

Company Registration No. 4588795

TLLC BRIDGECO3 LIMITED

Report and financial statements

Period ended 27 April 2007



TLLC BRIDGECO3 LIMITED
REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 APRIL 2007

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TLLC BRIDGECO3 LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 27 APRIL 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Grant Hearn
Jon Mortimore
Guy Parsons

COMPANY SECRETARIES

Jon Mortimore
AG Secretarial Limited

REGISTERED OFFICE

100 Barbirolli Square
Manchester
M2 3AB

BANKERS

The Royal Bank of Scotland PLC
135 Bishopsgate
LONDON
EC2M 3UR

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
LONDON
E14 4BB

SOLICITORS

Addleshaw Goddard
150 Aldersgate Street
LONDON
EC1A 4EJ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
LONDON

TLLC BRIDGECO3 LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the 117 days ended 27 April 2007

ACTIVITIES

The Company is principally engaged in the ownership and letting of properties to group companies

BUSINESS REVIEW AND FUTURE PROSPECTS

The Company made an operating profit of £714,484 for the period ended 27 April 2007 (2006 £1,895,823), and after taking account of interest payable and tax, a loss of £80,763 (2006 a loss of £851,024) The Directors expect the current level of activity to continue after the Company is sold

PROPOSED DIVIDEND

The Directors do not recommend payment of a dividend (2006 £nil)

DIRECTORS AND THEIR INTERESTS

The Directors, who served throughout the period were as follows

Grant Hearn

Jon Mortimore

Guy Parsons

Paul Harvey (resigned 18 May 2007)

There were no other beneficial interests of the Directors and their immediate families in the Company or any other companies in the Group, other than those disclosed in the parent holding company, Travelodge Limited

No Director has had a material interest, directly or indirectly, at any time during the current period or prior year in any contract significant to the business in the Company

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to which the Company is exposed to are as follows

Interest rate risk The Company is subject to an interest charge on its intercompany debt This charge reflects the cost to the Group of the external debt held In order to mitigate the risk of changes in interest rates, the Group borrows at fixed and floating rates, and uses interest rate swaps to generate the desired interest profile It is Group policy to comply with the terms and conditions stated within its loan facilities

Group risks are discussed within the 2006 Annual Report of the ultimate parent company, Travelodge Limited, which does not form part of this report

POST BALANCE SHEET EVENT

On 27 April 2007 Travelodge Limited agreed to sell the entire issued share capital of the Company to Prestbury Hotels Finance Limited as part of a sale and leaseback transaction It is expected that the sale will complete within the next 12 months

TLLC BRIDGECO3 LIMITED

DIRECTORS' REPORT (CONTINUED)

In the case of each of the persons who are directors of the Company at the date when this report is approved

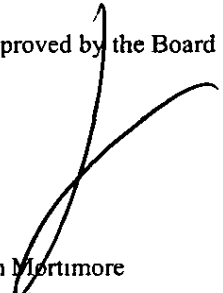
- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

ELECTIVE RESOLUTIONS

The Company has passed Elective resolutions to dispense with the laying of the Annual Report and Accounts before the Company in a General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to sections 252, 386 and 366a respectively of the Companies Act 1985

Approved by the Board of Directors and signed on behalf of the Board



Jon Mortimore
Secretary
21 May 2007

TLLC BRIDGECO3 LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent auditors' report to the members of
TLLC BRIDGECO3 LIMITED**

We have audited the financial statements of TLLC BridgeCo3 Limited for the period ended 27 April 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of
TLLC BRIDGECO3 LIMITED (CONTINUED)**

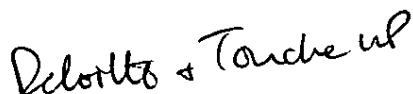
Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 27 April 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Emphasis of matter - going concern

Without qualifying our opinion, we draw attention to the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company's reliance on parent companies for financial support and the forthcoming sale of the Company indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern as it is not practicable to determine or quantify them.



Deloitte & Touche LLP

London

21 May 2007

TLLC BRIDGECO3 LIMITED

PROFIT AND LOSS ACCOUNT

117 days ended 27 April 2007

	<i>Notes</i>	Period ended 27 April 2007 £	Year ended 31 December 2006 £
TURNOVER	<i>2</i>	1,089,326	3,087,160
Administrative expenses		(374,842)	(1,191,337)
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	<i>4</i>	<u>714,484</u>	<u>1,895,823</u>
Interest payable and similar charges	<i>5</i>	(763,538)	(2,647,924)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(49,054)</u>	<u>(752,101)</u>
Tax on loss on ordinary activities	<i>6</i>	(31,709)	(98,923)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD	<i>11</i>	<u>(80,763)</u>	<u>(851,024)</u>

All results are derived from continuing operations

There are no recognised gains or losses other than stated above for the current financial period or the preceding financial year and accordingly no separate statement of total recognised gains and losses is presented

TLLC BRIDGECO3 LIMITED

BALANCE SHEET

As at 27 April 2007

	<i>Notes</i>	2007 £	2006 £
FIXED ASSETS			
Tangible fixed assets	7	32,006,552	31,893,640
CREDITORS: amounts falling due within one year	8	(31,400,895)	(31,238,929)
NET CURRENT LIABILITIES		<u>(31,400,895)</u>	<u>(31,238,929)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>605,657</u>	<u>654,711</u>
PROVISIONS FOR LIABILITIES	9	(434,613)	(402,904)
NET ASSETS		<u>171,044</u>	<u>251,807</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	171,043	251,806
EQUITY SHAREHOLDERS' FUNDS	12	<u>171,044</u>	<u>251,807</u>

These financial statements were approved by the Board of Directors and signed on their behalf by

Jon Mortimore
Director
24 May 2007

TLLC BRIDGECO3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 27 April 2007

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Accounting policies have been consistently applied throughout the current financial period and preceding year and a summary of the principal accounting policies is set out below.

