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COMPANIES FORM No. 155(6)a

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

For official use

Company number

158092

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

Name of company

* The Park Lane Hotel Limited (the "Company")

*Insert full name of company

I/We†

†Insert name(s) and address(es) of all the directors

Please see Rider 1 attached.

§ Delete as appropriate

‡Delete whichever is inappropriate

~~[the sole director]~~ [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;†~~

~~(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]~~ §

‡

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: Please see Rider 2 attached.

Presentor's name, address and reference (if any):

Freshfields
65 Fleet Street
London EC4Y 1HS
DX 23 LONDON
(DGW/MG/mg8.wff)

For official use
General Section



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

Sheraton Hotels (U.K.) PLC (Company No. 3114981) of Sheraton Skyline Hotel, Bath Road,,
Hayes, Middlesex, UB3 5BP.

Please do not
write in
this margin

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

The assistance will take the form of:

Please see Rider 3 attached.

The person who [has acquired] ~~[will acquire]~~* the shares is:
Sheraton Hotels (U.K.) PLC

*Delete as
appropriate

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

Please see Rider 4 attached.

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 hereof 19

RIDER 1

Directors of the Company:

Name	Address
Robert Francis Cotter	Avenue des Touristes 22 Brussels 1150 Belgium
Joyce Grime	26 Dale Street Chiswick London W4 2BL
Robert Lee Scott	Rue Philippe le Bon 18 Brussels 1000 Belgium
Michael Peter Wale	90 Kings Road Wimbledon London SW19 8QW

RIDER 2

4,000,000 ordinary shares of £1 each; and
160,000 5.6% preference shares of £1 each; and
160,000 10.5% preference shares of £1 each
in the capital of The Park Lane Hotel Limited.

RIDER 3

Background

The background to the giving of the financial assistance by the company is as follows:

- (a) Sheraton Hotels (U.K.) PLC (*Sheraton Hotels*), the parent company of the Company, acquired control of the Company on 16 April 1996. At the time of the acquisition the Company was a public limited company; however, it was re-registered on 18 March 1998 as a private limited company. The terms of the acquisition gave the shareholders of Company the option of accepting cash or loan notes in payment for their shares.
- (b) To fund the purchase of the shares in the Company for cash, Sheraton Hotels entered into an inter-company loan with [Sheraton International Inc] (*SII*), its parent company, for £9,919,235.
- (c) To fund the redemption of part of the loan notes referred to in paragraph 3(a) above, Sheraton Hotels entered into a further inter-company loan with ITT for £8,282,885 (together with the inter-company loan referred to in paragraph 3(b) above, the *Park Lane Inter-Company Loans*).
- (d) On 20 December 1995 Sheraton Skyline (UK) Ltd (a wholly owned subsidiary of Sheraton Hotels) (*Skyline Ltd*) purchased the Sheraton Skyline Hotel, Heathrow, the consideration for which was provided by Sheraton Hotels which in turn entered into an inter-company loan with SII for £18,000,000 (the *Sheraton Inter-Company Loan*) (the Sheraton Inter-Company Loan and the Park Lane Inter-Company Loans are together referred to as the *Inter-Company Loans*).
- (e) For the purpose of refinancing the Inter-Company Loans and providing additional financing for Sheraton Hotels to make various intra-group loans, Sheraton Hotels proposes to enter into a Loan Agreement with Barclays Bank PLC and Westdeutsche Landesbank Girozentrale (together the *Banks*) acting as lenders and arrangers and Barclays Bank PLC as agent (the *Loan Agreement*) for £51,400,000. It is intended that all outstandings under the Loan Agreement will be secured on the assets of the Company, Skyline Ltd and certain assets of Sheraton Hotels and certain assets of Sheraton Hotels (England) Limited.
- (f) By way of security for the obligations of Sheraton Hotels under the Loan Agreement, and therefore as financial assistance as defined by Section 152 of the Companies Act 1985 (the *Act*), the Company (once it has completed the whitewash procedure set out in Sections 155-158 of the Act) proposes to enter into:

- (i) a Debenture Creating Fixed and Floating Charges in favour of Barclays Bank PLC; and
- (ii) a Deed of Subordination in favour of Barclays Bank PLC.

