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CHFP025

COMPANIES FORM No. 155(6)b

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

155(6)b

Please do not
write in this
margin

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

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

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

For official use

Company number

[] [] [] [] [] [] [] []

769170

Name of company

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

* TRAVELODGE HOTELS LIMITED (THE "COMPANY")

* insert full name
of company

~~We~~ Jon Mortimore of South Down Lodge, 43 The Downs, Wimbledon, London SW20 8HE, Grant Hearn of Bishops Platt, Norlands Lane, Thorpe, Surrey TW20 8SS, Harry Turner of Shepherds Cottage, The Vale Golf and Country Club, Bishampton Fields, Bishampton near Pershore, Worcestershire WR10 2LZ and Timothy Scoble of 57 Old Road, Wheatley, Oxford OX33 1NX

§ insert name(s) and
address(es) of all
the directors

† delete as
appropriate

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

§ delete whichever
is inappropriate

The business of this company is:

- (a) ~~that of a person authorised under section 1 of the Insurance Companies Act 1982 to carry insurance business in the United Kingdom~~
- (b) ~~that of a person authorised under section 1 of the Insurance Companies Act 1982 to carry insurance business in the United Kingdom~~
- (c) something other than the above§

This company is ~~not~~ [a] holding company of*

TLLC CMSUBPROPC011 LIMITED

(THE "SUBSIDIARY")

which is

proposing to give financial assistance in connection with the acquisition of shares

in ~~XXXXXXXXXXXX~~ THE COMPANY (FORMERLY TRAVELREST SERVICES

LIMITED)

the holding company of this company.]†

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

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

UK/49191/1

For official Use
General Section

Post room



LD2
COMPANIES HOUSE

0482
14/09/04

The assistance is for the purpose of ~~the acquisition~~ [reducing or discharging a liability incurred for the purpose of that acquisition].† (note 1)

Please do not
write in this
margin

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

The number and class of the shares acquired or to be acquired is: 300,000,000 ORDINARY SHARES
OF £1 EACH

The assistance is to be given to: (note 2) TLLC LIMITED WHOSE REGISTERED OFFICE IS AT
CASTLEGATE WAY, DUDLEY, WEST MIDLANDS DY1 4TE

The assistance will take the form of:

SEE SCHEDULE 1

The person who [has acquired] ~~will acquire~~ the shares is:

† delete as
appropriate

TLLC LIMITED WHOSE REGISTERED OFFICE IS AT CASTLEGATE WAY, DUDLEY, WEST
MIDLANDS DY1 4TE

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

SEE SCHEDULE 2

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced
by giving it is NIL

The amount of cash to be transferred to the person assisted is £ SEE SCHEDULE 3

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

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

~~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)

* delete either (a) or (b) as appropriate

- (a) ~~X~~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) ~~It is intended to commence the winding-up of this company within 12 months of that date, and we have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding-up.* (note 3)~~

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

Declared at

CLIFFORD CHANCE
Limited Liability Partnership
10 Upper Bank Street
London E14 5JJ

Declarants to sign below

on

DayMonthYear
09092004

before me

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



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

THE WILL
OF THE PEOPLE

— H. G. —
1

Financial Assistance Declaration (section 155(6)b)

TRAVELODGE HOTELS LIMITED (Company number 769170)

Schedule 1 to the Statutory Declaration dated 9 September 2004

The form of the assistance

1. The execution, delivery and/or performance by the Subsidiary of its obligations under:
 - 1.1 a senior accession deed to be dated on or about the date hereof between the Subsidiary, TLLC Holdings² Limited ("**Holdings²**") as parent and The Royal Bank of Scotland plc ("**RBS**") as security agent and facility agent (the "**Senior Accession Deed**") pursuant to a senior facility agreement dated 18 December 2002, as amended from time to time, between, amongst others, Holdings² as parent, TLLC Holdings⁴ Limited ("**Holdings⁴**") as original borrower, the companies listed in part 2 of Schedule 2 thereto as original guarantors, RBS as mandated lead arranger, CIBC World Markets PLC ("**CIBC**") as joint lead arranger, RBS as facility agent and security agent and the financial institutions named therein as lenders (the "**Senior Facility Agreement**") pursuant to which the Subsidiary will grant guarantees and indemnities to the Senior Finance Parties (as defined therein) and will accede to an intercreditor deed dated 4 February 2003 between Holdings², Holdings³, Holdings⁴, the companies listed in part 3 of schedule 1 as intra-group creditors, the financial institutions named therein as original senior lenders, the financial institutions named therein as original mezzanine lenders, the financial institutions named therein as original commercial mortgage lenders, the persons named therein as original junior lenders, the institutions named therein as investors, RBS as senior facility agent, commercial mortgage agent, junior bridge facility agent, junior facility agent and security agent, CIBC as mezzanine facility agent and others (the "**Intercreditor Deed**");
 - 1.2 a mezzanine accession deed to be dated on or about the date hereof between the Subsidiary, Holdings² as parent, CIBC as mezzanine facility agent and mezzanine paying agent and RBS as security agent (the "**Mezzanine Accession Deed**") pursuant to a mezzanine facility agreement dated 18 December 2002, as amended from time to time, between, amongst others, Holdings² as parent, Holdings⁴ as original borrower, the companies listed in part 1 of Schedule 2 thereto as original guarantors, RBS Mezzanine as mandated lead mezzanine arranger, CIBC as joint lead mezzanine arranger, mezzanine facility agent and mezzanine paying agent, RBS as security agent and the financial institutions named therein as mezzanine lenders (the "**Mezzanine Facility Agreement**") pursuant to which the Subsidiary will grant guarantees and indemnities to the Mezzanine Finance Parties (as defined therein) and will accede to the Intercreditor Deed;
 - 1.3 a junior accession deed to be dated on or about the date hereof between the Subsidiary, Holdings² as parent, RBS as junior facility agent, junior paying agent and security agent (the "**Junior Accession Deed**") pursuant to a junior loan agreement dated 18

