

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

155(6)b

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

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number

03948742

Name of company

* Marston Hotels Holdings Limited ("Company")

~~X~~We 0 See appendix 1

~~(b) (3) - (D)~~ [all the directors] † of the above company (hereinafter called 'this company') do solemnly and sincerely declare that:

The business of this company is:

- (a) ~~has been assigned bankruptcy proceedings, or within the meaning of the Bankruptcy Act, 1914, § 541(c)(2), is a person whose assets have been placed under the control of a trustee or receiver appointed by a court of competent jurisdiction;~~
- (b) ~~has been a person at the time of the death of the insured who was engaged in the insurance business in the United Kingdom;~~
- (c) something other than the above §

This company is [the] ☒ holding company of* M H Freeholds Limited
_____ which is
proposing to give financial assistance in connection with the acquisition of shares
in [this company] [_____]

DLA Piper UK LLP
Princes Exchange
Princes Square
LEEDS
LS1 4BY
DX: 12017 LEEDS
Ref: 88366/120008/11611880

For official Use
General Section

Post room



A30 ***AIA**
COMPANIES HOUSE

453
23/11/2006

~~XXXXXXXXXXXXXXXXXXXXX~~. † (note 1)

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

The assistance is to be given to: (note 2) QHotels Investments Limited of Wellington House, Cliffe Park,
Morley, LS27 0RY ("Purchaser")

See appendix 2

The Purchaser

† delete as appropriate

See appendix 3

The amount of cash to be transferred to the person assisted is £ See appendix 4

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

~~X~~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)

(a) ~~We~~ 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) ~~XXXXXX the XXXXX XXXXX of the XXXXX of the XXXXX with the XXXXX of that date and XXXXX~~
~~XXXXXX the XXXXX that this company will be able to pay its debts in full within XXXXX of the~~
~~XXXXXX XXXXX XXXXX XXXXX XXXXX~~* (note 3)

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



DLA PIPER UK LLP
3 NOBLE STREET
LONDON EC2V 7EE
TEL 08700 111 111
FAX 020 7796 6666
DX 3886 FINCHBURY SQUARE

Declarants to sign below

Day Month Year

on

113	111	2006
-----	-----	------

before me

3111 2006
JEN ANDREW DURAN

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

W. J. H. H. H.
J. H. H.

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

Company number: 03948742

MARSTON HOTELS HOLDINGS LIMITED
APPENDICES TO FORM 155(6)b
IN RESPECT OF M H FREEHOLDS LIMITED

APPENDIX 1

Name: Ian Goulding
Address: 44 Daisy Lea Lane, Lindley, Huddersfield, West Yorkshire HD3 3LP

Name: David Taylor
Address: 18 Spencers Way, Harrogate, North Yorkshire HG1 3DN

Name: Michael Purtill
Address: Froghall, Sutton Lane, Barmby Moor, Pocklington, Yorkshire YO42 4DA

MARSTON HOTELS HOLDINGS LIMITED
APPENDICES TO FORM 155(6)b
IN RESPECT OF M H FREEHOLDS LIMITED

APPENDIX 2

Terms defined herein appear in Appendix 3. The assistance will take the form of the execution of the following documents by the Company's subsidiary, M H Freeholds Limited ("**Subsidiary**") (as the same may be amended, varied, supplemented or substituted from time to time) and the performance of all of its obligations thereunder:

1. an amendment and restatement agreement and amended and restated facility agreement to be dated on the date hereof and made between (1) Q Hotels Limited as Borrower, (2) Anglo Irish Bank Corporation plc ("**Lender**"), (3) Q Hotels Group Limited as Parent and (4) the Guarantors (as defined therein) for the provision of a facility in the aggregate principal amount of £378,015,000 ("**Facility Agreement**");
2. an intra-group funding agreement ("**Intra-Group Funding Agreement**") to be dated the date hereof entered into between (1) the group companies detailed therein as Borrowers and (2) the group companies detailed therein as Lenders;
3. a debenture to be entered into by the Subsidiary the on the date hereof in favour of the Lender securing, among other obligations, sums due under the Facility Agreement ("**Debenture**");
4. A share charge to be entered into by the Subsidiary in favour of the Lender for the shares held by the Subsidiary in each of Marston Tankersley Manor Limited, Marston Oxford Belfry Limited, Marston Hellidon Lakes Limited, Marston Centre Court Limited, Marston Aldwark Manor Limited, Marston Stratford Manor Limited, Marston Imperial Limited, Marston Crewe Hall Limited and Marston Bridgewood Manor Limited ("**Share Charge**");
5. a deed of accession to a guarantee originally dated 16 February 2005 to be dated on the date hereof and made between (1) the Company and (2) the Subsidiary in favour of (3) the Lender ("**Guarantee**") as security for, amongst other obligations, monies due and owing under the Facility Agreement ("**Guarantee Accession Deed**");
6. a deed of accession to an intercreditor deed originally dated 16 February 2005 to be dated on the date hereof and made between (1) the Company, (2) the Subsidiary, (3) the Other Parties

