock in trade or work in progress) and all Related Rights;
- 1.3.8 goodwill and rights and claims in relation to its uncalled share capital;
- 1.3.9 rights to recover any VAT on any supplies made to it relating to the Charged Assets and any sums so recovered;
- 1.3.10 Shares and Related Rights;
- 1.3.11 stocks, shares, debentures, securities and certificates of deposit, all interests in collective investment schemes and partnerships and all warrants, options and rights to subscribe for any investment whether held by or on behalf of the Company and all Related Rights; and
- 1.3.12 each of the assets which are specified in Clause 1.2 (*Assignment by way of Security*).

1.4 **Real Property**

A reference in the Legal Charge to a mortgage, assignment or charge of any freehold, heritable or leasehold property includes all buildings, fixtures and fittings from time to time on or forming part of that property and all Related Rights.

2. **FLOATING CHARGE**

- 2.1.1 The Company with full title guarantee and, in relation to assets situated in Scotland, or governed by Scots law, absolute warrandice, charged in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and

discharge of the Secured Obligations, by way of first floating charge all present and future assets and undertaking of the Company.

2.1.2 The floating charge created by paragraph 2.1.1 above is deferred in point of priority to all fixed Security validly and effectively created by the Company under the Finance Documents, in each case in favour of the Security Trustee (as trustee for the Finance Parties) as security for the Secured Obligations.

2.1.3 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by paragraph 2.1.1 above.

3. **ADDITIONAL INFORMATION**

The Debenture and the Facility Agreement contains:

- 3.1 restrictions on the ability of the Company during the Security Period to create or permit to subsist any Security over all or any part of the Charged Assets or dispose of or otherwise deal with any part of the Charged Assets (except where agreed in writing by the Security Trustee or expressly permitted under the Facility Agreement); and
- 3.2 a covenant for further assurances.

4. **DEFINED TERMS**

In this Form 395 definitions of capitalised words and expressions have the meaning set out below:

"Affiliate" as used in each Operating Agreement, means any person that, directly or indirectly, controls, is controlled by, or is under common control with, the referenced Party or other Person. For purposes hereof, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of any Person, or the power to veto major policy decisions of any Person, whether through the ownership of voting securities, by agreement, or otherwise. (In the Facility Agreement, this definition only applies when used in definitions imported from the Operating Agreements).

"Agent" means Deutsche Bank AG, London Branch as agent for the Finance Parties.

"Arranger" means Deutsche Bank AG, London Branch as the mandated arranger under the Facility Agreement.

"Bank Accounts" means each of the accounts specified in Clause 19.2 (*Bank Accounts*) of the Facility Agreement, which are to be maintained by the Operator in the name of the Borrower in accordance with the Operating Agreement.

"Borrower" means Le Meridien Piccadilly Limited, a company incorporated in Scotland whose registered office is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ (Company number SC074783) (the "Borrower");

"Brand" means the "Le Meridien®" brand (it being understood that a separate mark modified by the words "by Le Meridien®" or similar type modifier shall be included in the term "Other Starwood Brands" and not in the term "Brand" for all purposes of each Operating Agreement, provided that such mark is used in association with hotels that are either (i) not required to provide meal service at all three meal periods, room service and/or bell service, or (ii) full-service hotels in a category that is lower than the category of the relevant Hotel as determined by AA (Automobile Association);

"Budgeted Costs" means the itemised budgeted costs and expenses relating to the financing of the Initial Capital Program in relation to the Hotel contained in (as applicable) the Property Improvement Plan for the Hotel, the itemised budgeted costs and expenses relating to any Major Works approved by the Agent in accordance with Clause 21.1 (*Specifications*) of the Facility Agreement, or the Operating Plan.

"Building Capital Improvements" means all repairs, alterations, improvements, renewals, replacements or additions of or to the structure or exterior façade of the Hotel, or to the mechanical, electrical, plumbing, HVAC (heating, ventilation and air conditioning), vertical transport and similar components of the Hotel building that are capitalized under GAAP and depreciated as real property, but expressly excluding ROI Capital Improvements.

"Business Interruption Insurance" means, in relation to the Hotel insurance coverage against "Business Interruption and Extra Expense" (as that phrase is used in the United States insurance industry for application to transient lodging facilities), which complies with the Insurance Requirements.

"CAPEX Commitment" means:

(a) in relation to an Original Lender, the amount set opposite its name under the heading "CAPEX Commitment" in Part I and Part II of Schedule 1 (*Original Parties*) of the Facility Agreement and the amount of any other CAPEX Commitment transferred to it under the Facility Agreement; and

(b) in relation to any other Lender, the amount of any CAPEX Commitment transferred to it under the Facility Agreement,

to the extent not cancelled, increased, reduced or transferred by it under the Facility Agreement.