December 2002, as amended from time to time, between, amongst others, Holdings² as parent, TLLC Holdings³ Limited ("**Holdings³**") as original borrower, the companies listed in part 1 of schedule 2 as original guarantors, RBS as mandated lead junior arranger, CIBC as joint lead junior arranger, RBS as junior facility agent, junior paying agent and security agent and the financial institutions named therein as junior lenders (the "**Junior Loan Agreement**") pursuant to which the Subsidiary will grant guarantees and indemnities to the Junior Finance Parties (as defined therein) and will accede to the Intercreditor Deed;

- 1.4 a junior bridge accession deed to be dated on or about the date hereof by the Subsidiary, Holdings² as parent, RBS as junior bridge facility agent and security agent (the "**Junior Bridge Accession Deed**") pursuant to a junior bridge credit agreement dated 18 December 2002, as amended from time to time, between, amongst others, Holdings² as parent, Holdings³ as original borrower, the companies listed in part 1 of schedule 2 as original guarantors, RBS as mandated lead junior bridge arranger, junior bridge facility agent and security agent and the financial institutions named therein as junior bridge lenders (the "**Junior Bridge Credit Agreement**") pursuant to which the Subsidiary will grant guarantees and indemnities to the Junior Bridge Finance Parties (as defined therein) and will accede to the Intercreditor Deed;
- 1.5 a commercial mortgage accession deed to be dated on or about the date hereof between the Subsidiary, TLLC Propholdco² Limited ("**TLLCPH²**"), and RBS as security agent (the "**CM Accession Deed**") pursuant to a commercial mortgage credit agreement dated 18 December 2002, as amended from time to time, between, amongst others, Holdings² as ultimate parent, RBS as arranger, lender, facility agent and security agent and the financial institutions named therein as lenders (the "**CM Agreement**") pursuant to which the Subsidiary will grant guarantees and indemnities to the Finance Parties (as defined therein) and will accede to the Intercreditor Deed and to an intercreditor deed dated 4 February 2003 between, amongst others, the companies listed in schedule 1 thereto as obligors, the financial institutions named therein as Term A lenders, the financial institutions named therein as Term B lenders, the financial institutions named therein as development lenders, the financial institutions named therein as hedging lenders and RBS as facility agent and security agent (the "**CM Intercreditor Deed**");;
- 1.6 an accession deed to be dated on or about the date hereof between the Subsidiary, TLLCPH² as parent and RBS as security agent (the "**Term Debenture Accession Deed**") to a debenture dated 4 February 2003 (the "**Term Debenture**") made in favour of RBS as security agent for itself and the other Secured Parties (as defined in the Term Debenture) pursuant to which the Subsidiary will grant fixed and floating charges over all its assets and undertaking present and future by way of security for, amongst other things, its obligations under the guarantees and indemnities given pursuant to the CM Agreement;
- 1.7 an accession deed to be dated on or about the date hereof between the Subsidiary, TLLCPH² as parent and RBS as security agent (the "**Propco Leverage Debenture Accession Deed**") to a debenture dated 4 February 2003 (the "**Propco Leverage**

Debenture") made in favour of RBS as security agent for itself and the other Secured Parties (as defined in the Propco Leverage Debenture) pursuant to which the Subsidiary will grant fixed and floating charges over all its assets and undertaking present and future by way of security for, amongst other things, its obligations under the guarantees and indemnities given pursuant to the Senior Facility Agreement, the Mezzanine Facility Agreement, the Junior Loan Agreement and the Junior Bridge Credit Agreement;

- 1.8 an inter-company loan agreement to be dated on or about the date hereof between the companies named therein as lenders (the "**Lending Companies**") and Holdings², Holdings³, Holdings⁴, TLLC Holdings⁵ Limited, TLLC 5A Limited, TLLC Limited, THL, TLLCPH² and others as borrowers (the "**Borrowing Companies**") (the "**Inter-Company Loan Agreement**"); and
- 1.9 any other documents, acts or actions ancillary and/or incidental to the documents referred to herein,

together, the "**Documents**".

Financial Assistance Declaration (section 155(6)b)

TRAVELODGE HOTELS LIMITED (Company Number 769170)

Schedule 2 to the Statutory Declaration dated 9 September 2004

The principal terms on which assistance will be given

1. By acceding to the Senior Facility Agreement by means of the Senior Accession Deed, the Subsidiary will:
 - 1.1 irrevocably and unconditionally guarantee to each Senior Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Senior Finance Documents;
 - 1.2 irrevocably and unconditionally undertake with each Senior Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Senior Finance Document, the Subsidiary shall immediately on demand pay that amount as if it was the principal obligor;
 - 1.3 irrevocably and unconditionally indemnify each Senior Finance Party immediately on demand against any cost, loss or liability suffered by that Senior Finance Party if the guarantee given under clause 17.1(a) of the Senior Facility Agreement or any obligation guaranteed by it is or becomes unenforceable, invalid or illegal;
 - 1.4 acknowledge that its guarantee obligations are a continuing security and will extend to the ultimate balance of all amounts payable by each Obligor under any Senior Finance Document, regardless of any intermediate payment or discharge in whole or in part;
 - 1.5 acknowledge that its obligations are in addition to and are not in any way prejudiced by any other security now or subsequently held by any Senior Finance Party;
 - 1.6 acknowledge that its obligations are subject to any limitation on the amount guaranteed which is contained in the Senior Accession Deed;
 - 1.7 agree its guarantee and indemnity obligations will not be discharged, diminished or in any way adversely affected by (amongst other things as referred to in clause 17.3(a) to (g) inclusive of the Senior Facility Agreement) any act, circumstance, omission, matter or thing which would otherwise reduce, release or otherwise exonerate the Subsidiary from any of its obligations under clause 17.1 (Guarantee) of the Senior Facility Agreement;
 - 1.8 agree that any Senior Finance Party may at any time whilst any Event of Default has occurred and is continuing:
 - (a) set off or otherwise apply amounts standing to the credit of the Subsidiary's accounts with that Senior Finance Party (irrespective of the terms applicable to

those accounts and whether or not those amounts are then due for repayment to the Subsidiary); and

- (b) set off any other obligations (whether or not then due for performance) owed by that Senior Finance Party to the Subsidiary,

against any matured liability of the Subsidiary to the relevant Senior Finance Party under the Senior Finance Documents.