(as defined therein) ("**Intercreditor Deed**") to acknowledge certain priority arrangements between the Lender, Alchemy Partners Nominees Limited ("**Alchemy**") and the group companies ("**Intercreditor Deed Accession**");

7. a deed of accession ("**First Alchemy Deed of Accession**") to be entered into by the Subsidiary, to a composite guarantee and debenture ("**First Composite Guarantee and Debenture**") entered into on 31 March 2003 by the Charging Companies (as defined in such debenture) in favour of Alchemy Partners Nominees Limited as Security Trustee on behalf of the Noteholders (as defined in such debenture) as security for, amongst other obligations, monies owing under the loan notes issued to such Noteholders.
8. a deed of accession ("**Second Alchemy Deed of Accession**") to be entered into by the Subsidiary, to a second composite guarantee and debenture ("**Second Composite Guarantee and Debenture**") entered into on 24 February 2004 by the Charging Companies (as defined in such debenture) in favour of Alchemy Partners Nominees Limited as Security Trustee on behalf of the Noteholders (as defined in such debenture) as security for, amongst other obligations, monies owing under the loan notes issued to such Noteholders.
9. A third composite guarantee and debenture (the "Third Composite Guarantee and Debenture") to be dated on the date hereof and made between, inter alios, the Subsidiary in favour of Alchemy Partners Nominees Limited as Security Trustee on behalf of the Noteholders (as defined in such debenture) as security for, amongst other obligations, monies owing under certain loan notes issued to such Noteholders.

Note: A reference to the Facility Agreement, Guarantee Accession Deed, Intra Group Funding Agreement, Debenture, Share Charge, Guarantee, Intercreditor Deed, Intercreditor Deed of Accession, First Alchemy Deed of Accession and/or Second Alchemy Deed of Accession shall be a reference to each such document as they may be amended, restated, novated, assigned or supplemented and in the case of Guarantee, Facility Agreement, First Composite Guarantee and Debenture, Second Composite Guarantee and Debenture and for Third Composite Guarantee and Debenture as such amounts guaranteed or borrowed may be increased from time to time.

MARSTON HOTELS HOLDINGS LIMITED
APPENDICES TO FORM 155(6)b
IN RESPECT OF M H FREEHOLDS LIMITED

APPENDIX 3

The principal terms on which the assistance is given are as follows:

1. The Facility Agreement (as amended and restated)

Pursuant to the terms of the Facility Agreement the Subsidiary will give various indemnities, undertakings, representations and warranties (as detailed therein) to the Lender in its capacity as an Obligor. The indemnities given by the Subsidiary are as set out below:

1.1 The provisions of clause 13 of the Facility Agreement (*Tax gross up and indemnities*) shall apply to each Obligor as they apply to the Borrower.

1.2 If any sum due from any Obligor under the Finance Documents ("**Sum**"), or if any order, judgment or award given or made in relation to a Sum, has to be converted from the currency ("**First Currency**") in which that Sum is payable into another currency ("**Second Currency**") for the purpose of:

1.2.1 making or filing a claim or proof against that Obligor; or

1.2.2 obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall, as an independent obligation, within three Business Days of demand, indemnify the Lender to which that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (a) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (b) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

1.3 To indemnify and keep the Lender and the Hedging Counterparty indemnified from and against all actions, charges, claims, costs, damages, proceedings and other liabilities occasioned in respect of:

- 1.3.1 any of the Relevant Contracts;
- 1.3.2 any tenant, occupier or other party in respect of the Property whether arising out of any defect in or want of repair to the Property; and
- 1.3.3 any Hazardous Substance in relation to the Charged Assets; or in relation to any costs, losses and expenses incurred by or on behalf of the Lender (or their appointee or any Receiver) in relation to any Laws or Requisite Consent or Environmental Claim.

All terms used in this paragraph 1 are as defined in the Facility Agreement.

2. The Intra-Group Funding Agreement

Pursuant to the terms of the Intra-Group Funding Agreement:

- 2.1 The proceeds of each Advance shall be used solely:
 - 2.1.1 to enable each Borrower (as the case may be) to pay any amounts due to Anglo Irish Bank Corporation plc pursuant to the Facility Agreement;
 - 2.1.2 to enable QHotels Investments Limited to fund the acquisition of the entire issued share capital of Marston Hotels Holdings Limited and any associated costs;
 - 2.1.3 to enable Telford Golf and Country Club Hotel Limited to fund the acquisition of The Telford Golf and Country Club Hotel and certain other business and assets;
 - 2.1.4 to make any payments under the Alchemy Loan Notes or the PIK Notes; and
 - 2.1.5 in respect of a particular Advance, for such other purposes as the relevant Lender may agree in writing.
- 2.2 Each of the Lenders shall, upon request by a Borrower (other than itself and which may include QHotels Limited) at any time and so far as the Lenders are able, lend such sums as that Borrower considers necessary to allow it to fund its working capital requirements and to make payment of all sums due or to become due by that Borrower pursuant to the Facility Agreement or the Loan Notes (as defined in the Intercreditor Deed).

All terms used in this paragraph 2 are as defined in the Intra-Group Funding Agreement.

