

## GUARANTY

GUARANTY (this "Guaranty") dated March 1st Orient-Express Hotels Ltd., a corporation organized under the laws of Bermuda (the "Guarantor"), in favor of Ferrocarril Transandino S.A. a society constituted and existing under Peruvian Laws (the "Concessionaire").

### **WITNESSETH:**

WHEREAS, the Guarantor is the owner of fifty percent (50 %) of the shares of capital stock of Peru Rail S.A., a *sociedad anónima* organized under the laws of Peru (the "Company");

WHEREAS, under a Track Access Agreement approved by OSITRAN, the Peruvian government entity with exclusive authority to supervise the exploitation of the Transportation infrastructure for public use (the "OSITRAN") through document N° 1798-06-GS-OSITRAN of December 19, 2006, (the "Track Access Agreement") and signed by the Concessionaire and the Company on March 1, 2007, the Concessionaire give to the Company the permission to use the southern and the south-eastern railway networks;

WHEREAS, Article fifteen literal J of the Infrastructure Access Regulation issued by the Concessionaire established that the Company is obliged to provide a guaranty to secure the faithful fulfillment of the Track Access Agreement, which means any and all the obligations assumed by the Company with the Concessionaire under the Track Access Agreement (the "Guaranteed Obligations").

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees as follows:

#### Section 1. Defined Terms.

The following capitalized terms shall have the definitions specified below:

"Business Day" shall mean any day other than (i) a Saturday, Sunday or day on which commercial banks are authorized or required by law to close in the City of New York or Washington, D.C., United States of America, and (ii) with respect to any payment, delivery, or communication to the concessionaire, a day on which the concessionaire is not open for business.

"Company" shall have the meaning set forth in the recitals hereto.

"Dollars" or "\$" means United States dollars.

"Guaranteed Obligations" shall mean any and all liabilities, obligations and indebtedness of the Company to the Concessionaire for the payment of all amounts, liabilities, obligations and indebtedness whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, that may arise

under, out of or in connection with, the Track Access Agreement or any other document made, delivered, or given in connection therewith, including without limitation the obligation established in clause 8 of the Track Access Agreement .

“Guarantor” shall have the meaning set forth in the preamble hereto.

“Guaranty” shall have the meaning set forth in the preamble hereto.

“Track Access Agreement” shall mean the contract celebrated between the Company and the Concessionaire approved by OSITRAN through document N° 1798-06-GS-OSITRAN of December 19, 2006 and dated March 1, 2007.

## Section 2. Guaranty.

The Guarantor hereby irrevocably, jointly and severally, absolutely and unconditionally guarantees to the Concessionaire, the full and punctual payment and prompt and complete performance by the Company of the Guaranteed Obligations in each case strictly in accordance with their terms. The Guarantor hereby further agrees that if the Company shall fail to accomplish all or any part of the Guaranteed Obligations, the Guarantor will immediately pay the same obligation or pay the penalty for this contract breach. This Guaranty is irrevocable in nature and is made with respect to any Guaranteed Obligations contained in the Track Access Agreement, especially the obligations contents in clause 8. The Guarantor’s liability under this Guaranty is a guaranty of due, punctual payment and performance of all obligations contained within the Track Access Agreement. According to Article fifteen literal J of the Infrastructure Access Regulation issued by the Concessionaire, the amount of the guaranty is US\$ 3,783,430.02.

## Section 3. Absolute, Unconditional, and Continuing Guaranty.

This Guaranty is an absolute, joint and several, unconditional and continuing guaranty of the full and punctual performance of the Guaranteed Obligations. This Guaranty is not conditioned upon any requirement that the Concessionaire first attempt to collect any of the Guaranteed Obligations from any other Person or resort to any collateral held as security or any other means of obtaining payment or accomplishment of any of the Guaranteed Obligations.

## Section 4. Demands for Payment

Demands by the Concessionaire for payment hereunder may be made on any number of occasions and without any demand for payment given to the Company or any Person other than the Guarantor. The Guarantor agrees to pay the Concessionaire immediately upon demand the amount of any then due Guaranteed Obligations. Each payment hereunder shall be made with the Guarantor’s own funds and not from funds of or received from the Company. Any payments hereunder to be paid to the Concessionaire shall be paid by wire transfer of immediately available funds to the

following account: US dollars N° 0001249393; Reference : SCOTIABANK or such other place as the Concessionaire may direct.

#### Section 5. Waiver of Subrogation

Notwithstanding any payment or payments made by the Guarantor hereunder, or the receipt of any amounts by the Concessionaire with respect to any of the Guaranteed Obligations, the Guarantor shall not be entitled to be subrogated to any of the rights of the Concessionaire against the Company or against any other collateral security held by the Concessionaire for the payment of the Guaranteed Obligations, nor shall the Guarantor seek any reimbursement from the Company in respect of payments made by the Guarantor in connection with the Guaranteed Obligations, or amounts realized by the Concessionaire in connection with the Guaranteed Obligations.

