

COMPANY NO. 02999276

ESB HOTELS LIMITED

(the *Company*)

MEMBERS' WRITTEN RESOLUTION

In accordance with section 381A of the Companies Act 1985, **We**, being the members of the Company who at the date of this resolution would be entitled to attend and vote at a general meeting of the Company, **Declare** that the following resolutions shall have effect as if passed by the Company in general meeting and accordingly **We Resolve**:

SPECIAL RESOLUTION

THAT the objects clause of the memorandum of association of the Company be amended with immediate effect so that the memorandum of association read in its entirety in the form of the attachment hereto marked "Memorandum of Association".

SPECIAL RESOLUTION

THAT the regulations (in the form of the print attached to this written resolution and marked "Articles of Association") be adopted with immediate effect as the new articles of association of the Company to replace in their entirety the existing articles of association of the Company.

ORDINARY RESOLUTION

THAT, in respect of the provision of the New Facilities to Queens Moat Houses plc, the parent of the Company ("Parent") under and as defined in the Agreement (defined below) which will result in greater liquidity for the Parent and improve the financial stability of the Parent and its subsidiaries (of which the Company is one):

- (i) the entry by the Company into the Agreement, and any ancillary documentation necessary or desirable in relation thereto (including, but not limited to a Composite Guarantee and Debenture as defined in the Agreement) is in the best interests of the Company; and
- (ii) any director or the secretary of the Company (or in the case of a document to be executed as a deed, any two directors or a director and the secretary of the Company) be authorised to approve and execute on behalf of the Company an Amendment and Restatement Agreement amending a Term Facility Agreement attached thereto (the *Agreement*) between Queens Moat Houses plc (the *Parent*), certain subsidiaries of the Parent named in the Agreement, Barclays Bank plc as the Facility Agent, Administrative Agent, Paying Agent and Security Trustee (the *Agent*) and the various Lenders named in the Agreement (the *Lenders*) together with such additional documents and deeds as the Lenders and/or the Agent may require (including, but not limited to, the Composite Guarantee and Debenture), and such

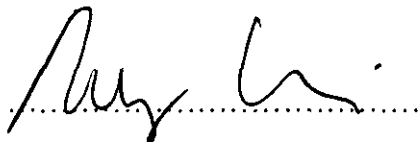


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documents and deeds as and director, directors and/or secretary (as the case may be) in his or their absolute discretion consider necessary or desirable to facilitate the entry of the Company into the Agreement (subject to any amendments to the Agreements and the additional documents and deeds as the director, directors and/or secretary see fit).



For and on behalf of
Queens Moat Houses plc

.....

For and on behalf of
Royal Bank Leasing Limited

Date: 22 January 2004

COMPANY NO. 02999276

ESB HOTELS LIMITED

(the *Company*)

MEMBERS' WRITTEN RESOLUTION

In accordance with section 381A of the Companies Act 1985, **We**, being the members of the Company who at the date of this resolution would be entitled to attend and vote at a general meeting of the Company, **Declare** that the following resolutions shall have effect as if passed by the Company in general meeting and accordingly **We Resolve**:

SPECIAL RESOLUTION

THAT the objects clause of the memorandum of association of the Company be amended with immediate effect so that the memorandum of association read in its entirety in the form of the attachment hereto marked "Memorandum of Association".

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THAT the regulations (in the form of the print attached to this written resolution and marked "Articles of Association") be adopted with immediate effect as the new articles of association of the Company to replace in their entirety the existing articles of association of the Company.

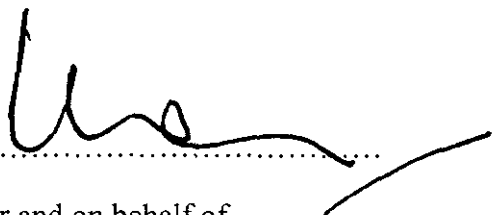
ORDINARY RESOLUTION

THAT, in respect of the provision of the New Facilities to Queens Moat Houses plc, the parent of the Company ("Parent") under and as defined in the Agreement (defined below) which will result in greater liquidity for the Parent and improve the financial stability of the Parent and its subsidiaries (of which the Company is one):