3. The Debenture

Pursuant to the terms of the Debenture:

- 3.1 The Subsidiary covenants with the Lender that the Subsidiary will pay and discharge each and all of the Liabilities on demand and indemnify and keep the Lender indemnified from and against all actions, charges, claims, costs, damages, proceedings and other liabilities occasioned by any breach of any covenants or other obligations of the Borrower and/or the Subsidiary to the Lender.
- 3.2 As between the Subsidiary and the Lender (but without limiting any other provisions of the Debenture) it is agreed that if and to the extent that any principal monies comprised in the Liabilities are expressed not to be payable until a specified date under the terms of the Facility Agreement, no demand for payment may be made before that date unless an Event of Default has occurred which is continuing.
- 3.3 The payment obligations of the Subsidiary under the Finance Documents shall survive any enforcement against the whole or any part of the Charged Assets.
- 3.4 Security

In consideration of the Lender at the request of the Subsidiary advancing monies, or giving credit or otherwise affording financial facilities to the Borrower, or continuing to do any such things, the Subsidiary, as continuing security for the payment and discharge of the Liabilities with full title guarantee:

- 3.4.1 charges the Property to the Lender (on its own account and on account of the Hedging Counterparty) by way of first legal mortgage;
- 3.4.2 charges to the Lender (on its own account and on account of the Hedging Counterparty) by way of fixed charge its interest in each of the following including all rights of enforcement of the same:
 - 3.4.2.1 any freehold or leasehold property acquired after the date of this deed;
 - 3.4.2.2 each and all of the Sale Agreements, the Intra Group-Loan Agreement, the Occupational Leases, any Headlease, any Hedging

Arrangement (and any other hedging arrangement in which it has an interest whether or not in relation to the Finance Documents) and all agreements, in which the Subsidiary has an interest, in respect of the management and/or operation of the Charged Assets and/or the Business and/or the Development, including in each case all capital monies or other sums including VAT (if any) payable under them and the benefit of all covenants and agreements of a personal nature and any guarantees entered into under the terms of them;

3.4.2.3 all fixtures and fittings (in respect of the Charged Assets) and (except to the extent that the Subsidiary is a natural person) the Movables and the benefit of all guarantees, warranties and representations given or made in respect of any of them;

3.4.2.4 all easements, servitudes and other rights at any time vested in, or conferred on, the Subsidiary in connection with or otherwise for the benefit of the Charged Assets and/or the Business;

3.4.2.5 (whether as beneficiary or trustee) any Trust;

3.4.2.6 its Intellectual Property;

3.4.2.7 if applicable its uncalled capital;

3.4.2.8 its right, title and interest in the Business including the present and future goodwill of the Business;

3.4.2.9 the present and future interest of the Subsidiary in the Licences and all rights now or in future attaching to them;

3.4.2.10 where the Subsidiary is (by virtue of an estate or interest in any real property) entitled to a share or shares in any residents or management company connected with the Property all such share or shares and all rights benefits and advantages at any time arising in respect of the same and hereby covenants with the Lender by way of fixed equitable charge that the Company will (if the Lender so requires) transfer such share or shares to the Lender or as it may direct.

3.4.3 assigns to the Lender (on its own account and on account of the Hedging Counterparty) subject to the provisions of clause 18 (*Discharge*) of the Debenture its interest in each of the following including all rights of enforcement of the same:

3.4.3.1 the Rents;

3.4.3.2 (except to the extent that the Subsidiary is a natural person) the Debts;

3.4.3.3 the Sale Proceeds;

3.4.3.4 the Accounts and any other accounts of the Subsidiary;

3.4.3.5 all monies standing to the credit of the Accounts and any other accounts of the Subsidiary;

3.4.3.6 the Insurances;

3.4.3.7 the benefit of the copyright and rights in the nature of copyright vested in the Subsidiary from time to time in any plans, specifications and negatives prepared for or in connection with the Charged Assets and/or the Development and/or the Business and/or the refurbishment, maintenance, servicing, repair, renewal or other works to the Charged Assets or any plant, machinery or equipment on it and the implied licence of the Subsidiary in any such plans, specifications and negatives the copyright of which is not vested in the Subsidiary;

3.4.3.8 all Causes of Action;

3.4.3.9 the monies payable to the Subsidiary under any Hedging Arrangement;

3.4.3.10 the benefit of any Compensation Payment;

3.4.3.11 all its interest in any VAT recoveries in respect of the Charged Assets and/or the Business and/or the Development; and

3.4.3.12 all its assets, property and undertaking both present and future, including all its goodwill and uncalled capital for the time being.

3.5 Charges to the Lender by way of floating charge all the assets, property and undertaking of the Subsidiary both present and future, including all its goodwill and uncalled capital for the time being.

3.6 The provisions of clauses 3.4.1, 3.4.2 and 3.4.3 above shall only apply to the extent that they create fixed security, and the provisions of clause 3.5 above shall not apply to any Charged Asset which is the subject of fixed security created by clauses 3.4.1, 3.4.2 or 3.4.3 above.