#### Section 6. Expenses

The Guarantor agrees to pay to the Concessionaire, upon demand, the amount of any and all expenses, including the reasonable fees and expenses of counsel, that the Concessionaire may incur in connection with the exercise or enforcement of any of its rights hereunder.

#### Section 7. Representations and Warranties

The Guarantor represents and warrants that :

- (i) The Guarantor (a) is duly organized, validly existing and in good standing under the laws of Bermuda and (b) has full power and authority and the legal right to own its properties and to conduct its business as now conducted and proposed to be conducted by it, to execute, deliver and perform its obligations under this Guaranty and has taken all necessary corporate action to authorize the execution, delivery and performance of this Guaranty;
- (ii) This Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether enforcement thereof is sought in a proceeding at law or in equity);
- (iii) The execution, delivery and performance of this Guaranty will not violate any Requirement of Law or contractual obligation of the Guarantor and will not result in, or require, the creation or imposition of any Lien on any of the properties or revenues of the Guarantor pursuant to any Requirement of Law or Contractual Obligation of the Guarantor;

- (iv) No governmental approvals of other consents or approvals or notices of or to any Person are required in connection with the execution, delivery, performance (by the Guarantor), validity or enforceability of this Guaranty;
- (v) No litigation, investigation or proceedings of or before any arbitrator or governmental authority is pending or, to the best of its knowledge, threatened against or affecting the Guarantor or against or affecting any of its properties, rights, revenues or assets with respect to this Guaranty or any of the transactions contemplated hereby; and
- (vi) No other condition or event has occurred which could reasonably be expected to have a material adverse effect on the Guarantor's ability to perform its obligations under this Guaranty.

#### Section 8. Guarantor's Covenants

- (a) Corporate Existence. The Guarantor shall preserve and maintain its corporate existence, rights (charter and statutory) and franchises; provided that the Guarantor shall not be required to preserve any right or franchise if the Guarantor determines that the preservation thereof is no longer desirable in the conduct of the business of the Guarantor and that the loss thereof would not have a material adverse effect on the business, financial condition or results of operations of the Guarantor taken as a whole or the ability of the Guarantor to perform its obligations under this Guaranty. The Guarantor shall not change its form of organization (save for shares in the Guarantor which are, or are anticipated to be, publicly traded) or its business, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or sell, transfer, assign, discount, lease or otherwise dispose of all or substantially all of its assets.

Notwithstanding the foregoing, this sub clause shall not prohibit any transactions permitted by sub clause (d) below.

- (b) Performance. The Guarantor shall observe and perform all provisions contained in this Guaranty to be observed or performed by it in accordance with the terms hereof and within the times permitted hereby and will maintain, or cause to be maintained, the validity and effectiveness of this Guaranty.
- (c) Compliance with Laws, etc. The Guarantor shall comply with all Requirements of Law to the extent noncompliance could reasonably be expected to have a material adverse effect or give rise to any Lien on, the properties, business, operations, prospects or condition (financial or otherwise) of the Guarantor, or the Guarantor's ability to perform its obligations under this Guaranty.
- (d) Mergers, Etc. The Guarantor shall not merge into or consolidate with any other Person if the Guarantor is not the surviving corporation, unless such Person executes and delivers to the Concessionaire on or prior to the effective date of such merger or consolidation documents (together with supporting legal opinions) reasonably satisfactory in form and substance to the Concessionaire

pursuant to which such Person acknowledges and assumes all obligations of the Guarantor hereunder.

#### Section 9. Notices

All notices, requests and demands to or upon the Guarantor or the Concessionaire hereunder shall be in writing (including by facsimile transmission), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when (i) delivered by hand, (ii) three Business Days after being deposited in the Peruvian mail, first class postage prepaid, (iii) when delivered by a recognized overnight courier, two Business Days after delivery to such overnight courier properly addressed, or (iv) in the case of telecopy notice, when confirmation of receipt is obtained; to the addresses for notices set forth on Schedule I hereto, or to such other address as shall be designated by such party in a written notice to the other parties as provided herein, except that notices of changes of address or facsimile shall be effective only upon receipt.

#### Section 10. Integration

This Guaranty represents the agreement of the Guarantor and the Concessionaire with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Concessionaire relative to the subject matter hereof not expressly set forth or referred to herein or in the other Financing Agreements.

#### Section 11. Waivers and Amendments

None of the terms or provisions of this Guaranty may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Concessionaire and the Guarantor, provided that any provision of this Guaranty may be waived by the Concessionaire in a written letter or agreement executed by the Concessionaire or by facsimile transmission from the Concessionaire.