"CAPEX Facility" means the £7,000,000 term loan facility made available under the Facility Agreement as described in Clause 2.1 (*The Facilities*) of the Facility Agreement.

"CAPEX Loan" means the loan made or to be made under the CAPEX Facility to the Borrower or the principal amount outstanding for the time being of the loan.

"Category" means a distinct subgroup of Brand hotels and/or Other Starwood Brand hotels, and/or lodging properties and related facilities and services owned, Operated or

licensed by Operator or any of its Affiliates, as shall be identified objectively (as reflected in customary industry classifications) on a target customer basis (such as, for example, business or leisure travellers), service level (such as full service, extended stay or limited service), geographical basis (such as Middle East), target business basis (such as resorts, convention hotels, or suburban hotels), or on a combination of factors (such as, Asia Pacific full-service resorts), provided, however, no Category in which the Hotel is placed shall consist of less than four hotels, including the Hotel. A "Category" may have specific operating standards and policies or may be a designation only.

"Centralized Services" means certain centralized services provided or made available to the Operated Brand Hotels comprising "Starwood Centralized Services" being centralised services provided by the Operator, Starwood or an Affiliate of either of them and "Third Party Centralized Services" being Centralized Services provided or made available by a third party designated by the Operator, Starwood or an Affiliate of either of them.

"Centralized Service Charges" means the charges which shall be determined on the same basis as such amounts are determined for substantially all of the other Operated Brand Hotels that are participating in such Centralized Services (subject to the remainder of this definition, and may include amounts reasonably calculated to cover the overhead and other costs incurred by Operator, Starwood or their Affiliates (as applicable) in providing (or arranging for the provision of) such Centralized Services, including: (i) compensation and employee benefits of Corporate Personnel directly involved in providing the Centralized Services, (ii) recovery of development costs and promotion costs for such Centralized Services, (iii) costs of equipment employed in providing the Centralized Services, and (iv) costs of operating, maintaining and upgrading the Centralized Services. (In addition, each Operating Agreement, provides that the Owner shall pay all costs for the installation and maintenance of any equipment or technology systems at the Hotel used in connection with the Centralized Services. Operator, its Affiliates and any third-party providing any Centralized Services shall have the right to increase or decrease any or all of the Centralized Services Charges from time to time, based upon Operator's estimate of increases or decreases in the cost of providing such Centralized Services, upon 60 days notice to Owner, provided that any such changes in the Centralized Services Charges are applied to substantially all of the Operated Brand Hotels). (In each Operating Agreement Operator shall provide the mandatory *Starwood Centralized Services on a basis that is no less favourable than the services that are generally provided to properties comparable to the Hotel that are Operated by Operator and its Affiliates in Europe under the Westin® and Sheraton® brands (collectively, the "Comparable Westin and Sheraton Hotels")*. Owner acknowledges and agrees, however, that certain third-party owners of Operated Brand Hotels and Comparable Westin and Sheraton Hotels currently pay, and may continue to pay, less for the mandatory Starwood Centralized Services than the amounts reflected in the Centralized Services Charges.

"Certified Financial Statements" means the certified financial statements delivered by Operator by 30 April each year in accordance with the Operating Agreement.

"Charged Assets" means each of the assets and undertaking of the Borrower which from time to time are the subject of any Security created or expressed to be created by it in favour of the Security Trustee by or pursuant to this Debenture and any Legal Charge.

"Commitment" means each of the Refinancing Commitment and the CAPEX Commitment.

"Condemnation" means a taking of all or any portion of the Hotel by any Governmental Authority by condemnation or power of eminent domain for any purpose whatsoever, and a conveyance by Owner in lieu or under threat of such taking.

"Control Account" means the Finance Costs Account, the Debt Service Reserve Account, the Refurbishment Account and the Disposal Proceeds Account as described in Clause 19 (*Control Accounts*) of the Facility Agreement.

"Corporate Personnel" means any personnel from the corporate or divisional offices of Operator or its Affiliates who perform activities at or on behalf of the Hotel in connection with the services provided by Operator under the Operating Agreement.

"Cost Overrun" means, at any time, the amount:-

- (a) by which the aggregate actual cost of an item listed in the Budgeted Costs in relation to the Hotel exceeds:
 - (i) the Budgeted Costs for such item in relation to the Hotel at that time; and
 - (ii) any insurance proceeds actually received by the Borrower at that time in relation thereto and which are to be applied by the Borrower in discharge of or towards the cost thereof or any insurance proceeds which the Agent determines are to be received by the Borrower in relation thereto and which are to be applied by the Borrower in respect thereof prior to the relevant cost being incurred; or
- (b) of any costs for items not anticipated in the Budgeted Costs.

