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CHFP020

COMPANIES FORM No. 155(6)a

((T))

**Declaration in relation to
assistance for the acquisition
of shares****155(6)a**Please do not
write in
this margin

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

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

For official use

Company number

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SC292735

Name of company

NotePlease read the notes
on page 3 before
completing this form.* insert full name
of companyØ insert name(s) and
address(es) of all
the directors

* HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED ("THE COMPANY")

We Ø John Adam Brown, Crosbie House, Southwoods Road, Monkton, Prestwick,
Ayrshire, KA9 1UR,Colin James Paton, Ashley House, Freelands Road, Ratho, Edinburgh,
EH28 8NW,Brendan Gillespie, 56 Blairbeth Road, Rutherglen, Glasgow, G73 4JQ,
and† delete as
appropriate§ delete whichever
is inappropriate

[the subscriber] [all the directors]† of the above company do solemnly and sincerely declare that:

The business of the company is:

(a) that of a [recognised bank] [licensed institution]† within the meaning of the Banking Act 1979; x

(b) that of a person authorised under section 3 of 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: 99,999 Ordinary Shares
of £1.00 eachPresenter's name address and
reference (if any):HBJ GATELEY WAREING
(SCOTLAND) LLP

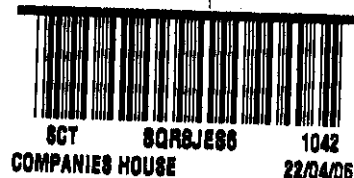
EXCHANGE TOWER, 19

CANNING STREET, EDINBURGH

EH3 8EH, DX ED27

For official Use
General Section

Post Room



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

COMPANY NUMBER: SC235178

REGISTERED OFFICE: EXCHANGE TOWER, 19 CANNING STREET, EDINBURGH, MIDLOTHIAN

EH3 8EH ("ETHECAN LIMITED")

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this margin

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bold block lettering

The assistance will take the form of:

THE ENTRY BY THE COMPANY INTO OR THE GRANT, ACCEPTANCE, APPROVAL, PAYMENT OR PROVISION BY THE COMPANY OF: (1) A LOAN BY THE COMPANY TO ETHECAN LIMITED OF £100,000; (2) THE COMPANY PAYING ALL PROFESSIONAL FEES AND OUTLAYS AND BANKING COSTS INCURRED BY IT AND ETHECAN LIMITED IN THE COURSE OF ETHECAN LIMITED'S ACQUISITION OF 100,000 ORDINARY SHARES OF £1.00 EACH IN THE ISSUED SHARE CAPITAL OF THE COMPANY; (3) THE TERM LOAN OF £8,800,000 AND THE WORKING CAPITAL FACILITY OF £1,800,000 ("THE FACILITY LETTERS") TO BE GRANTED BY THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND ("THE BANK") TO THE COMPANY DATED 19 April 2006; (4) A CROSS GUARANTEE BY THE COMPANY AND CERTAIN RELATED COMPANIES OF THE COMPANY TO THE BANK WHEREBY, INTER ALIA, THE COMPANY GUARANTEES THE OBLIGATIONS TO THE BANK OF THE COMPANY AND EACH SUCH RELATED COMPANY OF THE COMPANY; (5) A FLOATING CHARGE IN FAVOUR OF THE BANK OVER THE WHOLE OF THE PROPERTY (INCLUDING UNCALLED CAPITAL) WHICH IS OR MAY BE FROM TIME TO TIME COMPRISED IN THE PROPERTY AND UNDERTAKING OF THE COMPANY AND IN SECURITY OF ALL OR ANY MONIES AND LIABILITIES WHICH SHALL FROM TIME TO TIME BE DUE, OWING OR INCURRED IN WHATSOEVER MANNER TO THE BANK BY THE COMPANY; AND (6) A STANDARD SECURITY IN FAVOUR OF THE BANK OVER THE PROPERTY KNOWN AS THE POND HOTEL, GREAT WESTERN ROAD, GLASGOW (TITLE NUMBER GLA138319) AND IN SECURITY OF ALL PRESENT AND FUTURE SUMS OF MONEY (HOWSOEVER ARISING) DUE AND THAT MAY BECOME DUE TO THE BANK.

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

ETHECAN LIMITED

† delete as
appropriate

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

PLEASE SEE PAPER APART

The amount of cash to be transferred to the person assisted is £ 99,000.00

The value of any asset to be transferred to the person assisted is £ 0.00

The date on which the assistance is to be given is 19 April 2006

Please do not
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this margin

Please complete
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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)

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

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

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

Declared at 247 West George Street
Glasgow G2 4QE

Declarants to sign below

on

Day	Month	Year
19	04	2006

before me DAVID JONATHAN MCKINNEY

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

David J McKinney
Notary Public,
Glasgow

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

This is the Paper Apart referred to in the foregoing Form 155(6)(a) in respect of Hotel Property Fund (Syndicate 2) Limited (SC292735) ("the Company")

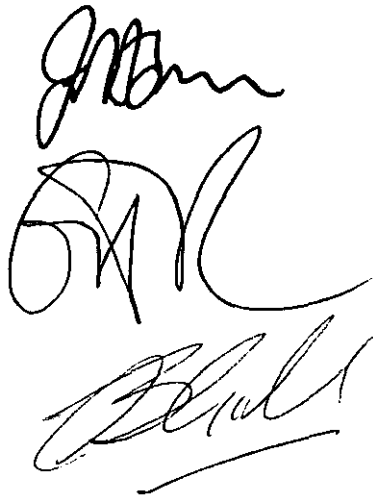
The principal terms on which the assistance will be given are as follows:-