- (i) the entry by the Company into the Agreement, and any ancillary documentation necessary or desirable in relation thereto (including, but not limited to a Composite Guarantee and Debenture as defined in the Agreement) is in the best interests of the Company; and
- (ii) any director or the secretary of the Company (or in the case of a document to be executed as a deed, any two directors or a director and the secretary of the Company) be authorised to approve and execute on behalf of the Company an Amendment and Restatement Agreement amending a Term Facility Agreement attached thereto (the **Agreement**) between Queens Moat Houses plc (the **Parent**), certain subsidiaries of the Parent named in the Agreement, Barclays Bank plc as the Facility Agent, Administrative Agent, Paying Agent and Security Trustee (the **Agent**) and the various Lenders named in the Agreement (the **Lenders**) together with such additional documents and deeds as the Lenders and/or the Agent may require (including, but not limited to, the Composite Guarantee and Debenture), and such

documents and deeds as and director, directors and/or secretary (as the case may be) in his or their absolute discretion consider necessary or desirable to facilitate the entry of the Company into the Agreement (subject to any amendments to the Agreements and the additional documents and deeds as the director, directors and/or secretary see fit).

.....
For and on behalf of
Queens Moat Houses plc


.....
For and on behalf of
Royal Bank Leasing Limited

Date: 22 January 2004

Company number
2999276

THE COMPANIES ACT 1985
A PRIVATE COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
ESB HOTELS LIMITED
(INCORPORATING ALL AMENDMENTS TO 22 JANUARY 2004)

1. The Company's name is "ESB Hotels Limited"¹.
2. The Company's registered office is to be situated in England and Wales.
- 3.² The Company's objects are:
 - (1) To carry on the business of manager and operator of the following hotels (1) Elstree Moat House (2) Stoke Moat House and (3) Bolton Moat House, and for the purpose of the attainment of that object:
 - (a) to acquire, dispose of, deal in and enter into every other kind of transaction in relation to land, buildings, plant, machinery, equipment, vehicles, merchandise, goods and other assets;
 - (b) to receive money on deposit or otherwise;
 - (c) to provide management, administrative and technical services of any kind and in any manner;
 - (d) to acquire or assume all or any part of the undertaking, assets, liabilities and obligations of any person, and to sell, transfer or otherwise dispose of all or any part of the undertaking, assets, liabilities and obligations of the Company;
 - (e) to borrow or raise money from its ultimate holding company or any subsidiary thereof, but not otherwise, and only on the basis that such borrowings are made on terms whereby in the event of an insolvency of the Company the lender shall have no recourse to the assets of the Company in respect of the amount borrowed except to the extent that those would represent a

¹ The Company was incorporated under the name "Alnery No. 1399 Limited" and adopted its name on 20th December, 1994.

² This clause was inserted by special resolution passed on 7th March, 1995.

surplus after the discharge of the claims of all other creditors of the Company;

- (f) to make, draw, accept, issue, execute, indorse, avalise, negotiate and deal with instruments and securities of every kind, whether or not negotiable or transferable;
 - (g) to accept on secondment, retain and appoint managers, employees, professional and technical staff and personnel and advisers of every kind, and to enter into any arrangement for payment or other remuneration (including all forms of benefits) in respect of the services of such persons;
 - (h) to establish, maintain and participate in profit sharing, share holding, share option, incentive or similar schemes for the benefit of any of the directors or employees of the Company or of any subsidiary of the Company, any holding company of, or any other subsidiary of the holding company of, the Company or connected company and of any other person falling within any category approved by the directors, and to lend money to any such directors, employees or persons or to trustees on their behalf to enable any such schemes to be established or maintained;
 - (i) to raise or borrow money in such manner as the board of directors thinks fit and to receive deposits and to mortgage, charge, pledge or give liens or other security over the whole or any part of the Company's undertaking, property and assets (whether present or future), including its uncalled capital, for such purposes and in such circumstances and on such terms and conditions as the board of directors thinks fit;
 - (j) to lend or advance money and to give credit and to enter (whether gratuitously or otherwise) into guarantees or indemnities of all kinds, and whether secured or unsecured, whether in respect of its own obligations or those of some other person or company, in such circumstances and on such terms and conditions as the board of directors thinks fit; and
 - (k) to do all other things which may be considered incidental or conducive to the attainment of that object.
- (2) To distribute among the members of the Company in kind any assets of the Company.
- (3) To pay any expenses connected with the promotion, formation and incorporation of the Company, to contract with any person to pay the same, and to pay commissions, fees and expenses or issue securities of the Company for underwriting, placing, distributing, or entering into

any other kind of transaction in relation to, any securities of the Company.

- (4) To exercise any power of the Company for any consideration of any kind or for no consideration whatsoever.
- (5) To exercise any power of the Company in any country or territory and by or through agents, trustees, sub-contractors or otherwise and either alone or in conjunction with others.