3.7 Negative pledge

The Subsidiary shall not, without the prior written consent of the Lender:

3.7.1 (other than a Permitted Security Interest or a Permitted Guarantee) create or attempt or contract to create or suffer or permit to subsist, any Security Interest over the Charged Assets nor do anything which may in any way depreciate, jeopardise or otherwise prejudice the value of the security created or intended by the Finance Documents and to ensure that the Charged Assets remain subject to the security created by the Finance Documents;

3.7.2 (save, in each case, for the Permitted Disposals) in relation to the Charged Assets:

3.7.2.1 sell, convey, assign, release, dispose, realise, part with possession or transfer any of the Charged Assets or any interest in them;

3.7.2.2 grant any easement, servitude, real condition, proprietary right or interest in relation to them nor enter into any proprietary covenant in relation to them;

3.7.2.3 take any step (including presentation of a petition, commencement of legal proceedings, convening of a meeting or effecting a resolution) in relation to the insolvency of any member of the Group and will notify the Lender promptly on becoming aware that any other party proposes to do so; nor

3.7.2.4 otherwise deal with, or dispose of, or contract or purport to do so, in respect of all or any of the Charged Assets which are subject only to the floating charge created by the Finance Documents, nor suffer or

permit any set-off or other third-party rights in respect of them to arise otherwise than at market value in the ordinary course of the Business.

All terms (other than the term "Subsidiary") used in this paragraph 3 are as defined in the Debenture.

4. The Guarantee Accession

Pursuant to the terms of the Guarantee (which the Subsidiary would accede to under the Guarantee Accession Deed):

- (a) In consideration of the Lender, at the request of (and as a service to) the Guarantors, entering into the Facility Agreement and/or advancing monies or giving credit or affording other financial facilities to the Borrower, or continuing to do so, or otherwise giving effect to the Facility Agreement, the Subsidiary irrevocably and unconditionally guarantees to and agrees with the Lender to pay to the Lender on demand in writing all the Liabilities together with all losses, costs, fees and expenses due or incurred by the Lender resulting from a breach of the Subsidiary's obligations under the Guarantee.

Indemnity

- (b) As an obligation additional to the above clause, the Subsidiary covenants to indemnify and keep the Lender indemnified on demand against all losses, costs, fees and expenses suffered by the Lender in connection with each or any combination of the Finance Documents, the Liabilities and/or this deed (or, in each case, any of the provision relating to any of them becoming void, voidable, invalid or unenforceable) together with all losses, costs, fees and expenses due or incurred by the Lender resulting from a breach of the Subsidiary's obligations under the Guarantee.

All terms used in this paragraph 4 are as defined in the Guarantee.

5. The Intercreditor Deed Accession

Pursuant to the terms of the Intercreditor Deed (which the Subsidiary would accede to under the Intercreditor Deed Accession:

The Subsidiary and the other members of the group acknowledge certain priority arrangements between the Lender, Alchemy Partners Nominees Limited and the group companies. In accordance with the terms of the Intercreditor Deed the Subsidiary undertakes:

- 5.1 Until the Discharge Date the Subsidiary shall not, and shall procure that no other member of the Group shall:
 - 5.1.1 secure any of the Investor Liabilities other than under the Investor Security Documents which are dated on or prior to the date of this deed or with the prior written approval of the Lender;
 - 5.1.2 secure any of the Intra-Group Liabilities;
 - 5.1.3 except for Permitted Distributions, prepay, redeem, purchase or otherwise acquire any of the Investor Liabilities;
 - 5.1.4 pay, prepay, redeem, purchase or otherwise acquire any of the Intra-Group Liabilities without the prior written consent of the Lender and the Investors;
or
 - 5.1.5 without the prior written consent of the Lender, amend any of the terms of the Investor Documents or the Intra-Group Documents.

All terms used in this paragraph are as defined in the Intercreditor Deed.

6. First Alchemy Deed of Accession

- 6.1 Under the terms of the First Alchemy Deed of Accession, the Subsidiary accedes to the First Composite Guarantee and Debenture and, amongst other things:
 - 6.1.1 covenants that it will on demand pay and discharge all Secured Liabilities (as defined in the First Composite Guarantee and Debenture and which term includes certain present and future liabilities of the Purchaser to the Security Trustee) owing or incurred from or by it to the Security Trustee; and
 - 6.1.2 unconditionally guarantees that it will on demand pay and discharge all Secured Liabilities owing or incurred from or by any other Principal Debtor (as defined in the First Composite Guarantee and Debenture) to the Security Trustee (except any Secured Liabilities owing or incurred by such other

Principal Debtor as Guarantor (as defined in the First Composite Guarantee and Debenture) for the Subsidiary);

in each case when the same become due whether by acceleration or otherwise, together with interest to the date of payment at such rates and upon such terms as may from time to time be agreed, commission, fees and other charges and all legal and other costs, charges and expenses, on a full and unqualified indemnity basis, which may be incurred by the Security Trustee in relation to any such Secured Liabilities or generally in respect of the Charging Companies.