"Debenture" means the debenture dated 23 November 2005 between the Company and Deutsche Bank AG, London Branch.

"Debt Service" means any principal, interest and other amounts payable with respect to any Secured Loan or any other secured or unsecured indebtedness of Owner in any way relating to the Hotel or Owner's interest therein (but excluding payments made pursuant to any Secured Loan with respect to escrows for insurance, taxes, reserves or similar items).

"Debt Service Reserve Account" means the account maintained by the Borrower in accordance with Clause 19.1 (*Designation of Control Accounts*) of the Facility

Agreement and includes its interest in any replacement account or sub division or sub account of that account.

"Disposal Proceeds Account" means the account maintained by the Borrower in accordance with Clause 19.1 (*Designation of Control Accounts*) of the Facility Agreement and includes its interest in any replacement account or sub-division or sub-account of that account.

"Effective Date" means the date of each Operating Agreement.

"Facility Agreement" means the Facility Agreement dated 23 November 2005 between, amongst others, the Borrower, the Arranger, the Security Trustee, the Lenders (each as defined in that agreement as amended, varied, novated or supplemented from time to time).

"Fee Letter" means each or any letter or letters dated on or about the date of the Facility Agreement between any Finance Party and the Borrower setting out, inter alia, any fees payable by the Borrower to any Finance Party.

"Finance Costs Account" means the account maintained by the Borrower in accordance with Clause 19.1 (*Designation of Control Accounts*) of the Facility Agreement and includes its interest in any replacement account or sub-division or sub-account of that account.

"Finance Document" means each of:

- (a) the Facility Agreement;
- (b) the Debenture;
- (c) each Legal Charge;
- (d) the Subordination Agreement;
- (e) each Non-Disturbance Agreement;
- (f) the Operating Agreement Pledge;
- (g) each Transfer Certificate;
- (h) each Fee Letter;
- (i) each Utilisation Request;
- (j) the Share Charge;
- (k) each Initial Capital Program Guarantee; and
- (l) any document designated as such by the Agent and the Borrower.

"Finance Party" means each of the Agent, the Security Trustee, the Arranger, the Servicer and the Lenders.

"Governmental Authority" means any government or political subdivision, or an agency or instrumentality thereof.

"Gross Operating Profit" or **"GOP"** means with respect to any period of time, the amount by which Gross Operating Revenue exceeds Operating Expenses for such period.

"Gross Operating Revenue" or **"GOR"** means with respect to any period of time, all revenue and income of any kind derived directly or indirectly from the Operation of the Hotel and properly attributable to such period (including rentals or other payments from licensees, lessees, or concessionaires of retail space in the Hotel, but not gross receipts of such licensees, lessees or concessionaires), determined in accordance with GAAP and the Uniform System, expressly including all gross revenues generated from (a) the operation of all banquet, catering and room service functions at the Hotel, (b) the operation of any parking facilities at the Hotel or the Premises, and (c) the rental or use of any retail space or other areas of the Hotel or the Premises by any third-parties pursuant to any lease, license, concession or similar agreement Premises, but expressly excluding the following: (i) applicable excise, sales, occupancy and use taxes and similar taxes, assessments, duties, levies or charges imposed by a Governmental Authority and collected directly from patrons or guests, or as a part of the sales price of any goods, services, or displays, including gross receipts, admission, cabaret and similar taxes; (ii) receipts from the financing, sale or other disposition of capital assets and other items not in the ordinary course of the Hotel's operations and income derived from securities and other property acquired and held for investment; (iii) receipts from awards or sales in connection with any Condemnation, from other transfers in lieu of and under the threat of any Condemnation, and other receipts in connection with any Condemnation, but only to the extent that such amounts are specifically identified as compensation for alterations or physical damage to the Hotel; (iv) proceeds of any insurance, except that the proceeds of any Business Interruption Insurance shall be included in GOR; (v) rebates, refunds, discounts or credits for any goods or services provided by Operator (provided that charge and credit card commissions shall not reduce Gross Operating Revenue, but shall constitute an Operating Expense); (vi) proceeds from any Secured Loan; (vii) proceeds from the financing or refinancing of the Hotel or proceeds from the sale, exchange or other disposition of all or any part of the Hotel; (viii) security deposits or other amounts received from tenants or guests to compensate for damage to or loss of all or any portion of the Hotel; (ix) room reservation and other deposits unless applied or forfeited; (x) all funds provided by Owner to Operator under the terms of the Facility Agreement or otherwise; and (xi) interest income in the funds deposited in the Bank Accounts.