RIDER 4

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

(1) A DEBENTURE

to be entered into by The Park Lane Hotel Limited (the *Company*) in favour of Barclays Bank PLC and Westdeutsche Landesbank Girozentrale (the *Debenture*), incorporating a first legal charge over the Park Lane Hotel the principle terms of which include:

The Company, with full title guarantee and as continuing security for the payment and discharge of all Secured Sums, charges in favour of the Agent:

- (A) by way of first legal mortgage free from encumbrances save for Permitted Encumbrances, the Property;
- (B) by way of first fixed equitable charge free from encumbrances save for Permitted Encumbrances, all Real property now vested in the Company (and not effectively charged by clause 3.1(A)) and all Real property acquired by it after the date of this deed and all proceeds of sale or all or any part thereof;
- (C) by way of first fixed charge free from encumbrances save for Permitted Encumbrances:
 - (i) all Fixtures now or hereafter owned by the Company, and its interest in any Fixtures now or hereafter in its possession;
 - (ii) all Investments now or hereafter beneficially owned by the Company, and all dividends, interest and other distributions paid or payable in respect thereof;
 - (iii) all its Rights under or in connection with any contracts or policies of insurance or indemnities taken out now or hereafter by or on behalf of the Company or (to the extent of its interest) in which the Company has an interest, and all claims of whatsoever nature relating thereto and returns of premium in respect thereof;
 - (iv) all the present and future goodwill of the Company;
 - (v) all the present and future uncalled capital of the Company;
 - (vi) all the present and future intellectual Property Rights of the Company including, without limitation to the generality of the foregoing, the copyright and rights in the nature of copyright vested in the Company from time to time in any plans proposed

for or in connection with any building works, alterations or improvements to the Real Property and any implied licence of the Company in such plans;

- (vii) the Reserve Deposit;
- (viii) all Negotiable Instruments;
- (ix) all its Rights under or in connection with all present and future licences held in connection with the business of the Company or the use of any Charged Asset (but excluding any such licence which requires the consent of the licensor for the creation of this Charge and in respect of which such consent has not been obtained), and the right to recover and receive all compensation which might be payable to it in respect of such licences;
- (x) all Rights, title and interest in and the full benefit of and right to enforce the Construction Documents and the Operating Agreements and all claims arising thereunder;
- (xi) all Rights, title and interest in any arrangement, contract, agreement, warranty, guarantee, insurance or bond now or from time to time entered into or to be entered into in connection with the Real Property given or made by and any right or remedies against all or any building contractors, trade contractors, sub-contractors, architects, quantity surveyors, structural engineers and other like professionals;
- (xii) all agreements now or from time to time entered into or to be entered into for the sale, letting or other disposal or realisation of the whole or any part of the Assets which are subject to a fixed charge excluding the Permitted Licences;
- (xiii) all future estates or interests in any Real Property acquired by the Company after the date of this deed and all proceeds of sale or all or any part thereof; and

(D) by way of first floating charge, all its Assets.

Defined Terms

Assets means business, undertaking, property assets, revenues, Rights and uncalled capital, present and future, and any interest therein;

Charges means all or any of the Security created, or which may at any time be created, by or pursuant to this deed;

Construction Documents means any agreement, contract, arrangement, warranty, guarantee, insurance, or bond which has been or is from time to time entered into in connection with works affecting the Real Property;

Fixtures means fixtures (including trade fixtures) and fixed plant, machinery and equipment;

Investments means:

- (a) shares, stock and Debentures;
- (b) warrants, options or other Rights to subscribe, purchase, call for delivery of or otherwise acquire shares, stock or Debentures; and
- (c) units in a Unit Trust Scheme,

but excluding in each case those held by the Company for trading purposes in the ordinary course of its business;

Negotiable Instruments means all bills of exchange, promissory notes and other negotiable instruments of any description beneficially owned now or hereafter by the Company (but excluding any Debentures and those held by the Company for trading purposes in the ordinary course of its business);

Operating Agreements means each of:

- (a) The Management Agreement;
- (b) The Licence Agreement;
- (c) The Reservations Service Agreement;

Permitted Encumbrances means:

- (a) liens arising in the ordinary course of business by operation of law;
- (b) rights of set-off arising by operation of law, by contract (in the ordinary course of the business of the Borrower) or contained in any account holding bank's standard documentation;
- (c) any conditional sale, right to retain possession or retention of title arrangements for goods supplied to the Borrower which are required by the supplier of such goods in the ordinary course of such supplier's business;
- (d) any security created by the Security Documents;
- (e) any other encumbrances over any asst of the Borrower, the Park Lane Subsidiary or the Sheraton Skyline Subsidiary, provided that the

maximum aggregate value of all such assets subject to encumbrances shall not exceed £50,000; and

- (f) any Security which the Agent shall have agreed, in writing, to constitute a Permitted Encumbrance;

Permitted Licence means:

- (a) a licence to occupy on a non exclusive basis a part of the Property comprising an hotel bedroom unit; or
- (b) a licence to occupy function rooms at the Property for a maximum of four weeks;
- (c) a licence or concession to occupy a party of the Property (not being a function room as at the date of this deed) for use, ancillary to the use of the Property as an hotel, for high class retail purposes or as a hairdressing and/or beauty salon for a period of less than six months where the total area occupied or demised by the Letting Documents in place at the Property has not resulted, or would not on the grant of the said licence or concession result, in a reduction by 10% or more in the number of available hotel rooms as specified in the valuation dated [today] of the Property;

