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COMPANIES FORM No. 395

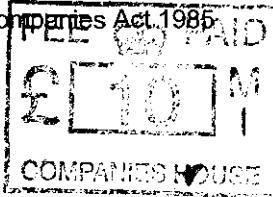
Particulars of a mortgage or charge

395

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)



For official use

Company number

2909660

Name of company

* London and Regional Properties Limited (the "Subordinated Creditor")

Date of creation of the charge

27 April 2001

Description of the instrument (if any) creating or evidencing the charge (note 2)

Deed of Subordination dated 27 April 2001 made between Barclays Bank PLC (the "Bank") (1), the Subordinated Creditor (2) and L.R. (Economy) Hotels Limited (the "Borrower") (3) (the "Deed").

Amount secured by the mortgage or charge

See Part II of the attached Schedule.

Names and addresses of the mortgagees or persons entitled to the charge

Barclays Bank PLC
Specialist Property Finance Team
54 Lombard Street
London

Postcode EC3P 3AH

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

Lovells
65 Holborn Viaduct
London
EC1A 2DY

For official Use
Mortgage Section

Post room



LD2
COMPANIES HOUSE

0398
10/05/01

Time critical reference
A6/PARA2/AB/CMA

Short particulars of all the property mortgaged or charged

As specified in Part III of the attached Schedule.

N.B. Part IV of the attached Schedule includes covenants by and restrictions on the Subordinated Creditor which protect and further define the charges and must be read as part of the charges created.

Please do not write in this margin

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

Particulars as to commission allowance or discount (note 3)

N/A

Signed

Lowells

Date

10 May 2001

On behalf of ~~[company]~~ ~~[mortgagee]~~ ~~[chargee]~~ †

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-

Companies House, Crown Way, Cardiff CF14 3UZ

Schedule to form 395

Part I Definitions

"Accor I Facility Agreement" the facility agreement dated 25 August 2000 made between the Borrower (1) and the Bank (2), which expression shall include any amendments, supplements, accessions, variations or additions to such agreement, however fundamental, including changes to the facilities provided or increases in their maximum amount;

"Accor II Facility Agreement" the facility agreement dated 25 April 2001 made between the Borrower (1) and the Bank (2), which expression shall include any amendments, supplements, accessions, variations or additions to such agreement, however fundamental, including changes to the facilities provided or increases in their maximum amount;

"Bank Debt" all sums, liabilities and obligations on the date of the Deed and thereafter from due, owing or incurred (actually or contingently) by the Borrower to the Bank under or pursuant to the Accor I Facility Agreement and/or the Accor II Facility Agreement and/or the Security;

"Discharge Date" the first date, as determined by the Bank, on which both the Bank Debt and the Security shall have been irrevocably discharged in full;

"Encumbrance" includes any mortgage, pledge, lien, charge, assignment or deposit by way of security, hypothecation, security interest, title retention or any other security agreement or preferential arrangement (whether conditional or not and whether relating to assets existing on the date of the Deed or thereafter) having the effect of providing any security or preferential treatment to a creditor (including set-off, defeasance or reciprocal fee arrangements) or any agreement or arrangement to give any form of security or preferential treatment to a creditor;

"Further Property" the land and buildings known as the Ibis Hotel, Romford Road, Stratford London E15 (to be registered at HM Land Registry) ("**London Stratford**");

"Initial Properties" together all the properties detailed in Schedule 6 of the Accor II Facility Agreement and "**Initial Property**" means any one of them;

"Initial Properties Turnover Rent" has the meaning given to "Turnover Rent" in the twelve 25 year Leases made between the Borrower and the Tenant dated on or around 24 April 2001;

"Lease" all agreements for lease, leases, underleases, tenancy agreements and licences derived out of the Borrower's interest in the Properties and/or any part thereof from time to time (including, but not limited to, the Accor Leases (as defined in the Accor II Facility Agreement)) and all renewals thereof and, where the context admits, includes each or any of them;

"Permitted Payments" payments under the Subordinated Loans (as defined in the Accor II Facility Agreement) in amounts that, when aggregated with all management expenses, dividends or distributions paid or declared during the previous 12 month period is not greater than the sum of:

- (a) Surplus Rents (as defined in the Accor II Facilities Agreement);
- (b) amounts remitted to the Borrower pursuant to clause 7.2 (*Sales Proceeds*) of the Accor II Facility Agreement;
- (c) 45% of the Turnover Rent (as defined in the Accor I Facility Agreement); and
- (d) amounts remitted to the Borrower pursuant to clause 7.3 (*Sales Proceeds*) of the Accor II Facility Agreement,

for such 12 month period;

"Properties" together the Further Property and the Initial Properties and each shall be a "Property";

"Receiver" any receiver or receiver and manager (and such expression shall include where the context so permits the plural and any substituted receiver or receiver and manager or receivers and managers) of all or any part of the undertaking, property, assets, rights and revenues of the Borrower whatsoever and wheresoever, in existence on the date of the Deed and thereafter;

"Security" each charge or other security created by the Borrower or a subsidiary in favour of the Bank and described in Part V of this Schedule and such further or other security which may be granted from time to time by the Borrower or a subsidiary or any other person in favour of the Bank to secure the Bank Debt or any part of it, including any alterations or supplements to the security, novations of the security or replacements for the security;

"Subordinated Debt" all sums, liabilities and obligations in existence on the date of the Deed and thereafter from time to time due, owing or incurred (actually or contingently) by the Borrower to the Subordinated Creditor; and

"Tenant" the tenant of the Properties being Accor UK Economy Hotels Ltd.