- (A) a loan to be advanced by the Company to Etchecan Limited of £100,000 under an unsecured loan arrangement.
- (B) The payment by the Company of all professional fees, expenses and outlays and banking costs incurred by it and Etchecan Limited in the course of Etchecan Limited's acquisition of 99,999 Ordinary shares of £1.00 each in the issued share capital of the Company.
- (C) As a condition precedent to the Facility Letters, the Company and Hotel Property Fund (Syndicate 1) Limited, Huntingtower Hotel (Perth) Limited, Etchecan Limited, and Speedbird Developments Limited (the "Participants" and each a "Participant") are required to enter into a Cross Guarantee in favour of the Bank ("the Guarantee") to unconditionally guarantee, jointly and severally with each other Participant, the payment or discharge of all or any monies and liabilities which shall for the time being (and whether before or after demand or the occurrence of any Automatic Enforcement Event (as hereinafter defined)) be due, owing or incurred in whatsoever manner by the Participants or any of them to the Bank whether actually or contingently and whether incurred solely, severally or jointly and whether as principal or surety and whether on account of money advanced, bills of exchange, promissory notes, guarantees, indemnities or otherwise including interest, discount, commission and other lawful charges or expenses which the Bank may in the course of its business charge or incur (including for any advances made by the Bank during the 30 days' period of notice which a Participant is required to provide to the Bank to determine its future liability under the Guarantee or in relation to any other liability of the Participants or any of them to the Bank), together with:
 - (i) (on a full indemnity basis) all costs and expenses (including without limitation legal costs) recoverable by the Bank from the Participants or any of them;
 - (ii) (on a full indemnity basis) all costs and expenses (including without limitation legal costs) charged or incurred by the Bank in perfecting or in or about the recovery or attempted recovery of money due to the Bank under the Guarantee; and
 - (iii) interest calculated and accruing daily from demand in accordance with the usual rates and practice of the Bank on the amounts set out in (i) and (ii) immediately above.
- (D) As a condition precedent to the Facility Letters a floating charge is to be granted by the Company in favour of the Bank (the "Floating Charge") over the whole of the property (including uncalled capital) which is or may be from time to time comprised in the property and undertaking of the Company as a continuing security for the payment and discharge of all or any monies and liabilities which shall from time to time (and whether on or at any time after demand) be due, owing or incurred in whatsoever manner to the Bank by the Company, whether actually or contingently, solely or jointly and whether as principal or surety and whether or not the Bank shall have been an original party to the relevant transaction, and including interest, discount, commission and other lawful charges or expenses which the Bank may in the course of its business charge or incur in respect of any of those matters or for keeping the Company's account, and so that interest shall be computed and compounded according to the usual Bank rates and practice as well after as before any demand made or decree obtained under the Floating Charge; and

(E) As a condition precedent to the Facility Letters a standard security is to be entered into by the Company in favour of the Bank over the property known as the Pond Hotel, Great Western Road, Glasgow and in security of all present and future sums of money (howsoever arising) due and that may become due to the Bank.

NB In this Paper Apart, "Automatic Enforcement Event" means the occurrence of any of the following in respect of a Participant or the Bank:

- (i) the presentation of a petition or the making of an application to court for an administration order;
- (ii) the appointment of an administrator or the giving of notice in respect of the appointment or proposed appointment of an administrator;
- (iii) the presentation of a petition for or the making of a winding up order;
- (iv) the passing of a resolution for or the giving of notice for or antecedent to winding up or dissolution (except for the purpose of an amalgamation or reconstruction while solvent on terms previously approved by the Bank);
- (v) the appointment of a receiver or manager or administrative receiver over or in respect of any assets;
- (vi) the making or approval of a proposal for a composition in satisfaction of debts or a scheme of arrangement, or without prejudice to the generality of the foregoing, a voluntary arrangement under Part I of the Insolvency Act 1986;
- (vii) a moratorium becoming applicable; or
- (viii) the taking of any proceeding or step or the making of any court order in any jurisdiction which has substantially similar effect to any of the foregoing.



David McKiney
Notary Public,
Glasgow

Grant Thornton UK LLP
Chartered Accountants
UK member of
Grant Thornton International

Our ref: RH/E10011/LC

The Directors
Hotel Property Fund (Syndicate 2) Limited
Exchange Tower
19 Canning Street
EDINBURGH
EH3 8EH

19 April 2006

Dear Sirs

**AUDITORS' REPORT TO THE DIRECTORS OF HOTEL PROPERTY
FUND (SYNDICATE 2) LIMITED (THE COMPANY) PURSUANT TO
SECTION 156(4) OF THE COMPANIES ACT 1985**

We have examined the attached statutory declaration of the directors dated 19 April 2006 in connection with the proposal that the Company should give financial assistance in connection with:

- *the loan by the Company to Etchecan Limited of £100,000;*
- *the Company paying all professional fees and outlays incurred by it and Etchecan Limited in relation to Etchecan Limited's acquisition of 99,999 ordinary £1 shares in the Company;*
- *the Company's acquisition of The Pond Hotel and with the related bank security required to be taken over the Company's assets.*

BASIS OF OPINION

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

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Edinburgh EH3 8LQ
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F +44 (0)131 229
www.grant-thornton.co.uk

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Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

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 1985 is unreasonable in all the circumstances.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Edinburgh

19 April 2006