Property means the property listed below together with all buildings, erections and fixtures for the time being thereon and all improvements and additions thereto and the proceeds of sale thereof and every interest held by the Company therein. All those leasehold property known as:

- (a) The Park Lane Hotel, Piccadilly, London W1 registered at H.M. Land Registry under title number 335559;
- (b) The Park Lane Hotel Extension, Piccadilly, London W1 registered at H.M. Land Registry under title number 414217; and
- (c) The Park Lane Hotel Annex at 37 Brick Street and the Park Lane Hotel Garage, 39 and 41-49 Brick Street, London W1 registered at H.M. Land Registry under title number 378811,

in each case registered with good leasehold title, and all that freehold property known as 31, 33 and 35 Brick Street, London W1 registered at H.M. Land Registry under title number 124280 with title absolute.

Real Property means freehold or leasehold property (including the Property) in England and Wales and any other land or buildings anywhere in the world, and any estate or interest therein, and any reference to "Real Property" includes a reference to all Rights from time to time attached or appurtenant thereto and all buildings and Fixtures from time to time therein or thereon;

Reserve Deposit means all sums from time to time standing to the credit of the Reserve Accounts (excluding interest) and other Rights from time to time accruing to or arising in connection with such sums and the debt represented thereby;

Rights means rights, benefits, powers, privileges, authorities, discretions, remedies, liberties, easements, quasi-easements and appurtenances (in each case, of any nature whatsoever);

Secured Sums means:

- (a) all moneys and liabilities (whether actual or contingent) which are now or may at any time hereafter be due, owing or payable, or expressed to be due, owing or payable, to the Agent or the Lenders (or any one of them) from or by the Company or any other person (including the Borrower) under or in connection with the Loan Agreement or any of the Finance Documents or the swap or hedging contracts referred to in Part [I] of Schedule [2] to the Loan Agreement (whether alone or with any other person, whether as principal or surety, whether upon any banking account or otherwise, and whether or not the Agent or any of the Lenders shall have been an original party to the relevant transaction);
- (b) any interest, costs, commissions, fees and other charges and expenses which the Agent or any Lender may charge against the Company in connection with the Loan Agreement or any of the Finance Documents or the swap or hedging contracts referred to in paragraph (a) above; and
- (c) all legal and other costs, charges and expenses which the Agent or any Lender may incur in enforcing or obtaining, or attempting to enforce or obtain, payment of any such moneys, liabilities, charges and expenses referred to in paragraphs (a) and (b) of this definition.

(2) A DEED OF SUBORDINATION

in favour of Barclays Bank PLC the principle terms of which include:

Subordination of Indebtedness

The Parent Company covenants with the Agent and agrees and declares that so long as any part of the Bank Debt remains outstanding and notwithstanding the terms of any other agreement or arrangement entered into by any of the Borrower, The Park Lane Hotel Limited or Sheraton Skyline (U.K.) Limited with any other Group Member in respect of the Indebtedness the Parent Company shall procure that:

- (A) all amounts owed to any Group Member in respect of the Indebtedness shall be and are hereby subordinated to all payments and liabilities of the Borrower, the Company and Sheraton

Skyline (U.K.) Limited to the Lenders arising under the Finance Documents;

- (B) neither the whole nor any part of the Indebtedness (whether in respect of principal, interest or otherwise) shall be repaid;
- (C) no Group Member shall directly or indirectly apply for or accept repayment (in cash or in kind) of any Indebtedness or attempt to sue for or take any proceedings against any of the Borrower, the Company or Sheraton Skyline (U.K.) Limited for the recovery of any of the foregoing, or exercise or claim any right of set-off or lien or subrogation in respect of the foregoing or take any action in respect of the Indebtedness or any part thereof or omit to take any action whereby the subordination achieved by this Deed of Subordination or the Loan Agreement may be impaired; and
- (D) subject to the foregoing, any payment of any amount (whether in respect of principal, interest or otherwise and whether by way of repayment or prepayment) of Indebtedness which would otherwise fall due for payment to a Group Member will only fall due for payment if and when and to the extent that the Borrower, the Company or Sheraton Skyline (U.K.) Limited, as the case may be, could make such payment in whole or in part and still be solvent thereafter.