(where "**Event of Default**", "**Guarantor**", "**Senior Finance Party**", "**Obligor**" and "**Senior Finance Documents**" have the meaning given to them in the Senior Facility Agreement).

- 2. By acceding to the Mezzanine Facility Agreement by means of the Mezzanine Accession Deed, the Subsidiary will:
 - 2.1 subject to the terms of the Intercreditor Deed, irrevocably and unconditionally guarantee to each Mezzanine Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Mezzanine Finance Documents;
 - 2.2 subject to the terms of the Intercreditor Deed, irrevocably and unconditionally undertake with each Mezzanine Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Mezzanine Finance Document, the Subsidiary shall immediately on demand pay that amount as if it was the principal obligor; and
 - 2.3 subject to the terms of the Intercreditor Deed, irrevocably and unconditionally indemnify each Mezzanine Finance Party immediately on demand against any cost, loss or liability suffered by that Mezzanine Finance Party if the guarantee given under clause 15.1(a) of the Mezzanine Facility Agreement or any obligation guaranteed by it is or becomes unenforceable, invalid or illegal;
 - 2.4 acknowledge that its guarantee obligations are a continuing security and will extend to the ultimate balance of all amounts payable by each Obligor under any Mezzanine Finance Document, regardless of any intermediate payment or discharge in whole or in part;
 - 2.5 acknowledge that its obligations are in addition to and are not in any way prejudiced by any other security now or subsequently held by any Mezzanine Finance Party;
 - 2.6 acknowledge that its obligations are subject to any limitation on the amount guaranteed which is contained in the Mezzanine Accession Deed;
 - 2.7 agree its guarantee and indemnity obligations will not be discharged, diminished or in any way adversely affected by (amongst other things as referred to in clause 15.3(a) to (g) inclusive of the Mezzanine Facility Agreement) any act, circumstance, omission, matter or thing which would otherwise reduce, release or otherwise exonerate the Subsidiary from any of its obligations under clause 15.1 (Guarantee) of the Mezzanine Facility Agreement;

2.8 agree that any Mezzanine Finance Party may at any time whilst any Event of Default has occurred and is continuing:

- (c) set off or otherwise apply amounts standing to the credit of the Subsidiary's accounts with that Mezzanine Finance Party (irrespective of the terms applicable to those accounts and whether or not those amounts are then due for repayment to the Subsidiary); and
- (d) set off any other obligations (whether or not then due for performance) owed by that Mezzanine Finance Party to the Subsidiary,

against any matured liability of the Subsidiary to the relevant Mezzanine Finance Party under the Mezzanine Finance Documents.

(where "Event of Default", "Guarantor", "Mezzanine Finance Party", "Obligor" and "Mezzanine Finance Documents" have the meaning given to them in the Mezzanine Facility Agreement).

3. By acceding to the Junior Loan Agreement by means of the Junior Accession Deed, the Subsidiary will:

- 3.1 subject to the terms of the Intercreditor Deed, irrevocably and unconditionally guarantee to each Junior Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Junior Finance Documents;
- 3.2 subject to the terms of the Intercreditor Deed, irrevocably and unconditionally undertake with each Junior Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Junior Finance Document, the Subsidiary shall immediately on demand pay that amount as if it was the principal obligor;
- 3.3 subject to the terms of the Intercreditor Deed, irrevocably and unconditionally indemnify each Junior Finance Party immediately on demand against any cost, loss or liability suffered by that Junior Finance Party if the guarantee given under clause 15.1(a) of the Junior Loan Agreement or any obligation guaranteed by it is or becomes unenforceable, invalid or illegal;
- 3.4 acknowledge that its guarantee obligations are a continuing security and will extend to the ultimate balance of all amounts payable by each Obligor under any Junior Finance Document, regardless of any intermediate payment or discharge in whole or in part;
- 3.5 acknowledge that its obligations are in addition to and are not in any way prejudiced by any other security now or subsequently held by any Junior Finance Party;
- 3.6 acknowledge that its obligations are subject to any limitation on the amount guaranteed which is contained in the Junior Accession Deed;
- 3.7 agree its guarantee and indemnity obligations will not be discharged, diminished or in any way adversely affected by (amongst other things as referred to in clause 15.3(a) to

(g) inclusive of the Junior Loan Agreement) any act, circumstance, omission, matter or thing which would otherwise reduce, release or otherwise exonerate the Subsidiary from any of its obligations under clause 15.1 (Guarantee) of the Junior Loan Agreement;

3.8 agree that any Junior Finance Party may at any time whilst any Event of Default has occurred and is continuing:

- (a) set off or otherwise apply amounts standing to the credit of the Subsidiary's accounts with that Junior Finance Party (irrespective of the terms applicable to those accounts and whether or not those amounts are then due for repayment to the Subsidiary); and
- (b) set off any other obligations (whether or not then due for performance) owed by that Junior Finance Party to the Subsidiary,

against any matured liability of the Subsidiary to the relevant Junior Finance Party under the Junior Finance Documents.

(where "Event of Default", "Guarantor", "Junior Finance Party", "Obligor" and "Junior Finance Documents" have the meaning given to them in the Junior Loan Agreement).