In this clause:

- (i) "assets" includes property, rights and interests of every description, whether present or future, actual or contingent;
- (ii) "dispose of, in relation to an asset, includes surrendering or extinguishing it;
- (iii) "liabilities" includes debts and obligations of every description, whether present or future, actual or contingent;
- (iv) "person" includes any partnership, corporation and unincorporated body and any country, territory, public authority and international organisation;
- (v) "transaction" includes any scheme, arrangement and project; and
- (vi) the word "company", except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether corporate or unincorporate and whether incorporated, resident or domiciled in the United Kingdom or elsewhere.

4. The liability of the members is limited.

5. The Company's share capital is £100 divided into 100 ordinary shares of £1.00³.

I, the subscriber to this memorandum of association, wish to form a company pursuant to this memorandum; and agree to take the number of shares shown opposite my name.

Names and addresses of subscribers

**Number of
shares taken by
each subscriber**

³ By special resolution passed on 7th March, 1995 the authorised share capital of the Company was reduced by the cancellation of one authorized but unissued Ordinary Share and increased by the creation of one Deferred Share.

Alnery Incorporations No. 1 Limited
9 Cheapside
London EC2V 6AD

1

D.W. Stewart
for and on behalf of
Alnery Incorporations No. 1 Limited

Total shares taken

1

Dated 28th November, 1994.

Witness to the above signature:

A.J. Cantwell
9 Cheapside
London EC2V 6AD

Company Number
2999276

THE COMPANIES ACT 1985
A PRIVATE COMPANY LIMITED BY SHARES
NEW

ARTICLES OF ASSOCIATION OF
ESB HOTELS LIMITED

*(adopted by special resolution
passed on 22 January 2004)*

PRELIMINARY

1. Except as otherwise provided in these articles, the regulations contained in Table A shall apply to the Company. For the purposes of these articles, Table A means Table A in the Schedule to the Companies (Tables A to F) Regulations 1985, as amended by the Companies (Tables A to F) (Amendment) Regulations 1985. No other regulations contained in any statute or subordinate legislation apply as the regulations or articles of association of the Company.
2. The following provisions of Table A shall not apply to the Company: regulations 24, 25 and 26 in their entirety; in regulation 62(a), the words "not less than 48 hours"; and in regulation 62(b), the words "not less than 24 hours".
 - (1) In these articles, unless the contrary intention appears:
 - (a) the "Statutes" means the Act and every other statute, statutory instrument, regulation or order for the time being in force concerning companies registered under the Act; and
 - (b) words importing the singular number include the plural number and vice versa, words importing one gender include all genders and words importing persons include bodies corporate and unincorporated associations.
 - (2) Headings to these articles are inserted for convenience and shall not affect construction.

SHARE CAPITAL

3. The share capital of the Company (at the date of adoption of these articles) is 100 divided into 99 Ordinary Shares of £1.00 each and one Deferred Share of £1.00 each. The Deferred Share shall have the rights and privileges and be subject to the restrictions set out below:

- (1) The holder of the Deferred Share shall be entitled to receive notice of any general meeting of the Company.
 - (2) The holder of the Deferred Share shall not, by virtue of or in respect of its holding of the Deferred Share, have the right to attend, speak or vote at any general meeting of the Company unless a resolution is to be proposed at such meeting for (i) the amendment, variation or modification of clause 3 (the objects of the Company) of the Company's memorandum of association or (ii) any abrogation, variation or modification of any of the rights and privileges attached to the Deferred Share, and in such event the holder of the Deferred Share shall be entitled to attend, speak, and vote at any such general meeting, but only in respect of the resolution(s) giving the right to attend and vote at such meeting, and on a show of hands or on a poll the holder of the Deferred Share, or any duly appointed proxy or representative, shall be entitled to one vote.
 - (3) Notwithstanding any other provisions of these articles, any resolution on which the Deferred Share is entitled to vote shall be ineffective unless either (i) the vote attaching to the Deferred Share is cast in favour of that resolution or (ii) the holder of the Deferred Share has given its prior written consent to the passing of that resolution.
 - (4) The Deferred Share does not entitle the holder to receive any dividend or to any other rights of participation in the profits of the Company.
 - (5) The Deferred Share shall on a return of capital on a winding-up (but not otherwise) entitle the holder only to the repayment of the amount paid on such share after payment in respect of the Ordinary Shares of the capital paid up on them; the Deferred Share does not entitle the holder to any further rights of participation in the capital of the Company.
 - (6) The Deferred Share may only be transferred with the consent in writing of the holders of three-fourths in nominal value of the Ordinary Shares or with the sanction of a special resolution passed at a general meeting of the Company.
4. (1) The directors are generally and unconditionally authorised, in accordance with section 80 of the Act, to exercise all the powers of the Company to allot relevant securities up to a maximum nominal amount of the aggregate unissued share capital of the Company at that date.
- (2) The authority contained in paragraph (1) of Article 4 shall expire on the day five years after the date of the adoption of these articles but the Company may, before the authority expires, make an offer or agreement which would or might require relevant securities to be allotted after it expires.