"Gross Rooms Revenues" or **"GRR"** means gross revenues attributable to or payable for rentals of Guest Rooms at the Hotel, whether or not collected, including all credit transactions and "no show" and early departure charges, but excluding separate charges to guests for food and beverage, telephone, and federal, state and local sales, occupancy and use taxes.

"Guest Room" means each rentable unit in the Hotel consisting of a room or suite of rooms generally used for overnight guest accommodations, entrance to which is controlled by one key, adjacent rooms with connecting doors that can be locked and rented as separate units shall be deemed to be separate Guest Rooms.

"Hotel" means the Property and the business carried on thereat.

"Hotel Personnel" means all Individuals performing services in the name of the Hotel at the Hotel during the term of the relevant Operating Agreement, including the Senior Executive Personnel.

"Hotel Personnel Costs" means all reasonable costs and expenses associated with the employment or termination of Hotel Personnel, including recruitment expenses, the reasonable costs of moving executive level Hotel Personnel, their families and their belongings to the area in which the Hotel is located at the commencement of their employment at the Hotel, compensation and benefits (including the value of any equity based benefits), employment taxes, reasonable training and severance payments, including those that relate to periods of prior employment, all in accordance with Applicable Laws (as defined in the relevant Operating Agreement), Operator's policies for Operated Brand Hotels and such other policies as may be established pursuant to the relevant Operating Agreement.

"Individual" means a natural person, whether acting for himself or herself, or in a representative capacity.

"Insurance Policy" means any policy of insurance or assurance relating to the Hotel in which the Borrower may at any time have an interest entered into in accordance with Clause 22.7 (*Insurance*) of the Facility Agreement.

"Initial Capital Program" means the collective reference to the Routine Capital Improvements and Building Capital Improvements described in the Property Improvement Plan for the Hotel, attached as Exhibit F to the Operating Agreement for the Hotel.

"Initial Capital Program Amount" means the budgeted costs and expenses to be incurred in connection with the Initial Capital Program as set out in Schedule 12 (*Initial Capital Program Amount*).

"Initial Capital Program Guarantee" means each guarantee entered or to be entered into by PAMI LLC and Starwood Capital Hospitality Fund I-2, L.P. in favour of the Finance Parties guaranteeing the payment of:

- (a) the Borrower's Initial Capital Program Amount; and
- (b) any Cost Overruns in respect of the Works forming the Initial Capital Program up to an amount equal to each Initial Capital Program Guarantee Cap.

"Initial Capital Program Guarantee Cap" means the cap on the Cost Overrun amounts guaranteed by each Initial Capital Program Guarantee as set out in Schedule 12 (*Initial Capital Program Amount*) of the Facility Agreement.

"Insurance Costs" means all insurance premiums or other costs paid for any insurance policies (including Business Interruption Insurance) maintained with respect to the Hotel.

"Insurance Requirements" means the minimum coverage limits, deductibles and other requirements reasonably required by Operator as set forth in the Manuals or otherwise in writing, provided same shall at all times satisfy the requirements of the relevant Lease.

"Junior Creditor" means a person who is a Junior Creditor under (and as defined in) the Subordination Agreement.

"Lease" means any present or future lease, lease agreement, underlease, sub-lease, licence, tenancy or right to occupy all or any part of the Property and any agreement for the grant of any of the foregoing.

"Legal Charge" means each legal charge entered or to be entered into by the Borrower in favour of the Security Trustee which is supplemental to the Debenture.

"Lender" means:

- (a) any Original Lender; and
- (b) any person, bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with Clause 24 (*Changes to Finance Parties*) of the Facility Agreement,

which, in each case, has not ceased to be a Party in accordance with the terms of the Facility Agreement.

"Licence Agreement" means, in relation to the Hotel, the trademark license agreement made or to be made between the Borrower and Starwood (M) International Inc. as licensor for the Hotel.

"Licence Fee" means the licence fee payable to the Licensor under the Licence Agreement, being 5% of Gross Rooms Revenue for each month during the term of the Licence Agreement (including any partial month at the commencement and expiration or termination of the term of the licence agreement), as off-set with the Operating Fee in accordance with the Operating Agreement (and which fee when aggregated with the Operating Fee shall never exceed 3% of Gross Operating Revenue in any Operating Year.

"Licensor" means Starwood (M) International Inc.

"Loan" means each or any of the loan borrowed under the Refinancing Facility and the CAPEX Loan borrowed by the Borrower, or the principal amount outstanding for the time being of that loan and "Loan" means any one of them.