4. By acceding to the Junior Bridge Credit Agreement by means of the Junior Bridge Accession Deed, the Subsidiary will:

- 4.1 subject to the terms of the Intercreditor Deed, irrevocably and unconditionally guarantee to each Junior Bridge Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Junior Bridge Finance Documents;
- 4.2 subject to the terms of the Intercreditor Deed, irrevocably and unconditionally undertake with each Junior Bridge Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Junior Bridge Finance Document, the Subsidiary shall immediately on demand pay that amount as if it was the principal obligor;
- 4.3 subject to the terms of the Intercreditor Deed, irrevocably and unconditionally indemnify each Junior Bridge Finance Party immediately on demand against any cost, loss or liability suffered by that Junior Bridge Finance Party if the guarantee given under clause 15.1(a) of the Junior Bridge Credit Agreement or any obligation guaranteed by it is or becomes unenforceable, invalid or illegal;
- 4.4 acknowledge that its guarantee obligations are a continuing security and will extend to the ultimate balance of all amounts payable by each Obligor under any Junior Bridge Finance Document, regardless of any intermediate payment or discharge in whole or in part;
- 4.5 acknowledge that its obligations are in addition to and are not in any way prejudiced by any other security now or subsequently held by any Junior Bridge Finance Party;

- 4.6 acknowledge that its obligations are subject to any limitation on the amount guaranteed which is contained in the Junior Bridge Accession Deed;
- 4.7 agree its guarantee and indemnity obligations will not be discharged, diminished or in any way adversely affected by (amongst other things as referred to in clause 15.3(a) to (g) inclusive of the Junior Bridge Credit Agreement) any act, circumstance, omission, matter or thing which would otherwise reduce, release or otherwise exonerate the Subsidiary from any of its obligations under clause 15.1 (Guarantee) of the Junior Bridge Credit Agreement;
- 4.8 agree that any Junior Bridge Finance Party may at any time whilst any Event of Default has occurred and is continuing:
- (a) set off or otherwise apply amounts standing to the credit of the Subsidiary's accounts with that Junior Bridge Finance Party (irrespective of the terms applicable to those accounts and whether or not those amounts are then due for repayment to the Subsidiary); and
 - (b) set off any other obligations (whether or not then due for performance) owed by that Junior Bridge Finance Party to the Subsidiary,

against any matured liability of the Subsidiary to the relevant Junior Bridge Finance Party under the Junior Bridge Finance Documents.

(where "Event of Default", "Guarantor", "Junior Bridge Finance Party", "Obligor" and "Junior Bridge Finance Documents" have the meaning given to them in the Junior Bridge Credit Agreement).

5. By acceding to the CM Agreement by means of the CM Accession Deed, the Subsidiary will:
- 5.1 subject to the terms of the CM Intercreditor Deed and the Intercreditor Deed, irrevocably and unconditionally guarantee to each Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Finance Documents;
 - 5.2 subject to the terms of the CM Intercreditor Deed and the Intercreditor Deed, irrevocably and unconditionally undertake with each Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Finance Document, the Subsidiary shall immediately on demand pay that amount as if it was the principal obligor;
 - 5.3 subject to the terms of the CM Intercreditor Deed and the Intercreditor Deed, irrevocably and unconditionally indemnify each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if the guarantee given under clause 13.1(a) of the CM Agreement or any obligation guaranteed by it is or becomes unenforceable, invalid or illegal;
 - 5.4 acknowledge that its guarantee obligations are a continuing security and will extend, subject to the terms of the CM Intercreditor Deed, to the ultimate balance of all

amounts payable by each Obligor under any Finance Document, regardless of any intermediate payment or discharge in whole or in part;

- 5.5 acknowledge that its obligations are in addition to and are not in any way prejudiced by any other security now or subsequently held by any Finance Party;
- 5.6 agree its guarantee and indemnity obligations will not be discharged, diminished or in any way adversely affected by (amongst other things as referred to in clause 13.3(a) to (g) inclusive of the CM Agreement) any act, circumstance, omission, matter or thing which would otherwise reduce, release or otherwise exonerate the Subsidiary from any of its obligations under Clause 13.1 of the CM Agreement;
- 5.7 agree that any Finance Party may at any time whilst any Event of Default has occurred and is continuing:
 - (a) set off or otherwise apply amounts standing to the credit of the Subsidiary's accounts with that Finance Party (irrespective of the terms applicable to those accounts and whether or not those amounts are then due for repayment to the Subsidiary); and
 - (b) set off any other obligations (whether or not then due for performance) owed by that Finance Party to the Subsidiary,

against any matured liability of the Subsidiary to the relevant Finance Party under the Finance Documents.

(where "**Event of Default**", "**Finance Party**", "**Obligor**" and "**Finance Documents**" have the meaning given to them in the CM Agreement).

- 6. By acceding to the Term Debenture, the Subsidiary will:
 - 6.1 covenant with the Security Agent (for the benefit of itself and the other Secured Parties) that it will on demand pay the Indebtedness when it falls due for payment;
 - 6.2 charge as security for the payment of the Indebtedness in favour of the Security Agent with full title guarantee the following assets, both present and future, from time to time owned by it or in which it has an interest (to the extent of such interest) but excluding the Scottish Charged Assets and Scottish Property:
 - (a) by way of first legal mortgage all freehold and leasehold property situated in England and Wales (including the property specified in schedule 1 of the Term Debenture Accession Deed) together with all buildings and fixtures (including trade fixtures) on that property; and
 - (b) by way of first equitable mortgage all the Subsidiary Shares and all corresponding Distribution Rights;

(c) by way of first fixed charge:

- (i) all other interests (not charged under clause 2.3(a) or 2.3(b) of the Term Debenture Accession Deed) in any freehold or leasehold property, the buildings and fixtures (including trade fixtures) on that property, all proceeds of sale derived therefrom and the benefit of all warranties and covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land;
- (ii) all plant, machinery, vehicles, computers, office and other equipment and the benefit of all contracts, licences and warranties relating thereto;
- (iii) all monies standing to the credit of its accounts (including the Blocked Accounts and the Other Accounts) with any bank, financial institution or other person;
- (iv) its rights now and hereafter to recover VAT on any supplies made to it relating to the Property and any sums so recovered;
- (v) the benefit of all consents and agreements held by it in connection with the use of any of its assets;
- (vi) if not effectively assigned by clause 2.7 (Security Assignment) of the Term Debenture Accession Deed, all its rights and interests in (and claims under) the Assigned Assets;

6.3

- (a) charge by way of first legal mortgage, grant, convey, transfer and demise to the Security Agent all that and those freehold and leasehold property in the Republic of Ireland (including the properties specified in schedule 1 (Details of Properties) of the Term Debenture Accession Deed) belonging to it and the title to which is not registered in the Land Registry of the Republic of Ireland and all buildings and fixtures (including trade fixtures) thereon and the proceeds of sale of all or any part thereof to hold the same as to so much thereof as is of freehold tenure unto the Security Agent in fee simple and as to so much thereof as is of leasehold tenure unto the Security Agent for the residue of the respective terms of years for which the Subsidiary now holds the same less the last three days of each term, subject to the proviso for redemption contained at clause 23.7 (Covenant to Release) of the Term Debenture and subject, in the case of any leasehold properties, to any necessary third parties consent being obtained;
- (b) as registered owner or, as the case may be, person entitled to be registered as owner, charge by way of first legal mortgage, grant, convey, transfer and demise to the Security Agent all that and those freehold and leasehold lands, hereditaments, premises and property in the Republic of Ireland registered under the Registration of Title Acts

(including the properties specified in schedule 1 (Details of Properties) of the Term Debenture Accession Deed) together with all building and fixtures (including trade fixtures) thereon and the proceeds of sale of all or any part thereof with the payment, performance and discharge of the Indebtedness subject, on the case of any leasehold properties, to any necessary third parties consent being obtained;

- (c) charge by way of first fixed charge to the Security Agent the proceeds of sale of all or any part of the lands mortgaged or charged above and the benefit of any covenants for title given by or entered into by any predecessor in title and any money paid (after the date of the Term Debenture) or payable in respect of such covenants and all licences to enter upon or use the lands and the benefit of all other agreements relating to the lands with the payment and discharge of the Indebtedness; and
- (d) declare that it shall stand possessed of such of the said property as is of leasehold tenure for the last day or respective last days of the term or terms of years for which the same is held by it and for any further or other interest which it now has or may howsoever acquire or become entitled to in the same or any part thereof, in trust for the Security Agent and to be conveyed, assigned or otherwise dealt with whether to the Security Agent or its nominee or otherwise as the Security Agent shall direct but subject to the same equity of redemption as may for the time being be subsisting in the said property and further hereby irrevocably appoints the Security Agent for the time being to be its attorney, in its name and on its behalf and as its act and deed to sign seal and deliver and otherwise perfect every or any deed of assurance of the leasehold reversion which may be desired by the Security Agent in order to vest in the Security Agent or in any purchaser of the said property or any part thereof the said leasehold reversion and any further or other interest which it has acquired or may howsoever acquire or become entitled to in the said leasehold property or any part thereof.

6.4

- (a) demise unto the Security Agent such of the freehold and leasehold property in Northern Ireland belonging to it and specified in schedule 1 of the Term Debenture Accession Deed and any other freehold and leasehold property vested in the Subsidiary which is situate in Northern Ireland and the title to which is not registered at the Land Registry of Northern Ireland together in all cases (to the extent that same are not otherwise subject to a fixed charge hereunder) with all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time therein or thereon and the proceeds of sale or any part thereof and to hold such of the same as are of leasehold tenure for the residue now expired of the terms of years for which the same are held by the Subsidiary except the last day of any such term and to hold such of the same as are freehold tenure for the term of 10,000 years from the date of the Term Debenture, subject to the proviso for redemption contained in clause 23.7 (Covenant to Release) of the Term Debenture subject, in the case of any leasehold properties, to any necessary third party's consent being obtained;
- (b) charge in favour of the Security Agent all that property in Northern Ireland comprised in the folios and more particularly set out in schedule 1 of the Term Debenture

Accession Deed together in all cases (to the extent the same are not otherwise subject to a fixed charge hereunder) with all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time therein or thereon and the proceeds of sale of all or any part thereof with the payment to the Security Agent of the Indebtedness and consents to the charge created by the Term Debenture being registered as a burden on such property subject to the proviso for redemption contained at clause 23.7 (Covenant to Release) of the Term Debenture subject, in the case of any leasehold properties, to any necessary third party's consent being obtained; and