- (3) Section 89(1) of the Act (which regulates the power to allot equity securities, as defined in section 94 of the Act) is excluded,

SHAREHOLDERS' RESOLUTIONS

5. A resolution in writing signed or approved by letter, facsimile, telegram or telex by or on behalf of all the members of the Company who would be entitled to vote on it if it had been proposed at a general meeting or at a meeting of any class of members of the Company shall be as valid and effectual as if it had been passed at a general meeting or at such class meeting (as the case may be) duly convened and held. The resolution may be contained in one document or in several documents in like form each stating the terms of the resolution accurately and signed by or on behalf of one or more of the members. This article is in addition to, and not limited by, the provisions in section 381A, 381B and 381C of the Act. Regulation 53 of Table A shall not apply.
6. (1) A general meeting or a meeting of any class of members of the Company may consist of a conference between members some or all of whom are in different places provided that each member who participates is able:
- (a) to hear each of the other participating members addressing the meeting; and
 - (b) if he so wishes, to address all of the other participating members simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether in use when these articles are adopted or not) or by a combination of those methods.

- (2) A quorum is deemed to be present if those conditions are satisfied in respect of at least the number of members required to form a quorum.
- (3) A meeting held in this way is deemed to take place at the place where the largest group of participating members is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.
- (4) A resolution put to the vote of a meeting shall be decided by each member indicating to the chairman (in such manner as the chairman may direct) whether the member votes in favour of or against the resolution or abstains. Regulation 46 of Table A shall be amended accordingly.
- (5) References in this article to members shall include their duly appointed proxies and, in the case of corporate members, their duly authorised representatives.

VOTES OF MEMBERS

7. (1) A proxy appointed by a member of the Company under section 372 of the Act may vote on a show of hands as well as on a poll, but no person present shall be entitled to more than one vote on a show of hands except as provided in regulation 50 of Table A. Regulation 54 of Table A shall be amended accordingly.
- (2) The instrument appointing a proxy and any authority under which it is executed (or such copy of the instrument or the authority or both as the directors may approve) may be deposited at the place where the meeting or adjourned meeting is to be held at any time before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. This provision is in addition and without prejudice to the provisions of paragraphs (a), (b) and (c) of regulation 62 and the last provision of regulation 62 of Table A shall be modified accordingly.

DIRECTORS

8. (1) The holders of a majority of the ordinary shares in the Company in issue may appoint any person as a director of the Company and may remove any director. Any appointment or removal shall be made in writing signed by the holders of the majority of the ordinary shares in the Company in issue and, in the case of a body corporate holding any of those shares, the signature of any officer or other duly appointed representative shall suffice. Any appointment or removal shall take effect when it is lodged at the office or produced at any meeting of the directors.
- (2) The immediate holding company (if any) for the time being of the Company may appoint any person to be a director or remove any director from office. Every such appointment or removal shall be in writing and signed by or on behalf of the said holding company and shall take effect upon receipt at the registered office of the Company or by the secretary.
- (3) In addition to the circumstances set out in regulation 81 of Table A, the office of a director shall be vacated if he is removed from that office in accordance with this article.
- (4) The directors may appoint any person who is willing to act to be a director, either to fill a casual vacancy or as an additional director.
- (5) The directors shall not be subject to retirement by rotation and regulations 73 to 80 (inclusive) and the last sentence of regulation 84 of Table A shall not apply.

9. (1) No director shall vacate his office or be ineligible for re-appointment as a director, nor shall any person be ineligible for appointment as a director, by reason only of his having attained a particular age.
- (2) No special notice is required of any resolution appointing or approving the appointment of such a director nor is any notice required to state the age of the person to whom the resolution relates.