"Manuals" means all written, digitized, computerized or electronically formatted manuals and other documents and materials prepared and used by Operator for Brand hotels, or hotels in the Category applicable to the Hotel, as instructions, requirements, guidance or policy statements with respect to Operator's chain of Brand hotels, which are loaned or otherwise made available to Owner, including Starwood ONE and design guides for the Brand.

"Major Works" means Works in respect of a project with an aggregate anticipated cost of EUR 1,000,000 or more.

"Majority Lenders" means:

- (a) if there are no Loans then outstanding, a Lender or Lenders whose Commitments aggregate more than 66 2/3% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66 2/3% of the Total Commitments immediately prior to the reduction); or
- (b) at any other time, a Lender or Lenders whose participations in the Loans then outstanding aggregate more than 66 2/3% of all the Loans then outstanding.

"Mortgage" means any real estate, leasehold, chattel mortgage, pledge, security agreement, deed of trust, security deed, ground lease or similar document or instrument encumbering the Hotel or any part thereof, together with all promissory notes, loan agreements or other documents relating thereto.

"Mortgaged Property" means the freehold and leasehold property specified in the Schedule to each Legal Charge and any freehold or leasehold property specified in Schedule 2 (*Mortgaged Property*).

"Non-Disturbance Agreement" means, in relation to the Hotel, the non-disturbance agreement made or to be made between the Operator, the Borrower and the Agent in respect of the Operating Agreement.

"Operate, Operating or Operation" means to manage, operate, maintain, market, promote, and provide other management or operations services to the Hotel.

"Operated Brand Hotels" means all hotels and resorts that are Operated by Operator or its Affiliates under the Brand in Europe, including all such hotels and resorts that are owned and self-Operated by Operator or its Affiliates, but excluding Le Meridien Montparnasse, Le Meridien Hamburg - Stillhorn, Le Meridien Hildesheim - Hanover, Le Meridien Gallia, Le Meridien Apollo, The Park Hotel (Amsterdam, Netherlands) and the Meridien Dona Filipa.

"Operating Agreement" means the operating agreement made or to be made between the Borrower and the Operator for the Hotel.

"Operating Agreement Pledge" means the pledge entered or to be entered into by the Borrower of the Operating Agreement.

"Operating Expenses" means all ordinary and necessary expenses incurred in the Operation of the Hotel in accordance with the Operating Agreement, including all (a) Hotel Personnel Costs and all other Reimbursable Expenses, (b) all expenses for maintenance and repair, (c) costs for utilities, (d) administrative expenses, including all costs and expenses relating to the Bank Accounts and Certified Financial Statements, (e) costs and expenses for marketing, advertising and promotion of the Hotel, and (f) amounts payable to Operator as set forth in the Operating Agreement, all as determined in accordance with GAAP and the Uniform System, but expressly excluding the following: (i) the Operating Fees and Licence Fees; (ii) Taxes; (iii) Insurance Costs; (iv) Reserve Fund Contributions and any expenditures for Routine Capital Improvements, Building Capital Improvements or ROI Capital Improvements; (v) costs for the rental of real or personal property (except, with respect to personal property, rentals incurred directly in connection with revenue generating activities); (vi) any depreciation and amortization of capital assets; (vii) costs for the administration of Owner (including any board or shareholder meetings) or Owner's personnel, including salaries, wages, employee benefits and reimbursements of Owner's directors, officers, employees or agents; (viii) fees and costs for professional services, including the fees and expenses of attorneys, accountants and appraisers, incurred directly or indirectly in connection with any category of expense that is not itself an Operating Expense; and (ix) Debt Service and any rental payments due under the Lease, (other than payments (if any) made pursuant to any Secured Loan or the Lease with respect to items of expense that would otherwise be includible in Operating Expenses).

"Operating Fee" means, in relation to the Hotel, the Operating Fee payable under the Operating Agreement for the Hotel, being three per cent. of Gross Operating Revenues for each month during the term of the Operating Agreement (including any partial month at the commencement and expiration of termination of the term of the Operating Agreement)), as off-set with the Licence Fee in accordance with the Operating Agreement as set out in Exhibit A thereto.