- (c) charge to the Security Agent the proceeds of all or any part of the lands mortgaged or charged above and the benefit of all estates or interests in any freehold or leasehold property belonging to it;
- 6.5 charge as further security for the payment of the Indebtedness, with full title guarantee (to the extent applicable to the Scottish Charged Assets or Scottish Property) (save that full title guarantee shall not apply in respect of assets situate in Northern Ireland, Scotland or the Republic of Ireland) in favour of the Security Agent (for the benefit of itself and the other Secured Parties) by way of first floating charge all its present and future assets not effectively charged by way of first fixed charge and/or mortgage under clauses 2.3 (Fixed Charges) to 2.5 (Northern Irish Property) (inclusive) of the Term Debenture Accession Deed, granted and demised under clauses 2.4 (ROI Property) and 2.5 (Northern Irish Property) (inclusive) of the Term Debenture Accession Deed or assigned under clause 2.7 (Security Assignment) of the Term Debenture Accession Deed (to the extent applicable to the Scottish Assets or Scottish Property) including without prejudice to the generality of the foregoing within the first floating charge the Scottish Property and Scottish Charged Assets and irrespective of whether the same is secured by fixed charge or standard security or otherwise;
- 6.6 assign as further security for the payment of the Indebtedness, with full title guarantee (subject to obtaining any necessary consent to that assignment from any third party and save to the extent that full title guarantee shall not apply in respect of any assets situate in Northern Ireland, Scotland or in the Republic of Ireland), and as beneficial owner to the Security Agent all its rights, title and interest in the Assigned Assets (and shall, following written request by the Security Agent, procure the assignation to the Security Agent of those of the Assigned Agreements which are governed by Scots law) and provided that (i) on payment or discharge in full of the Indebtedness the Security Agent will at the request and cost of the Subsidiary re-assign to the Subsidiary its rights, title and interest in the Assigned Assets to the Subsidiary (or as it shall direct) or (ii) on disposal of a Property or Premises (or the shares in a Subsidiary owning a Property or Premises) in accordance with clause 15.3(a) (Disposals) of the CM Agreement and on prepayment of the required amount (where relevant) in accordance with clause 8.8 (Disposals) of the CM Agreement, the Security Agent will at the request and cost of the Subsidiary re-assign to the Subsidiary its right, title and interest in such part of the Assigned Assets as relates to that Property, Premises or Subsidiary (as appropriate); and

provided that, until the occurrence of an Event of Default which is continuing, but subject to clause 7.3 (Assigned Agreements) of the Term Debenture, the Subsidiary may continue to deal with the counterparties to the relevant Assigned Agreements;

6.7 agree that any Secured Party may at any time whilst any Event of Default has occurred and is continuing:

- (a) set off or otherwise apply sums standing to the credit of the Subsidiary's accounts with that Secured Party (irrespective of the terms applicable to those accounts and whether or not those sums are then due for repayment to that Secured Party); and
- (b) set off any other obligations (whether or not then due for performance) owed by that Secured Party to the Subsidiary,

against any matured liability of the Subsidiary to the relevant Secured Party under the Finance Documents.

(where "Security Agent", "Assigned Assets", "Subsidiary Shares", "Distribution Rights", "Property", "Blocked Accounts", "Other Accounts", "Lease Documents", "Development Documents", "Assigned Agreements", "Secured Parties", "Indebtedness", "Default", "Security Interest", "Charged Property", "Floating Charge Assets", "Scottish Charged Assets", "Scottish Property", "Property", "Premises", "Subsidiary", "Rental Income", "Event of Default" and "Irish Premises" have the meaning given to them in the Term Debenture Accession Deed).

6.8 The Term Debenture contains a covenant for further assurance following request by the Security Agent, including a covenant to execute such documents and take such action as the Security Agent may reasonably require in order to create a standard security over heritable or leasehold property in Scotland and/or create any other effective security over any other Scottish Charged Assets having equivalent or similar effect to any charge or security created under the Term Debenture Accession Deed.

6.9 The Term Debenture and the Term Debenture Accession Deed shall remain in full force and effect notwithstanding any amendments, variations or novations from time to time of the Finance Documents or any assignment, transfer or novation of the rights and obligations of any lender or the Security Agent.

7. By acceding to the Propco Leverage Debenture, the Subsidiary will:

7.1 covenant with the Security Agent (for the benefit of itself and the other Secured Parties) that it will on demand pay the Indebtedness when it falls due for payment;

7.2 charge as security for the payment of the Indebtedness in favour of the Security Agent with full title guarantee the following assets, both present and future, from time to time owned by it or in which it has an interest (to the extent of such interest) but excluding the Scottish Charged Assets and Scottish Property:

- (a) by way of first legal mortgage all freehold and leasehold property situated in England and Wales (including the property specified in schedule 1 of the Propco Leverage Debenture Accession Deed) together with all buildings and fixtures (including trade fixtures) on that property; and
- (b) by way of first equitable mortgage all the Subsidiary Shares and all corresponding Distribution Rights;
- (c) by way of first fixed charge:
 - (i) all other interests (not charged under clause 2.3(a) or clause 2.3(b) of the Propco Leverage Debenture Accession Deed) in any freehold or leasehold property, the buildings and fixtures (including trade fixtures) on that property, all proceeds of sale derived therefrom and the benefit of all warranties and covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land;
 - (ii) all plant, machinery, vehicles, computers, office and other equipment and the benefit of all contracts, licences and warranties relating thereto;
 - (iii) all monies standing to the credit of its accounts (including the Blocked Accounts and the Other Accounts) with any bank, financial institution or other person;
 - (iv) its rights now and hereafter to recover VAT on any supplies made to it relating to the Property and any sums so recovered;
 - (v) the benefit of all consents and agreements held by it in connection with the use of any of its assets;
 - (vi) if not effectively assigned by clause 3.5 (Security Assignment) of the Propco Leverage Debenture, all its rights and interests in (and claims under) the Assigned Assets;

7.3

- (a) charge by way of first legal mortgage, grant, convey, transfer and demise to the Security Agent all that and those freehold and leasehold property in the Republic of Ireland (including the properties specified in schedule 1 (Details of Properties) of the Propco Leverage Debenture Accession Deed) belonging to it and the title to which is not registered in the Land Registry of the Republic of Ireland and all buildings and fixtures (including trade fixtures) thereon and the proceeds of sale of all or any part thereof to hold the same as to so much thereof as is of freehold tenure unto the Security Agent in fee simple and as to so much thereof as is of leasehold tenure unto the Security Agent for the residue of the respective terms of years for which the Subsidiary now holds the same less the last three days of each term, subject to the proviso for

redemption contained at clause 23.7 (Covenant to Release) of the Propco Leverage Debenture and subject, in the case of any leasehold properties, to any necessary third parties consent being obtained;