ALTERNATE DIRECTORS

10. (1) In addition to the persons mentioned in regulation 65 of Table A, any director may appoint a director of any holding company of the Company or of any other subsidiary of that holding company or any person approved by a majority of the other directors to act as an alternate director.
- (2) An alternate director shall be entitled to receive notice of all meetings of directors, to attend and to vote at any meeting at which the director appointing him is not personally present and at that meeting to exercise and discharge all the functions, powers and duties of his appointor as a director and for the purposes of the proceedings at that meeting the provisions of these articles shall apply as if he was a director. Regulation 66 of Table A shall not apply.
- (3) Every person acting as alternate director shall have one vote for each director for whom he acts as alternate, in addition to his own vote if he is also a director, but he shall count as only one for the purpose of determining whether a quorum is present. The last sentence of each of regulation 88 and 89 of Table A shall not apply.
- (4) Any person appointed as an alternate director shall vacate his office as an alternate director if the director by whom he has been appointed ceases to be a director or removes him or on the happening of any event which, if he is or were a director, causes or would cause him to vacate that office. Regulation 67 of Table A shall not apply.
- (5) An alternate director shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of the director appointing him. Regulation 69 of Table A shall not apply.
- (6) A resolution to which an alternate director has agreed need not also be agreed to by his appointer.
- (7) A resolution to which a director who has appointed an alternate director has agreed need not also be agreed to by the alternate director in that capacity.

POWERS OF DIRECTORS

11. (1) The powers of the directors mentioned in regulation 87 of Table A shall be exercisable as if the word "executive" (which appears before the word "office") were deleted.
- (2) Without prejudice to any other of their powers, the directors may exercise any of the powers conferred by the Statutes to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any of its subsidiaries.

PROCEEDINGS OF DIRECTORS

12. Provided that he has disclosed to the directors the nature and extent of any material interest of his, a director may vote as a director on a resolution concerning any matter in which he has, directly or indirectly, an interest or duty and, if he votes, his vote shall be counted and he shall be counted in the quorum when that resolution or matter is under consideration. Regulations 94 to 96 (inclusive) of Table A shall not apply.
13. Notices of meetings of the directors shall be given to all directors and to any alternate directors appointed by them. Regulation 88 of Table A shall be amended accordingly.
14. Regulation 93 of Table A (written resolutions of directors) shall apply as if the word "signed" included "approved by letter, facsimile, telegram or telex".
15. (1) A meeting of the directors may consist of a conference between directors some or all of whom are in different places provided that each director who participates is able:
 - (a) to hear each of the other participating directors addressing the meeting; and
 - (b) if he so wishes, to address all of the other participating directors simultaneously, whether directly, by conference telephone or by any other form of communications equipment (whether in use when these articles are adopted or not) or by a combination of those methods.
- (2) A quorum is deemed to be present if those conditions are satisfied in respect of at least the number of directors required to form a quorum, subject to the provisions of article 12.
- (3) A meeting held in this way is deemed to take place at the place where the largest group of participating directors is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.

SEAL

16. (1) The Company may exercise the powers conferred by the Statutes with regard to having official seals and those powers shall be vested in the directors.
- (2) The directors shall provide for the safe custody of every seal which the Company may have.
- (3) A seal shall be used only by the authority of the directors or a duly authorised committee but that authority may consist of an instruction or approval given by letter, facsimile, telegram, telex or telephone by a majority of the directors or of the members of a duly authorised committee.
- (4) The directors may determine who shall sign any instrument to which a seal is applied, either generally or in relation to a particular instrument or type of instrument, and may also determine, either generally or in any particular case, that such signatures shall be dispersed with or affixed by some mechanical means.
- (5) Unless otherwise decided by the directors:
- (a) certificates for shares, debentures or other securities of the Company to which a seal is applied need not be signed; and
 - (b) every other instrument to which a seal is applied shall be signed by at least one director and the secretary or by at least two directors.
- (6) Regulation 6 of Table A shall be amended accordingly. Regulation 101 of Table A shall not apply.

NOTICES

17. Regulation 112 of Table A shall apply as if the last sentence were deleted and Regulation 116 shall apply as if the words "within the United Kingdom" did not appear.
18. Proof that:
- (a) an envelope containing a notice was properly addressed, prepaid and posted (by airmail or first class post, where available); or
 - (b) a telex or facsimile transmission setting out the terms of a notice was properly despatched,

shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiry of 24 hours after the envelope containing it was so posted or, in the case of telex or facsimile transmission, when

despatched. Regulation 112 of Table A shall be amended accordingly. Regulation 115 of Table A shall not apply.

INDEMNITY

19. Subject to the provisions of and to the extent permitted by the Statutes, every director, other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in the actual or purported execution or discharge of his duties or in the exercise or purported exercise of his powers or otherwise in relation to or in connection with his duties, powers or offices, but:
- (a) this indemnity shall not apply to any liability to the extent that it is recovered from any other person; and
 - (b) the indemnity is subject to such officer or auditor taking all reasonable steps to effect such recovery, so that the indemnity shall not apply to the extent that an alternative right of recovery is capable of being enforced.

Regulation 118 of Table A shall not apply.