"Operating Plan" means, in relation to the Hotel, the operating plan for the Hotel prepared by the Operator in accordance with Operator's standard planning and budgeting requirements and delivered to the Owner the eight week anniversary of the Effective Date, and on or before 1 November in each Operating year after 2005 in accordance with the relevant Operating Agreement, which shall include for the next Operating Year in relation to that Hotel monthly and annualized projections of the following items:

- (a) estimated results of operations (including estimated Gross Operating Revenue, Gross Rooms Revenue, Operating Expenses, and Gross Operating Profit), together with the following supporting data:
 - (i) estimates of total labour costs, including both fixed and variable labour;

- (ii) estimates of the average daily rate and occupancy; and
- (iii) estimates of Operating Fees, Centralized Services Charges, Reimbursable Expenses and other amounts payable by Owner to Operator and its Affiliates under the Operating Agreement;
- (b) a description of proposed Routine Capital Improvements, Building Capital Improvements and ROI Capital Improvements to be made during such Operating Year and itemised estimated capital expenditures related thereto, including capitalised lease expenses and a contingency line item (as set forth in Section 5.1.2 of the Operating Agreement) ("**Capital Budget**");
- (c) a statement of cash flow, including a schedule of any anticipated requirements for funding by Owner; and
- (d) a marketing plan for the activities to be undertaken by Operator pursuant to Article 9 of the relevant Operating Agreement, which plan shall include a description of the Hotel's target markets, the Hotel's relative position in those markets, the proposed room rate structures for each market segment, the current and future sales plan for the Hotel, the advertising and public relations plan for the Hotel, and the proposed staffing for the sales and marketing activities of the Hotel.

"Operating Standard" means all such actions for and on behalf of Owner as are reasonably necessary to cause the Hotel to be Operated (a) at a level of service and quality which, viewed in its entirety, is substantially equivalent to a "four star" standard as such term applies in the country in which the Hotel is located with such modification to reflect the customary practices of and amenities typically offered by the Reference Hotels), and equal to or better than the level of service and quality prevailing from time to time at the Operated Brand Hotels and consistent with the other terms and conditions of the Operating Agreement, (b) in accordance with the standards, policies and programs (including, without limitation, purchasing programs, sales promotion programs, quality improvement programs and fire, life and safety projects) in effect from time to time that are applicable to the operation of substantially all of the Operated Brand Hotels and consistent with the other items and conditions of the Operating Agreement, and (c) in accordance with the requirements and, in all cases, subject to the limitations set forth in the Operating Agreement, including those relating to the Operating Plan, and the Lease of each Hotel or relevant part thereof (collectively, the "Operating Standard"). Notwithstanding the foregoing, the Parties (being the Owner and the Operator) acknowledged that (i) Operator's duty to Operate the Hotel in accordance with the Operating Standard is subject to the provisions of Section 5.11 of the Operating Agreement, and (ii) given the condition of the Hotel as of the Effective Date, that it was anticipated to take approximately 24 months following the Effective Date for the Hotel's physical condition and Operations to be brought into compliance with the Operating Standard.

"Operating Year" means, in relation to the Hotel, each calendar year during the term, except that the first Operating Year shall be a partial year beginning on the Effective

Date and ending on December 31, 2005, and if the Operating Agreement is terminated effective on a date other than December 31 in any year, then the last Operating Year shall also be a partial year commencing on January 1 of the year in which such expiration or termination occurs and ending on the effective date of expiration or termination.

"Operator" means, in respect of the Hotel, Starwood (M) Hotels Inc., being the operator under the Operating Agreement.

"Original Lender" means Deutsche Bank AG, London Branch.

"Other Starwood Brands" means the brands, other than the Brand, of lodging facilities owned, Operated or licensed by Starwood or any one or more of its Affiliates from time to time. As of the Effective Date, the brands of Starwood and its Affiliates (including the Brand) consist of Westin®, Sheraton®, Four Points®, W Hotels®, Le Meridien®, Luxury Collection®, and St. Regis®.

"Out-of-Pocket Expenses" means, in relation to the Hotel, the reasonable, out-of-pocket costs (with no mark up or profit to Operator) incurred by Operator or its Affiliates directly in connection with performing its services under and in accordance with the terms of the Operating Agreement, including air and ground transportation, meals, lodging, taxis, gratuities, document reproduction, printing, promotional materials, stationery, postage, long-distance telephone calls and facsimiles.

"Owner" means Le Meridien Piccadilly Limited, a company incorporated in Scotland whose registered office is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ (Company number SC074783)

"Parent" means Meridien Netherlands Holdings B.V. registered as a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of The Netherlands having its corporate seat in Amsterdam, The Netherlands, Chamber of Commerce number 34157627.

"Party" means a party to the Facility Agreement or to any other Finance Document.

"Premises", in relation to the Hotel, means Premises as defined in the Operating Agreement being a short description of the Hotel the subject of the relevant Operating Agreement.

"Property" means each of:

- (a) Le Meridien Piccadilly, London, England; and
- (b) any other present or future property in which the Borrower has an interest.