#### Section 12. Headings

The paragraph, section and caption headings used in this Guaranty are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

#### Section 13. Survival

All representations and warranties made in this Guaranty and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Guaranty.

#### Section 14. Termination and Release

When the Guaranteed Obligations have been paid in full, and no other amount is then outstanding or owing to the Concessionaire under any Financing Agreement to which the Concessionaire is a party, at the Concessionaire's satisfaction disclosed by written, then, and only then, shall this Guaranty be released, at the Guarantor's expense; otherwise, it shall remain in full force and effect. No release of this Guaranty shall be valid unless executed in writing by the Concessionaire. The Concessionaire, upon the Guarantor's request and at the Guarantor's expense, shall deliver to the Guarantor all documents reasonably necessary to evidence such release.

#### Section 15. Governing Law

This Guaranty shall be governed by, and be construed in accordance with, the Laws of the State of New York, United States of America (without regard to its conflicts of law principles other than Sections 5-1401 and 5-1402 of the general obligations law of the State of New York).

#### Section 16. Jurisdiction and Consent to Suit

Without prejudice to the rights of the Concessionaire to bring suit in any appropriate domestic or foreign jurisdiction, any proceeding to enforce this Guaranty may be brought by the Concessionaire in any State or Federal Court of competent jurisdiction in the State of New York or in the District of Columbia of the United States of America or in any other jurisdiction where the Guarantor or any of its property may be found. The Guarantor:

- (a) Hereby irrevocably waives any present or future objection to any such venue, and irrevocably consents and submits unconditionally to the non-exclusive jurisdiction for itself and in respect of any of its property of any such court;
- (b) Hereby irrevocably waives any claim in any such court that any such action, suit, or proceeding brought therein has been brought in an inconvenient forum;
- (c) Hereby irrevocably appoints Orient - Express Hotels Inc., 1155 Avenue of the Americas, 30<sup>th</sup> Floor, New York, New York 10036 (Attention : General Counsel's Office) as its Agent (the "Process Agent"), to receive any summons and complaint and any other process which may be served in any legal action or proceeding in connection with this Guaranty and authorizes and directs the Process Agent to accept such service on its behalf. The Guarantor represents to the Concessionaire that it has notified the Process Agent of such designation and appointment and that the Process Agent has accepted the same. The Guarantor shall maintain such designation and appointment (or that of a successor satisfactory to the concessionaire) continuously in effect at all times while the Guarantor is obligated under this Guaranty. Nothing herein shall affect the Concessionaire's right to serve process in any other manner permitted by applicable law; and

- (d) Further agrees that final judgment against in any such action or proceeding arising out of or relating to this Guaranty shall be conclusive and may be enforced in any other jurisdiction within or outside of the United States of America by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the fact and of the amount of its obligation.

Section 17. Jury Trial Waiver

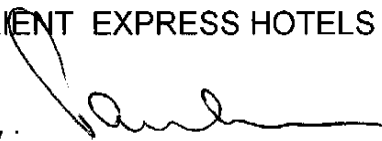
The Guarantor and the Concessionaire each hereby waives any right to have a jury participate in resolving any dispute arising out of, in connection with, related to, or incidental to the relationship established between them in connection with this Guaranty, any other Financing Agreement, or any other instrument, documents, or agreement executed or delivered in connection therewith or the transactions related thereto.

Section 18. Severability

Any provision of this Guaranty that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Where provisions of any law or regulation resulting in such prohibition or unenforceability may be waived they are hereby waived by the Guarantor and the concessionaire to the full extent permitted by law so that this Guaranty shall be deemed a valid, binding agreement in each case enforceable in accordance with its terms.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

ORIENT EXPRESS HOTELS LTD.

By:  \_\_\_\_\_

Name: PAUL WHITE

Title: CHIEF FINANCIAL OFFICER

Accepted and agreed to :

FERROCARRIL TRANSANDINO S.A.

By:  \_\_\_\_\_

Name : RONULO GUIDINO

Title : GENERAL MANAGER



## SCHEDULE I To Guaranty

### NOTICES

If to: Orient-Express Hotels Ltd.

Orient-Express Hotels Inc.  
1155 Avenue of the Americas  
30<sup>th</sup> Floor  
New York, NY 10036  
Tel: 00 1 212 302 5055  
Fax: 00 1 212 302 5073  
Attention: John T Landry, Counsel

If to: Ferrocarril Transandino S.A.

Ferrocarril Transandino S.A.  
Av. Alcanfores No. 775  
Distrito de Miraflores, Lima, Perú  
Tel: (511) 444-5020  
Fax: (511) 447-5926