6.2 Under the terms of the First Alchemy Deed of Accession, the Subsidiary accedes to the First Composite Guarantee and Debenture and, amongst other things, as a continuing security for the payment or discharge of the Secured Liabilities, with full title guarantee:

6.2.1 charges to the Security Trustee, by way of legal mortgage, the Properties (as defined in the First Composite Guarantee and Debenture) including any properties appearing in the schedule to the First Alchemy Deed of Accession;

6.2.2 charges to the Security Trustee, by way of fixed charge, the Securities (as defined in the First Composite Guarantee and Debenture);

6.2.3 charges to the Security Trustee, by way of fixed charge:

6.2.3.1 all Properties (as defined in the First Composite Guarantee and Debenture) acquired by it after the date of the First Composite Guarantee and Debenture;

6.2.3.2 all its present and future interests not effectively mortgaged or charged under the First Composite Guarantee and Debenture in or over freehold or leasehold property;

6.2.3.3 all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to the Properties;

6.2.3.4 all its present and future goodwill and all its uncalled capital for the time being;

6.2.3.5 the Equipment (as defined in the First Composite Guarantee and Debenture);

6.2.3.6 the Debts (as defined in the First Composite Guarantee and Debenture); and

6.2.3.7 all monies from time to time standing to the credit of its accounts including its Designated Accounts (as defined in the First Composite Guarantee and Debenture) with any bank, financial institution or other person;

6.2.3.8 assigns to the Security Trustee by way of fixed mortgage all of its rights, title and interest in and to any present or future policies of insurances or assurance (including, without limitation, any insurances relating to the Properties or the Equipment) and any claims and recoveries thereunder;

6.2.3.9 assigns to the Security Trustee, to the extent the same are assignable:

(a) the benefit of any agreements to which it is party and the benefit of any guarantee or security for the performance of such agreements;

(b) the benefit of all licences, consents and authorisations held by it and the right to recover or receive any sum of money pursuant to them; and

6.2.3.10 charges to the Security Trustee, by way of floating charge, all of its undertaking, property, assets and rights at any time not effectively mortgaged, charged or assigned pursuant to the fixed charges and assignments constituted by the First Composite Guarantee and Debenture.

6.3 Under the terms of the First Alchemy Deed of Accession, the Subsidiary covenants with the Security Trustee that it will not at any time, except with the prior written consent of the Security Trustee:

6.3.1 create or purport to create or permit to subsist any Encumbrance (as defined in the First Composite Guarantee and Debenture) on or in relation to the

Charged Property (as defined in the First Composite Guarantee and Debenture) other than created under the First Alchemy Deed of Accession or a Permitted Encumbrance (as defined in the First Composite Guarantee and Debenture);

6.3.2 sell, assign, transfer, lease, licence, share occupation of, part with possession of or otherwise dispose of (or purport to sell, assign, transfer, lease, licence, share occupation of, part with possession or otherwise dispose of) all or any part of the Charged Property or of the equity of redemption of any such Charged Property or any interest in any such Charged Property, except as permitted by the Facility Agreements (as defined in the First Composite Guarantee and Debenture) or (in the case of Charged Property charged by way of floating charge) in the ordinary course of its business and for the purpose of carrying on that business; or

6.3.3 create or grant (or purport to create or grant) any interest in the Charged Property in favour of a third party.

6.4 Under the terms of the First Alchemy Deed of Accession, the Subsidiary agrees to indemnify and hold harmless the Receiver (as defined in the First Composite Guarantee and Debenture) from and against all actions, claims, expenses, demands and liabilities whether arising out of contract or in tort or in any other way incurred or which may at any time be incurred by him or by any manager, agent, officer, servant or workman for whose debt, default or miscarriage he may be answerable for anything done or omitted to be done in the exercise or purported exercise of his powers under the provisions of or pursuant to the First Composite Guarantee and Debenture.

6.5 Under the terms of the First Alchemy Deed of Accession, the Subsidiary hereby irrevocably appoints the Security Trustee (as defined in the First Composite Guarantee and Debenture) and (jointly and severally) each and every Receiver (as defined in the First Composite Guarantee and Debenture) appointed by the Security Trustee under the provisions of the First Composite Guarantee and Debenture to be the attorney of such Charging Company (as defined in the First Composite Guarantee and Debenture) and in its name and on its behalf and as its act and deed or otherwise to sign, execute, seal, deliver, complete any blanks in and otherwise perfect any deed, assurance, agreement, instrument or act which such Receiver or the Security Trustee

may consider expedient in the exercise of any of his or its powers or in respect of the Subsidiary's obligations under the First Composite Guarantee and Debenture. The power of attorney granted by the First Composite Guarantee and Debenture is to secure the performance of obligations owed to the donees within the meaning of the Powers of Attorney Act 1971.

- 6.6 Under the terms of the First Alchemy Deed of Accession, as and when required by the Security Trustee (as defined in the First Alchemy Deed of Accession) the Subsidiary, at its own cost, shall execute such further legal or other mortgages, charges or transfers in favour of the Security Trustee as the Security Trustee shall from time to time require over all or any part of the Charged Property (as defined in the First Alchemy Deed of Accession), further to secure the payment of the Secured Liabilities (as defined in the First Alchemy Deed of Accession), such further mortgages, charges or transfers to be prepared at the cost of the Subsidiary and to contain a power of sale and such other clauses for the benefit of the Security Trustee as the Security Trustee may reasonably require.