Subordination of the Basic Fees and Incentive Fees

Sheraton Hotels (England) Limited (the **Operator**) and the Company, in relation to the Basic Fee and Incentive Fee referred to in the Park Lane Hotel Management Agreement agree that:

- (A) following the occurrence of a Termination Event or a Potential Termination Event:
 - (i) all amounts payable to the Sheraton Hotels (England) Limited in respect of the Basic Fees and Incentive Fees shall be and are hereby subordinated to the Bank Debt; and
 - (ii) neither the whole nor any part of the Basic Fees or Incentive Fees (whether in respect of principal, interest or otherwise) shall be or become due for payment or be paid.
- (B) so long as any part of the Bank Debt remains unpaid or undischarged, the Operator shall not directly or indirectly apply for or accept payment (in cash or in kind) of any Basic Fees or Incentive Fees or attempt to sue or take any proceedings against either of the Company, or the Sheraton Skyline (U.K.) Limited for the recovery of any of the foregoing, or exercise or claim any right of set-off or lien or subrogation in respect of

the foregoing or take any action in respect of the Basic Fees or Incentive Fees or any part thereof or omit to take any action whereby the subordination achieved by this Deed of Subordination or the Loan Agreement may be impaired; and

Subordination of the License Fees

Sheraton International Inc and the Company in relation to the License Fee referred to in the Park Lane License Agreement agree that:

- (A) following the occurrence of a Termination Event or a Potential Termination Event:
 - (i) all amounts payable to Sheraton International Inc in respect of the License Fees shall be and are hereby subordinated to the Bank Debt; and
 - (ii) neither the whole nor any part of the License Fees (whether in respect of principal, interest or otherwise) shall be or become due for payment or be paid;
- (B) so long as any part of the Bank Debt remains unpaid or undischarged, Sheraton International Inc shall not directly or indirectly apply for or accept payment (in cash or in kind) of any License Fees or attempt to sue or take any proceedings against either of the Company or Sheraton Skyline (U.K.) Limited for the recovery of any of the foregoing, or exercise or claim any right of set-off or lien or subrogation in respect of the foregoing or take any other action in respect of the License Fees or any part thereof or omit to take any action whereby the subordination achieved by this Deed of Subordination or the Loan Agreement may be impaired; and

Defined Terms

Agent means Barclays Bank PLC;

Bank Debt means all moneys which now are or may at any time be due owing or incurred by the Borrower, Park Lane or Sheraton Skyline to the Agent (whether for itself or as agent or trustee for others) pursuant to or in connection with any Finance Document;

Borrower means Sheraton Hotels (UK) PLC;

Finance Documents means the Loan Agreement as defined in Rider 3 and:

- (a) a debenture from the Borrower incorporating a fixed or floating charge over its other assets;

- (b) a debenture from Sheraton Skyline (UK) Limited incorporating a legal charge over the Sheraton Skyline Hotel, an assignment by way of security of the benefits accruing to the Borrower under the Sheraton Skyline Hotel Management Agreement and the insurance contracts in respect of the Sheraton Skyline Hotel, and a fixed or floating charge over its other assets;
- (c) a debenture from the Park Lane Subsidiary incorporating a legal charge over the Park Lane Hotel, an assignment by way of security of the benefits accruing to the Borrower under the Park Lane Hotel Management Agreement relative to that Property, and the insurance contracts in respect of the Park Lane Hotel, and a fixed or floating charge over its other assets.

Group Member means [any member of the Borrower Group, any subsidiary of the Borrower, and any holding company of the Borrower and any subsidiary of any such holding company, and “subsidiary” and “holding company” have the meanings specified in section 736 Companies Act 1985;

Indebtedness means any obligation for the payment or repayment of money, whether present or future, actual or contingent, or sole or joint, incurred by the Borrower, Park Lane or Sheraton Skyline to another Group Member or any shareholder as director or other officer of any Group Member, other than the obligations of Park Lane and Sheraton Skyline, as the case may be, to make payments to the Operator, Sheraton International and Rescorp under the respective Operating Agreements to which they are a party;

Loan Agreement means the loan agreement dated on or about 5 March, 1999 between the Borrower, the Agent and the lenders and arrangers named therein;

Parent Company means Starwood Hotels & Resorts Worldwide, Inc.;

London

**Auditor's report to the directors of The Park Lane Hotel Limited ("the Company")
pursuant to section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors dated 5 March 1999 in connection with the proposal that the Company should give financial assistance for the purpose of discharging a liability incurred for the purpose of the purchase of all of the Company's ordinary shares.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the statutory declaration. It is our responsibility to review the bases for the declaration, based on our enquiries into the state of the Company's affairs, and to provide a report to the directors.

Basis of opinion

We have enquired into the state of the Company's affairs so far as necessary for us 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 1985 is unreasonable in all the circumstances.



Arthur Andersen
Chartered Accountants

5 March 1999