"Property Improvement Plan" means, in relation to the Hotel, the Initial Capital Program (and delivered to the Agent in accordance with Schedule 2 (*Conditions Precedent*) of the Facility Agreement) and any subsequent list of upgrades and improvements, which Operator prepares and provides to Owner in connection with a

Building Capital Improvement or ROI Capital Improvement, or otherwise pursuant to the Operating Agreement.

"Real Property" means (including as provided in Clause 1.7 (*Real Property*) of the Debenture), the Mortgaged Property and any present or future freehold, heritable or leasehold property in which the Borrower has an interest.

"Reference Hotels" means Sofitel; Grosvenor House; Millennium Mayfair; Hyatt Churchill.

"Refinancing Commitment" means:

(a) in relation to an Original Lender, the amount set opposite its name under the heading "Refinancing Commitment" in Part I and Part II of Schedule 1 (*Original Parties*) of the Facility Agreement and the amount of any other Refinancing Commitment transferred to it under the Facility Agreement; and

(b) in relation to any other Lender, the amount of any Refinancing Commitment transferred to it under the Facility Agreement,

to the extent not cancelled, increased, reduced or transferred by it under the Facility Agreement.

"Refurbishment Account" means the account maintained by the Borrower in accordance with Clause 19.1 (*Designation of Control Accounts*) of the Facility Agreement and includes any interest in any replacement account or sub-division of sub-account of that account.

"Related Rights" means, in relation to any asset:

(a) the proceeds of sale of any part of that asset;

(b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;

(c) all rights, powers, benefits, claims, contracts, warranties, remedies, security, guarantees, indemnities or covenants for title in respect of that asset; and

(d) any moneys and proceeds paid or payable in respect of that asset.

"Reimbursable Expenses" means the following expenses incurred by Operator or any of its Affiliates: (a) all Hotel Personnel Costs (to the extent incurred directly by Operator or any of its Affiliates); (b) all amounts paid by Operator to third parties relating to Third-Party Centralized Services in accordance with the Operating Agreement; (c) all Out-of-Pocket Expenses incurred by Operator directly in connection with its Operation of the Hotel; (d) the per diem charge as reasonably established by Operator from time to time for personnel of Operator or its Affiliates assigned to special projects for the Hotel (without any special mark-up); (e) payments made or incurred by Operator or its Affiliates, or its or their employees to third parties for

goods and services (i) in the ordinary course of business in the Operation of the Hotel, (ii) in accordance with the Operating Plan, (iii) as permitted under the Operating Agreement, or (iv) as otherwise approved by Owner; (f) all taxes, assessments, duties, levies or charges (other than Operator's income taxes) imposed by any Governmental Authority against any reimbursements payable to Operator under the Operating Agreement for expenses incurred for Owner's account, including the other Reimbursable Expenses listed in the Operating Agreement; and (g) costs incurred by Hotel Personnel in attending management conferences and seminars organized by the corporate divisions of Operator or its Affiliates, and any costs of Corporate Personnel in presenting and/or training the Hotel Personnel at such conferences and seminars provided such costs are reasonably allocated to Owner and a majority of other Operated Brand Hotels are similarly allocated such costs.

"Reserve Fund Contribution" means the higher of (a) four percent (4%) of Gross Operating Revenues (as adjusted in accordance with the Operating Agreement (but not, for the avoidance of doubt, without the prior written consent of the Agent on the instructions of the Lenders)); (b) the amount of any capital reserve requirement established under the Lease (as defined in the Operating Agreement); or (c) the amount of any capital reserve requirement established under applicable law (as defined in the relevant Operating Agreement).

"ROI Capital Improvements" means all alterations, improvements, replacements, renewals and additions to the Hotel that are capitalized under GAAP and involve a material change in the primary use of, or a material physical expansion or alteration of, the Hotel (including adding or removing Guest Rooms or meeting rooms, or changing the configuration of the Hotel from that set forth in Exhibit A to the Operating Agreement).

"Routine Capital Improvements" means all maintenance, repairs, alterations, improvements, replacements, renewals and additions to the Hotel (including replacements and renewals of FF&E and Supplies, exterior and interior painting, resurfacing of walls and floors, resurfacing parking areas and replacing folding walls) that are capitalized under GAAP and not depreciated as real property. For avoidance of doubt, the term Routine Capital Improvements includes any of the foregoing items required to comply with changes in the Operating Standard after the Effective Date but expressly excludes Building Capital Improvements and ROI Capital Improvements.