7. Second Alchemy Deed of Accession

- 7.1 Under the terms of the Second Alchemy Deed of Accession, the Subsidiary accedes to the Second Composite Guarantee and Debenture and, amongst other things:

- 7.1.1 covenants that it will on demand pay and discharge all Secured Liabilities (as defined in the Second Composite Guarantee and Debenture and which term includes certain present and future liabilities of the Purchaser to the Security Trustee) owing or incurred from or by it to the Security Trustee; and
- 7.1.2 unconditionally guarantees that it will on demand pay and discharge all Secured Liabilities owing or incurred from or by any other Principal Debtor (as defined in the Second Composite Guarantee and Debenture) to the Security Trustee (except any Secured Liabilities owing or incurred by such other Principal Debtor as Guarantor (as defined in the Second Composite Guarantee and Debenture) for the Subsidiary);

in each case when the same become due whether by acceleration or otherwise, together with interest to the date of payment at such rates and upon such terms as may from time to time be agreed, commission, fees and other charges and all legal and other costs, charges and expenses, on a full and unqualified indemnity basis, which

may be incurred by the Security Trustee in relation to any such Secured Liabilities or generally in respect of the Charging Companies.

7.2 Under the terms of the Second Alchemy Deed of Accession, the Subsidiary accedes to the Second Composite Guarantee and Debenture and, amongst other things, as a continuing security for the payment or discharge of the Secured Liabilities, with full title guarantee:

7.2.1 charges to the Security Trustee, by way of legal mortgage, the Properties (as defined in the Second Composite Guarantee and Debenture) including any properties appearing in the schedule to the Second Alchemy Deed of Accession;

7.2.2 charges to the Security Trustee, by way of fixed charge, the Securities (as defined in the Second Composite Guarantee and Debenture);

7.2.3 charges to the Security Trustee, by way of fixed charge:

7.2.3.1 all Properties (as defined in the Second Composite Guarantee and Debenture) acquired by it after the date of the Second Composite Guarantee and Debenture;

7.2.3.2 all its present and future interests not effectively mortgaged or charged under the Second Composite Guarantee and Debenture in or over freehold or leasehold property;

7.2.3.3 all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to the Properties;

7.2.3.4 all its present and future goodwill and all its uncalled capital for the time being;

7.2.3.5 the Equipment (as defined in the Second Composite Guarantee and Debenture);

7.2.3.6 the Debts (as defined in the Second Composite Guarantee and Debenture); and

7.2.3.7 all monies from time to time standing to the credit of its accounts including its Designated Accounts (as defined in the Second

Composite Guarantee and Debenture) with any bank, financial institution or other person;

7.2.3.8 assigns to the Security Trustee by way of fixed mortgage all of its rights, title and interest in and to any present or future policies of insurances or assurance (including, without limitation, any insurances relating to the Properties or the Equipment) and any claims and recoveries thereunder;

7.2.3.9 assigns to the Security Trustee, to the extent the same are assignable:

- (a) the benefit of any agreements to which it is party and the benefit of any guarantee or security for the performance of such agreements;
- (b) the benefit of all licences, consents and authorisations held by it and the right to recover or receive any sum of money pursuant to them; and

7.2.3.10 charges to the Security Trustee, by way of floating charge, all of its undertaking, property, assets and rights at any time not effectively mortgaged, charged or assigned pursuant to the fixed charges and assignments constituted by the Second Composite Guarantee and Debenture.

7.3 Under the terms of the Second Alchemy Deed of Accession, the Subsidiary covenants with the Security Trustee that it will not at any time, except with the prior written consent of the Security Trustee:

7.3.1 create or purport to create or permit to subsist any Encumbrance (as defined in the Second Composite Guarantee and Debenture) on or in relation to the Charged Property (as defined in the Second Composite Guarantee and Debenture) other than created under the Second Alchemy Deed of Accession or a Permitted Encumbrance (as defined in the Second Composite Guarantee and Debenture);

7.3.2 sell, assign, transfer, lease, licence, share occupation of, part with possession of or otherwise dispose of (or purport to sell, assign, transfer, lease, licence, share occupation of, part with possession or otherwise dispose of) all or any

part of the Charged Property or of the equity of redemption of any such Charged Property or any interest in any such Charged Property, except as permitted by the Facility Agreements (as defined in the Second Composite Guarantee and Debenture) or (in the case of Charged Property charged by way of floating charge) in the ordinary course of its business and for the purpose of carrying on that business; or

7.3.3 create or grant (or purport to create or grant) any interest in the Charged Property in favour of a third party.

7.4 Under the terms of the Second Alchemy Deed of Accession, the Subsidiary agrees to indemnify and hold harmless the Receiver (as defined in the Second Composite Guarantee and Debenture) from and against all actions, claims, expenses, demands and liabilities whether arising out of contract or in tort or in any other way incurred or which may at any time be incurred by him or by any manager, agent, officer, servant or workman for whose debt, default or miscarriage he may be answerable for anything done or omitted to be done in the exercise or purported exercise of his powers under the provisions of or pursuant to the Second Composite Guarantee and Debenture.