Part II

Amount Secured by the mortgage or charge

All present and future sums, liabilities and obligations from time to time due, owing or incurred (actually or contingently) by the Borrower to the Bank.

Part III

Short Particulars of all the Property mortgaged or charged

1. By clause 4.3 of the Deed, the Borrower agreed that in the event of any payment or distribution of any kind (whether in monies, securities or other property) being made to or paid to the Subordinated Creditor in breach of any of the provisions of clause 4 of the Deed, the Subordinated Creditor will forthwith pay or deliver to the Bank all such money, securities or other property and until such payment or delivery to the Bank has been effected, all such money, securities or other properties shall be held on trust for the Bank.
2. By clause 6.1(b) of the Deed, the Borrower agreed that if it takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, administration, liquidation, dissolution, reorganisation or similar proceeding or for the appointment of a Receiver, administrator, administrative receiver, trustee or similar officer of the Borrower or any or all of its revenues and assets, or if the Borrower assigns its assets for the benefit of its creditors or enters into any arrangement with its creditors generally, any payment or distribution of any kind, whether in cash, securities or other property, which is made to or paid to or payable or deliverable upon or with respect to the Subordinated Debt (or any part of it) by the liquidator, administrator, administrative receiver or Receiver (or any equivalent or similar officer) of the Borrower shall be paid or delivered to the Bank for application in accordance with clause 6 of the Deed and, until such payment, the Subordinated Creditor will hold such sums or distributions on trust for the Bank.

Part IV

Covenants and Restrictions

1. By clause 4.1 of the Deed, the Subordinated Creditor undertook to the Bank that it will not any time prior to the Discharge Date, except with the prior consent of the Bank:
 - (a) demand or receive from the Borrower any payment, redemption or repayment, or any dividend or distribution in respect or on account of the Subordinated Debt in cash or in kind or apply any money or property in discharge of any of the Subordinated Debt other than Permitted Payments made in accordance with Clause 5 of the Deed;
 - (b) accelerate any of the Subordinated Debt or otherwise declare any of the Subordinated Debt prematurely due or payable;
 - (c) exercise any set-off or right of combination against the Subordinated Debt;
 - (d) assert any claim whatsoever against the Borrower;
 - (e) enforce any rights under the Subordinated Debt by attachment, set-off, execution or otherwise;
 - (f) sue for, or institute any creditor's process (including a freezing order, garnishee, execution or levy, whether before or after judgment) against the Borrower in respect of any obligation (whether or not for the payment of money) owing to it under or in respect of the Subordinated Debt;
 - (g) petition for, initiate, support (or vote in favour of any resolution for) or take any other action or steps whatsoever for or which may lead to any insolvency, liquidation, reorganisation, administration, dissolution, winding-up proceedings or any voluntary arrangement or assignment for the benefit of the Borrower's creditors or similar proceedings involving the Borrower;
 - (h) take, accept or receive the benefit of, or permit to subsist in favour of it, any Encumbrance upon any of the assets of the Borrower or any guarantee or other assurance against financial loss for or in respect of the Subordinated Debt;
 - (i) take any action which leads or which is likely to lead to the insolvency of the Borrower or the appointment of a liquidator or administrator of the Borrower or the appointment of a Receiver over the whole or any part of the assets of the Borrower;
 - (j) apply for any order for an injunction or specific performance in respect of the Borrower in relation to any of the Subordinated Debt;
 - (k) commence, or threaten to commence, any legal action against the Borrower in respect of the Subordinated Debt;
 - (l) amend, vary or supplement any provision of the memorandum and articles of association of the Borrower or vote in favour of any such action or provide its approval, consent, waiver or release under or pursuant to any such provision; or
 - (m) take or fail to take any action whereby the subordination of all or any part of the Subordinated Debt to the Bank Debt as set out in this Deed might be terminated, impaired or adversely affected.

2. By clause 4.2 of the Deed, the Subordinated Creditor warranted that as of the date of the Deed it has not taken, accepted or received the benefit of, or permitted to subsist in favour of it, any Encumbrance upon any of the assets of the Borrower or any guarantee or other assurance against financial loss to or in respect of the Subordinated Debt.

Part V

Security

Date	Description	Parties
29 August 2000	Debenture	L.R. (Economy) Hotels Limited and the Bank
27 April 2001	Debenture	L.R. (Economy) Hotels Limited and the Bank

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 02909660

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEED OF SUBORDINATION (AS DEFINED) DATED THE 27th APRIL 2001 AND CREATED BY LONDON AND REGIONAL PROPERTIES LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO BARCLAYS BANK PLC WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 10th MAY 2001.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 14th MAY 2001.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —

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