- (b) as registered owner or, as the case may be, person entitled to be registered as owner, charge by way of first legal mortgage, grant, convey, transfer and demise to the Security Agent all that and those freehold and leasehold lands, hereditaments, premises and property in the Republic of Ireland registered under the Registration of Title Acts (including the properties specified in schedule 1 (Details of Properties) of the Propco Leverage Debenture Accession Deed) together with all building and fixtures (including trade fixtures) thereon and the proceeds of sale of all or any part thereof with the payment, performance and discharge of the Indebtedness subject, on the case of any leasehold properties, to any necessary third parties consent being obtained;
- (c) charge by way of first fixed charge to the Security Agent the proceeds of sale of all or any part of the lands mortgaged or charged above and the benefit of any covenants for title given by or entered into by any predecessor in title and any money paid (after the date of the Propco Leverage Debenture) or payable in respect of such covenants and all licences to enter upon or use the lands and the benefit of all other agreements relating to the lands with the payment and discharge of the Indebtedness; and
- (d) declare that it shall stand possessed of such of the said property as is of leasehold tenure for the last day or respective last days of the term or terms of years for which the same is held by it and for any further or other interest which it now has or may howsoever acquire or become entitled to in the same or any part thereof, in trust for the Security Agent and to be conveyed, assigned or otherwise dealt with whether to the Security Agent or its nominee or otherwise as the Security Agent shall direct but subject to the same equity of redemption as may for the time being be subsisting in the said property and further hereby irrevocably appoints the Security Agent for the time being to be its attorney, in its name and on its behalf and as its act and deed to sign seal and deliver and otherwise perfect every or any deed of assurance of the leasehold reversion which may be desired by the Security Agent in order to vest in the Security Agent or in any purchaser of the said property or any part thereof the said leasehold reversion and any further or other interest which it has acquired or may howsoever acquire or become entitled to in the said leasehold property or any part thereof.

7.4

- (a) demise unto the Security Agent such of the freehold and leasehold property in Northern Ireland belonging to it and specified in schedule 1 of the Propco Leverage Debenture Accession Deed and any other freehold and leasehold property vested in the Subsidiary which is situate in Northern Ireland and the title to which is not registered at the Land Registry of Northern Ireland together in all cases (to the extent that same are not otherwise subject to a fixed charge hereunder) with all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time therein or thereon and the proceeds of sale or any part thereof and to hold such of the same as are of leasehold tenure for the residue now expired of the terms of years for which the

same are held by the Subsidiary except the last day of any such term and to hold such of the same as are freehold tenure for the term of 10,000 years from the date of the Propco Leverage Debenture Accession Deed, subject to the proviso for redemption contained in clause 23.7 (Covenant to Release) of the Propco Leverage Debenture subject, in the case of any leasehold properties, to any necessary third party's consent being obtained;

- (b) charge in favour of the Security Agent all that property in Northern Ireland comprised in the folios and more particularly set out in schedule 1 of the Propco Leverage Debenture Accession Deed together in all cases (to the extent the same are not otherwise subject to a fixed charge hereunder) with all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time therein or thereon and the proceeds of sale of all or any part thereof with the payment to the Security Agent of the Indebtedness and consents to the charge created by the Propco Leverage Debenture Accession Deed being registered as a burden on such property subject to the proviso for redemption contained at clause 23.7 (Covenant to Release) of the Propco Leverage Debenture subject, in the case of any leasehold properties, to any necessary third party's consent being obtained; and
 - (c) charge to the Security Agent the proceeds of all or any part of the lands mortgaged or charged above and the benefit of all estates or interests in any freehold or leasehold property belonging to it;
- 7.5 charge as further security for the payment of the Indebtedness, with full title guarantee (to the extent applicable to the Scottish Charged Assets or Scottish Property) (save that full title guarantee shall not apply in respect of assets situate in Northern Ireland, Scotland or the Republic of Ireland) in favour of the Security Agent (for the benefit of itself and the other Secured Parties) by way of first floating charge all its present and future assets not effectively charged by way of first fixed charge and/or mortgage under clauses 2.3 (Fixed Charges) to 2.5 (Northern Irish Property) (inclusive) of the Propco Leverage Debenture, granted and demised under clauses 2.4 (ROI Property) and 2.5 (Northern Irish Property) (inclusive) of the Propco Leverage Debenture Accession Deed or assigned under clause 2.7 (Security Assignment) of the Propco Leverage Debenture Accession Deed (to the extent applicable to the Scottish Assets or Scottish Property) including without prejudice to the generality of the foregoing within the first floating charge the Scottish Property and Scottish Charged Assets and irrespective of whether the same is secured by fixed charge or standard security or otherwise;
- 7.6 assign as further security for the payment of the Indebtedness, with full title guarantee (subject to obtaining any necessary consent to that assignment from any third party and save to the extent that full title guarantee shall not apply in respect of any assets situate in Northern Ireland, Scotland or in the Republic of Ireland), and as beneficial owner to the Security Agent all its rights, title and interest in the Assigned Assets (and shall, following written request by the Security Agent, procure the assignment to the Security Agent of those of the Assigned Agreements which are governed by Scots law) and

provided that (i) on payment or discharge in full of the Indebtedness the Security Agent will at the request and cost of the Subsidiary re-assign to the Subsidiary its rights, title and interest in the Assigned Assets to the Subsidiary (or as it shall direct) or (ii) on disposal of a Property or Premises (or the shares in a Subsidiary owning a Property or Premises) in accordance with clause 15.3(a) (Disposals) of the CM Agreement and on prepayment of the required amount (where relevant) in accordance with clause 8.8 (Disposals) of the CM Agreement, the Security Agent will at the request and cost of the Subsidiary re-assign to the Subsidiary its right, title and interest in such part of the Assigned Assets as relates to that Property, Premises or Subsidiary (as appropriate); and

provided that, until the occurrence of an Event of Default which is continuing, but subject to clause 7.3 (Assigned Agreements) of the Propco Leverage Debenture, the Subsidiary may continue to deal with the counterparties to the relevant Assigned Agreements;

7.7 agree that any Secured Party may at any time whilst any Event of Default has occurred and is continuing:

- (a) set off or otherwise apply sums standing to the credit of the Subsidiary's accounts with that Secured Party (irrespective of the terms applicable to those accounts and whether or not those sums are then due for repayment to that Secured Party); and
- (b) set off any other obligations (whether or not then due for performance) owed by that Secured Party to the Subsidiary,

against any matured liability of the Subsidiary to the relevant Secured Party under the Finance Documents.