7.5 Under the terms of the Second Alchemy Deed of Accession, the Subsidiary hereby irrevocably appoints the Security Trustee (as defined in the Second Composite Guarantee and Debenture) and (jointly and severally) each and every Receiver (as defined in the Second Composite Guarantee and Debenture) appointed by the Security Trustee under the provisions of the Second Composite Guarantee and Debenture to be the attorney of such Charging Company (as defined in the Second Composite Guarantee and Debenture) and in its name and on its behalf and as its act and deed or otherwise to sign, execute, seal, deliver, complete any blanks in and otherwise perfect any deed, assurance, agreement, instrument or act which such Receiver or the Security Trustee may consider expedient in the exercise of any of his or its powers or in respect of the Subsidiary's obligations under the Second Composite Guarantee and Debenture. The power of attorney granted by the Second Composite Guarantee and Debenture is to secure the performance of obligations owed to the donees within the meaning of the Powers of Attorney Act 1971.

7.6 Under the terms of the Second Alchemy Deed of Accession, as and when required by the Security Trustee (as defined in the Second Alchemy Deed of Accession) the

Subsidiary, at its own cost, shall execute such further legal or other mortgages, charges or transfers in favour of the Security Trustee as the Security Trustee shall from time to time require over all or any part of the Charged Property (as defined in the Second Alchemy Deed of Accession), further to secure the payment of the Secured Liabilities (as defined in the Second Alchemy Deed of Accession), such further mortgages, charges or transfers to be prepared at the cost of the Subsidiary and to contain a power of sale and such other clauses for the benefit of the Security Trustee as the Security Trustee may reasonably require.

8. Third Composite Guarantee and Debenture

8.1 Under the terms of the Third Composite Guarantee and Debenture, the Subsidiary amongst other things:

8.1.1 covenants that it will on demand pay and discharge all Secured Liabilities (as defined in the Third Composite Guarantee and Debenture and which term includes the present and future liabilities of the Purchaser to the Security Trustee) owing or incurred from or by it to the Security Trustee; and

8.1.2 unconditionally guarantees that it will on demand pay and discharge all Secured Liabilities owing or incurred from or by any other Principal Debtor (as defined in the Third Composite Guarantee and Debenture) to the Security Trustee (except any Secured Liabilities owing or incurred by such other Principal Debtor as Guarantor (as defined in the Third Composite Guarantee and Debenture) for the Subsidiary);

in each case when the same become due whether by acceleration or otherwise, together with interest to the date of payment at such rates and upon such terms as may from time to time be agreed, commission, fees and other charges and all legal and other costs, charges and expenses, on a full and unqualified indemnity basis, which may be incurred by the Security Trustee in relation to any such Secured Liabilities or generally in respect of the Charging Companies.

8.2 Under the terms of the Third Composite Guarantee and Debenture, the Subsidiary amongst other things, as a continuing security for the payment or discharge of the Secured Liabilities, with full title guarantee:

- 8.2.1 charges to the Security Trustee, by way of legal mortgage, the Properties (as defined in the Third Composite Guarantee and Debenture) including the properties appearing in the schedule to the Third Composite Guarantee and Debenture;
- 8.2.2 charges to the Security Trustee, by way of fixed charge, the Securities (as defined in the Third Composite Guarantee and Debenture);
- 8.2.3 charges to the Security Trustee, by way of fixed charge:
 - 8.2.3.1 all Properties (as defined in the Third Composite Guarantee and Debenture) acquired by it after the date of the Third Composite Guarantee and Debenture;
 - 8.2.3.2 all its present and future interests not effectively mortgaged or charged under the Third Composite Guarantee and Debenture in or over freehold or leasehold property;
 - 8.2.3.3 all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to the Properties;
 - 8.2.3.4 all its present and future goodwill and all its uncalled capital for the time being;
 - 8.2.3.5 the Equipment (as defined in the Third Composite Guarantee and Debenture);
 - 8.2.3.6 the Debts (as defined in the Third Composite Guarantee and Debenture); and
 - 8.2.3.7 all monies from time to time standing to the credit of its accounts including its Designated Accounts (as defined in the Third Composite Guarantee and Debenture) with any bank, financial institution or other person;
 - 8.2.3.8 assigns to the Security Trustee by way of fixed mortgage all of its rights, title and interest in and to any present or future policies of insurances or assurance (including, without limitation, any insurances

relating to the Properties or the Equipment) and any claims and recoveries thereunder;

8.2.3.9 assigns to the Security Trustee, to the extent the same are assignable:

- (a) the benefit of any agreements to which it is party and the benefit of any guarantee or security for the performance of such agreements;
- (b) the benefit of all licences, consents and authorisations held by it and the right to recover or receive any sum of money pursuant to them; and

8.2.3.10 charges to the Security Trustee, by way of floating charge, all of its undertaking, property, assets and rights at any time not effectively mortgaged, charged or assigned pursuant to the fixed charges and assignments constituted by the Third Composite Guarantee and Debenture.