"Secured Loan" means any of the following forms of indebtedness, the proceeds of which are used solely to finance or refinance Owner's investment in the Hotel or for other Hotel-related purposes: (a) any Mortgage, (b) any loan secured by a pledge or collateral assignment of all or any part of the direct or indirect ownership interests in Owner, (c) any mezzanine financing relating to the Hotel, (d) any sale/leaseback or similar financing transaction, together with all other instruments evidencing or securing the payment of the indebtedness secured by such mortgage, deed of trust, pledge, collateral assignment or the obligation to make rental or other payments in connection with any such sale/leaseback or similar financing transaction, and (e) all amendments,

modifications, supplements and extensions of such instruments. In the event of any sale/leaseback, (i) the tenant under the lease shall be treated as Owner for purposes of the Facility Agreement, and (ii) lease payments shall not be treated as Operating Expenses, except for lease payments (if any) made on account of items of expense which would have been payment by Owner to third parties as Operating Expenses in the absence of such lease.

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Security Period" means the period beginning on the date of this Debenture and ending on the date on which the Security Trustee is satisfied that the Secured Obligations have irrevocably been discharged in full and no Finance Party is under any further actual or contingent obligation to make advances or provide other financial accommodation to the Borrower or any other person under any of the Finance Documents.

"Security Trustee" means Deutsche Bank AG, London Branch as agent and trustee for each of the Finance Parties.

"Senior Executive Personnel", in relation to the Hotel, means the Individuals employed from time to time as the general manager and controller of the Hotel, or serving such functions, regardless of the specific titles given to such Individuals.

"Servicer" means Deutsche Bank AG, London Branch or such other person appointed by the Agent (acting upon the direction of the Majority Lenders and approved by the Borrower (acting reasonably) to act as loan servicer under the Facility Agreement.

"Share" means any stock, share, debenture or other security.

"Share Charge" means the share pledge of the shares of the Borrower entered into or to be entered into by the Parent in favour of the Agent.

"Starwood" means Starwood Hotels & Resorts Worldwide, Inc., together with its successors and assigns, including and successor parent company of the Operator.

"Subordination Agreement" means the subordination agreement entered or to be entered into between the Borrower as debtor, the Security Trustee and the Agent, to which the Junior Creditors will accede.

"Supplies" means, in relation to the Hotel, all operating supplies and equipment used in the Operation of the Hotel.

"Taxes" means all taxes, assessments, duties, levies and charges, including ad valorem taxes on real property, personal property taxes and business and occupation taxes, imposed by any Governmental Authority against the relevant Owner in connection with the ownership or Operation of the relevant Hotel, but expressly excluding income, franchise or similar taxes imposed on the relevant Owner.

"Third-Party Centralized Services" means any Centralized Services provided by a Person other than Starwood or any Affiliate.

"Total Commitments" means the aggregate of the Commitments being £42,230,000 at the date of the Facility Agreement.

"Transfer Certificate" means a certificate substantially in the form set out in Schedule 5 (*Form of Transfer Certificate*) of the Facility Agreement or any other form agreed between the Agent and the Borrower.

"Uniform System" means the Uniform Systems of Accounts for the Lodging Industry that is published by the Hotel Association of New York City, Inc. and approved by the American Hotel and Motel Association, in effect at the time in question (currently, the 9th Revised Edition, 1996).

"Utilisation Request" means a notice substantially in the form set out in Part I of Schedule 3 (*Utilisation Request*) of the Facility Agreement.

"VAT" means value added tax as imposed by the Value Added Tax Act 1994 and any other tax of a similar fiscal nature whether imposed in the United Kingdom (instead of or in addition to value added tax) or elsewhere from time to time.

"Works" means all or any works carried out or to be carried out by the Borrower or at the Borrower's direction in relation to the Initial Capital Program or otherwise in respect of ROI Capital Improvements.

SCHEDULE 2 TO FORM 395 DATED 23 NOVEMBER 2005
MORTGAGED PROPERTY
Mortgaged Property of Le Meridien Piccadilly Limited

Title Number : NGL474733

The leasehold land demised by the lease dated 10 October 1983 for a term of 99 years from 10 October 1983 and made between St. Martins Property Corporation Limited (1) and Gleneagles Hotels Public Limited Company (2) and comprises Le Meridien Hotel, Piccadilly.

FILE COPY



**CERTIFICATE OF THE REGISTRATION
OF A CHARGE**

Company number 74783

I hereby certify that a charge created by

LE MERIDIEN PICCADILLY LIMITED

on 23 NOVEMBER 2005

for securing ALL SUMS DUE, OR TO BECOME DUE

in favour of DEUTSCHE BANK AG, LONDON BRANCH

was delivered pursuant to section 410 of the Companies Act, 1985,
on 7 DECEMBER 2005 given at Companies House, Edinburgh
8 DECEMBER 2005



C O M P A N I E S H O U S E



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**