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CHFP025

COMPANIES FORM No. 155(6)b

**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

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

For official use

Company number



SC125204

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

Name of company

* Macdonald Hotels and Resorts Limited

* insert full name
of company☒ We ☐ See attached Rider A☐ insert name(s) and
address(es) of all
the directors† delete as
appropriate

~~the sole director~~ [all the directors]† of the above company (hereinafter called 'this company') do
solemnly and sincerely declare that:

§ delete whichever
is inappropriate

The business of this company is:

- (a) ~~that of a person authorised under section 1 of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom~~
- (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* Waterside Inns Limited

(Registered Number SC063327)

which is

proposing to give financial assistance in connection with the acquisition of shares

in [this company] [

~~the holding company of this company~~]Presentor's name address and
reference (if any):

Dickson Minto WS
16 Charlotte Square
Edinburgh EH2 4DF
DX ED199
Tel: 0131 225 4455
M245/5/REF/AJP/CJM
(G155(6)b\macd-31.1nd)

For office
General Se

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

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

The number and class of the shares acquired or to be acquired is: See attached Rider B

The assistance is to be given to: (note 2) Macdonald Hotels Limited (formerly known as Skye Leisure Ventures plc) (registered number SC247423) of Whiteside House, Whiteside Industrial Estate, Bathgate, West Lothian EH48 2RX (the "Purchaser")

The assistance will take the form of:

See attached Rider C

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

† delete as appropriate

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

See attached Rider D

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

The date on which the assistance is to be given is within 8 weeks of the date hereof

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

☒ 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)

* delete either (a) or
(b) as appropriate

(a) ☒ 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)

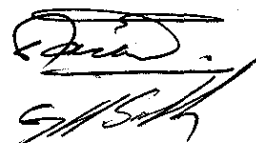
(b) ~~It is intended to commence the winding up of this company within 12 months of that date, and that~~
~~we have formed the opinion that this company will be able to pay its debts as they fall due within 12 months of the~~
~~commencement of the winding up.]~~ (note 3)

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

Inchyra Grange Hotel, Portmout

Declarants to sign below



Day Month Year

on

1	9	1	0	2	0	0	5
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before me

Coni M Hete

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
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB

MACDONALD HOTELS AND RESORTS LIMITED

(Registered Number SC125204)

FORM 155(6)b - RIDER A

Directors

Donald John Macdonald

Gerard Henry Smith

Address

Cardrona, Glen Road, Dunblane,
Perthshire FK15 0DT

Dallarich, Caledonian Crescent,
Gleneagles, Perthshire PH3 1NG

MACDONALD HOTELS AND RESORTS LIMITED

(Registered Number SC125204)

FORM 155(6)b - RIDER B

63,370,864 ordinary shares of 5p each

MACDONALD HOTELS AND RESORTS LIMITED

(Registered Number SC125204)

FORM 155(6)b - RIDER C

The assistance will take the form of:-

1. the execution by the Subsidiary of a Facilities Agreement;
2. the execution by the Subsidiary of an Intercreditor Agreement;
3. the execution by the Subsidiary of a floating charge (the "Floating Charge") in favour of the Bank in its capacity as Security Trustee;
4. the execution by the Subsidiary of a standard security over Ardoe House Hotel, North Lodge and the Stables, Banchory (the "Standard Security");
5. the execution by the Subsidiary of an inter company funding agreement between the Purchaser and the Subsidiary (the "Funding Agreement"); and
6. the execution by the Subsidiary of a letter of support between the Subsidiary and the Purchaser (the "Support Agreement").

Definitions

In this statutory declaration the following expressions have the following meanings:-

"Bank"	means The Governor and Company of the Bank of Scotland;
"Facilities Agreement"	means the facilities agreement dated 19 October 2005 between the Purchaser, the Subsidiary, the Bank in various capacities and others in relation to certain term loan, guarantee, bridging, capex and working capital facilities;
"Intercreditor Agreement"	means the intercreditor agreement dated 19 October 2005 between the Purchaser, the Subsidiary, the Bank in various capacities and others;
"Purchaser"	means Macdonald Hotels Limited (formerly known as Skye Leisure Ventures plc) (registered number SC247423) of Whiteside House, Whiteside Industrial Estate, Bathgate, West Lothian EH48 2RX; and
"Subsidiary"	means Waterside Inns Limited (registered number SC063327) of Whiteside House, Whiteside Industrial Estate, Bathgate, West

MACDONALD HOTELS AND RESORTS LIMITED

(Registered Number SC125204)

FORM 155(6)b - RIDER D

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

- (i) under the Facilities Agreement, the Subsidiary unconditionally guarantees the payment or discharge of the Guaranteed Liabilities (as defined in the Facilities Agreement) owing by the Subsidiary and each other member of the Group pursuant to the Finance Documents (as defined in the Facilities Agreement);
- (ii) under the Intercreditor Agreement, the interrelationship between the Guaranteed Liabilities referred to at paragraph (i) above are regulated;
- (iii) under the Floating Charge, the Subsidiary charges the whole of its property, undertaking and assets in favour of the Bank in its capacity as Security Trustee to secure the Secured Liabilities;
- (iv) under the Standard Security, the Subsidiary charges to the Bank in its capacity as Security Trustee its heritable interest in the property known as Ardoe House Hotel, North Lodge and the Stables, Banchory to secure the Secured Liabilities;
- (v) the Subsidiary agrees in terms of the Funding Agreement, subject to the satisfaction of certain conditions, to lend funds to the Purchaser on the terms set out therein in order to enable the Purchaser *inter alia* to discharge its obligations under the Finance Documents (as defined in the Facilities Agreement) and to make certain other payments; and
- (vi) the Purchaser agrees in terms of the Support Agreement, to lend funds to the Subsidiary on the terms set out therein in order to enable the Subsidiary *inter alia* to discharge its obligations to the Funding Parties (as defined therein).

Where:-

"Bank"	means the Governor and Company of the Bank of Scotland;
"Group"	means the Purchaser and each of its subsidiaries from time to time; and
"Secured Liabilities"	means all present and future liabilities and obligations (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) which now or hereafter may be or become due and owing by the Subsidiary to any Secured Party (as defined in any relevant Finance Document) under the Relevant Documents (as defined in

any relevant Finance Document) and references to Secured Liabilities includes references to any of them.

Any term defined in Rider C shall have the same meaning in this Rider D.

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF MACDONALD HOTELS AND RESORTS 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 19 October 2005 in connection with the proposal that the Company's subsidiary Waterside Inns Limited should give financial assistance for the purpose of reducing or discharging a liability incurred in connection with the acquisition by Macdonald Hotels Limited of 63,370,864 ordinary shares of £0.05 each in the share capital of the Company.

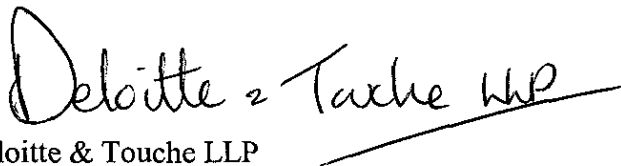
This report is made solely to the directors of the Company for the purpose of section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors of the Company those matters that we are required to state to them in an auditors' report under that section and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

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style with a long horizontal line extending from the end.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
19 October 2005

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2DB