8.3 Under the terms of the Third Composite Guarantee and Debenture, the Subsidiary covenants with the Security Trustee that it will not at any time, except with the prior written consent of the Security Trustee:

8.3.1 create or purport to create or permit to subsist any Encumbrance (as defined in the Third Composite Guarantee and Debenture) on or in relation to the Charged Property (as defined in the Third Composite Guarantee and Debenture) other than created under the Third Composite Guarantee and Debenture or a Permitted Encumbrance (as defined in the Third Composite Guarantee and Debenture);

8.3.2 sell, assign, transfer, lease, licence, share occupation of, part with possession of or otherwise dispose of (or purport to sell, assign, transfer, lease, licence, share occupation of, part with possession or otherwise dispose of) all or any part of the Charged Property or of the equity of redemption of any such Charged Property or any interest in any such Charged Property, except as permitted by the Facility Agreement (as defined in the Third Composite Guarantee and Debenture) or (in the case of Charged Property charged by

way of floating charge) in the ordinary course of its business and for the purpose of carrying on that business; or

8.3.3 create or grant (or purport to create or grant) any interest in the Charged Property in favour of a third party.

8.4 Under the terms of the Third Composite Guarantee and Debenture, the Subsidiary agrees to indemnify and hold harmless the Receiver (as defined in the Third Composite Guarantee and Debenture) from and against all actions, claims, expenses, demands and liabilities whether arising out of contract or in tort or in any other way incurred or which may at any time be incurred by him or by any manager, agent, officer, servant or workman for whose debt, default or miscarriage he may be answerable for anything done or omitted to be done in the exercise or purported exercise of his powers under the provisions of or pursuant to the Third Composite Guarantee and Debenture.

8.5 Under the terms of the Third Composite Guarantee and Debenture, the Subsidiary hereby irrevocably appoints the Security Trustee (as defined in the Third Composite Guarantee and Debenture) and (jointly and severally) each and every Receiver (as defined in the Third Composite Guarantee and Debenture) appointed by the Security Trustee under the provisions of the Third Composite Guarantee and Debenture to be the attorney of such Charging Company (as defined in the Third Composite Guarantee and Debenture) and in its name and on its behalf and as its act and deed or otherwise to sign, execute, seal, deliver, complete any blanks in and otherwise perfect any deed, assurance, agreement, instrument or act which such Receiver or the Security Trustee may consider expedient in the exercise of any of his or its powers or in respect of the Subsidiary's obligations under the Third Composite Guarantee and Debenture . The power of attorney granted by the Third Composite Guarantee and Debenture is to secure the performance of obligations owed to the donees within the meaning of the Powers of Attorney Act 1971.

8.6 Under the terms of the Third Composite Guarantee and Debenture, as and when required by the Security Trustee (as defined in the Third Composite Guarantee and Debenture) the Subsidiary, at its own cost, shall execute such further legal or other mortgages, charges or transfers in favour of the Security Trustee as the Security Trustee shall from time to time require over all or any part of the Charged Property (as defined in the Third Composite Guarantee and Debenture), further to secure the

payment of the Secured Liabilities (as defined in the Third Composite Guarantee and Debenture), such further mortgages, charges or transfers to be prepared at the cost of the Subsidiary and to contain a power of sale and such other clauses for the benefit of the Security Trustee as the Security Trustee may reasonably require.

9. Share Charge

Pursuant to the terms of the Share Charge:

As continuing security for the payment and discharge of the Liabilities the Subsidiary with full title guarantee charges to the Lender (on its own account and on account of the Hedging Counterparty):

- 9.1 by way of fixed charge, the Investments including all rights of enforcement of the same; and
- 9.2 The payment obligations of the Subsidiary under the Finance Documents shall survive any enforcement against the whole or any part of the Charged Assets.

All terms (other than the term "**Subsidiary**") used in this paragraph 9 are as defined in the Share Charge.

Company number: 03948742

**MARSTON HOTELS HOLDINGS LIMITED
APPENDICES TO FORM 155(6)b
IN RESPECT OF M H FREEHOLDS LIMITED**

APPENDIX 4

Amounts under the Intra-Group Funding Agreement up to a maximum amount of £500,000,000 but being nil at the date hereof.



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Private & confidential

The Directors of Marston Hotels Holdings
Limited
Wellington House, Cliffe Park
Bruntcliffe Road, Morley
Leeds

13 November 2006

Dear Sirs

Auditors' report to the directors of Marston Hotels Holdings 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 13 November 2006 in connection with the proposal that MH Freeholds Limited, of which this Company is the ultimate holding company, should give financial assistance for the purpose of the purchase of 100% of the ordinary shares of the Company.

This report is made solely to the Company's directors as a body in accordance with section 156(4) of the Companies Act 1985. Our work has been undertaken so that we as the Company's auditors might state to the Company's directors those matters we are required to state to them in a report under section 156(4) of that Act 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 and the Company's directors as a body for our work under section 156(4) of that Act or for this report.

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

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.

Yours faithfully

KPMG LLP

Registered Auditor