(where "Security Agent", "Assigned Assets", "Subsidiary Shares", "Distribution Rights", "Property", "Blocked Accounts", "Other Accounts", "Lease Documents", "Development Documents", "Assigned Agreements", "Secured Parties", "Indebtedness", "Default", "Security Interest", "Charged Property", "Floating Charge Assets", "Scottish Charged Assets", "Scottish Property", "Property", "Premises", "Subsidiary", "Rental Income", "Event of Default" and "Irish Premises" have the meaning given to them in the Propco Leverage Debenture).

7.8 The Propco Leverage Debenture contains a covenant for further assurance following request by the Security Agent, including a covenant to execute such documents and take such action as the Security Agent may reasonably require in order to create a standard security over heritable or leasehold property in Scotland and/or create any other effective security over any other Scottish Charged Assets having equivalent or similar effect to any charge or security created under the Propco Leverage Debenture.

7.9 The Propco Leverage Debenture and the Propco Leverage Debenture Accession Deed shall remain in full force and effect notwithstanding any amendments, variations or novations from time to time of the Finance Documents or any assignment, transfer or novation of the rights and obligations of any lender or the Security Agent.

8. By entering into the Inter-Company Loan Agreement, the Subsidiary:
- 8.1 will make a loan available to the Borrowers to enable the Borrowers to, amongst other things and where applicable, repay borrowings under the Facilities Agreements and reduce liabilities incurred for the purpose of the acquisition of Travelodge Hotels Limited; and
- 8.2 has the right to demand repayment of any Advance made by the Subsidiary to a Borrower at any time or as otherwise agreed between such Borrower and the Subsidiary,

(where "**Advance**", "**Facilities Agreements**", "**Lenders**" and "**Borrower**" shall have the meanings given to them in the Inter-Company Loan Agreement).

9. By acceding to the Intercreditor Deed by means of the Senior Accession Deed, the Mezzanine Accession Deed, the Junior Accession Deed, the Junior Bridge Accession Deed and the CM Accession Deed, the Subsidiary will (amongst other things) agree to:
- 9.1 covenant in favour of the Commercial Mortgage Security Agent to pay the PropCo Debt to the Commercial Mortgage Security Agent when the same falls due for payment provided that payment to the Commercial Mortgage Agent (or direct to the Commercial Mortgage Hedging Lender in the case of Commercial Mortgage Hedging Liability) under the relevant Finance Documents will be a good discharge of covenant;
- 9.2 subordinate its right to repayment of monies due to it in relation to Intra-Group Debt in certain circumstances and to the ranking of priority between the Finance Parties and the creditors of Intra-Group Debt; and
- 9.3 indemnify the Lenders and the Security Agent for certain costs, claims, expenses and liabilities under the Intercreditor Deed.

(where "**PropCo Debt**", "**Commercial Mortgage Hedging Lender**" and "**Commercial Mortgage Hedging Liability**", "**Commercial Mortgage Security Agent**", "**Commercial Mortgage Agent**", "**Intra-Group Debt**", "**Finance Parties**" and "**Finance Documents**" have the meaning given to them in the Intercreditor Deed.)

10. By acceding to the CM Intercreditor Deed by means of the CM Accession Deed, the Subsidiary will (amongst other things) agree to:
- 10.1 covenant in favour of the Security Agent to pay its relevant Debt to the Security Agent when the same falls due for payment provided that payment to the relevant Finance Parties under the relevant Finance Documents will be a good discharge of covenant.
- 10.2 indemnify the Finance Parties for certain liabilities, losses costs, claims, expenses, liabilities and interest under the CM Intercreditor Deed.

(where "**its relevant Debt**", "**Finance Parties**", "**Security Agent**" and "**Finance Documents**" have the meaning given to them in the CM Intercreditor Deed.)

11. The Subsidiary's obligations as described above continue in relation to the Finance Documents as they may be amended, modified, varied or restated from time to time.

Financial Assistance Declaration (section 155(6)b)

TRAVELODGE HOTELS LIMITED (Company Number 769170)

Schedule 3 to the Statutory Declaration dated 9 September 2004

The amount of cash to be transferred to the person assisted

Cash to be transferred at the time of giving the financial assistance is nil. However, cash may become payable under the Intra-Company Loan Agreement and/or under the other Documents.

A handwritten signature in black ink, consisting of a stylized 'K' or 'G' shape with a long vertical stroke extending downwards.A handwritten signature in black ink, consisting of a stylized 'G' or 'K' shape with a long vertical stroke extending downwards.A handwritten signature in black ink, consisting of a stylized 'M' or 'N' shape.A handwritten signature in black ink, consisting of a stylized 'P' or 'B' shape.



INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF TRAVELODGE HOTELS LIMITED (FORMERLY TRAVELREST SERVICES 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 9 September 2004 in connection with the proposal that the Company's subsidiary TLLC CMSubpropco11 Limited should give financial assistance for the purpose of reducing or discharging a liability incurred for the purpose of the acquisition of Travelodge Hotels Limited (formerly Travelrest Services Limited).

This report is made solely to the directors of the Company for the purpose of section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors of the Company those matters that we are required to state to them in an auditors' report under that section 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, for our work, for this report, or for the opinions that we have formed.

Basis of opinion

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

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act is unreasonable in all the circumstances.

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR

9 September 2004