Accounting convention

These financial statements were prepared under the historical cost convention.

Cash flow statement

Under Financial Reporting Standard 1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent company includes the Company's cash flows in its own published consolidated accounts.

Fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation

Fixed assets are written off on a straight line basis over their estimated useful economic lives as follows:

- Freehold land is not depreciated
- Freehold buildings are depreciated to their estimated residual values over periods up to seventy five years
- Leasehold land, buildings and improvements are depreciated to their estimated residual values over the shorter of fifty years and their remaining lease periods

Leased assets

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease. Incentives received by the Group to enter into leases as a lessee are credited to the profit and loss account on a straight line basis over the lease term or, if shorter, the period to the first review date on which rent is adjusted to the prevailing market rate.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

TLLC BRIDGECO3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 27 April 2007

Going concern

The Company is reliant on financial support from its parent companies. The Directors of the Company have received a letter of support from Travelodge Hotels Limited, an indirect parent undertaking, committing to provide financial support whilst the Company remains a member of the same Group. Accordingly the financial statements have been prepared on a going concern basis. However, the Directors of Travelodge Hotels Limited have negotiated the sale of the Company which is expected to complete within the next 12 months and accordingly there is a material uncertainty which may cast significant doubt as to whether the Company will be able to continue as a going concern following the sale of the Company by the Group and withdrawal of the support of Travelodge Hotels Limited. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern as it is not practicable to determine or quantify them.

2 TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of value added tax. Turnover is recognised as services are delivered. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to one activity, the letting of commercial properties under operating leases to a fellow Group company.

	Period ended 27 April 2007	Year ended 31 December 2006
	£	£
Group undertakings	1,089,326	3,087,160

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Information regarding Directors' emoluments is disclosed in the accounts of Travelodge Limited, a parent company. Directors of the Company received no remuneration for services to this Company for the current or preceding year. There were no employees in the current period or preceding year.

4 PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

	Period ended 27 April 2007	Year ended 31 December 2006
	£	£
Operating profit is stated after charging		
Depreciation	222,249	693,340
Operating lease rentals	152,593	497,997

The audit fee of £5,000 (2006 - £7,000) is borne by a fellow group company for the current period and preceding year.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 27 April 2007	Year ended 31 December 2006
	£	£
Interest paid to group undertakings	(763,538)	(2,647,924)

TLLC BRIDGECO3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 27 April 2007

6 TAX ON LOSS ON ORDINARY ACTIVITIES

	Period ended 27 April 2007 £	Year ended 31 December 2006 £
Current Tax		
UK corporation tax	-	-
Deferred Tax		
Origination and reversal of timing differences	(31,709)	(98,923)
Tax on loss on ordinary activities	(31,709)	(98,923)

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation at 30% tax to the loss before tax is as follows

	Period ended 27 April 2007 £	Year ended 31 December 2006 £
Loss on ordinary activities	(49,054)	(752,101)
UK corporation tax rate of 30%	(14,716)	(225,630)
Effects of		
Capital allowances in excess of depreciation	(31,710)	(98,924)
Expenses not deductible for tax purposes	42,147	131,483
Tax losses surrendered to group companies for nil consideration	4,279	193,071
Current tax charge for the year	-	-

No provision for UK corporation tax has been made for the period ended 27 April 2007 due to the availability of capital allowances and tax losses arising in the period. It is anticipated that tax losses and the availability of capital allowances in excess of depreciation will reduce future tax charges.

Deferred tax is as follows

	Period ended 27 April 2007 Provided £	Period ended 27 April 2007 Unprovided £	Year ended 31 December 2006 Provided £	Year ended 31 December 2006 Unprovided £
Accelerated capital allowances	(434,613)	-	(402,904)	-
Other timing differences	-	20,840	-	20,840
Deferred tax liability	(434,613)	20,840	(402,904)	20,840

The potential net deferred tax asset shown above has not been recognised due to lack of certainty that the deferred tax asset will be recovered.

TLLC BRIDGECO3 LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Period ended 27 April 2007

7 TANGIBLE FIXED ASSETS

	Long leaseholds £	Total £
Cost		
At 1 January 2007	34,667,000	34,667,000
Additions	335,161	335,161
At 27 April 2007	<u>35,002,161</u>	<u>35,002,161</u>
Accumulated depreciation		
At 1 January 2007	(2,773,360)	(2,773,360)
Charge for the period	(222,249)	(222,249)
At 27 April 2007	<u>(2,995,609)</u>	<u>(2,995,609)</u>
Net book value		
At 27 April 2007	<u>32,006,552</u>	<u>32,006,552</u>
At 1 January 2007	31,893,640	31,893,640

The Company acquired the beneficial ownership of the properties on 17 December 2002 from a fellow group company and acquired the legal titles subsequently during the year ended 31 December 2003. All of the Company's fixed assets are used by a fellow group company under operating leases effective from 4 February 2003.

A charge over the Company's fixed assets has been granted to the Group's lenders as part security over intermediate parent company borrowings totalling £95.0m (2006 £95.2m).

TLLC BRIDGECO3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 27 April 2007

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	27 April 2007 £	31 December 2006 £
Amounts due to group undertakings	(31,400,895)	(31,238,929)

Capital amounts due to group undertakings are repayable on demand and bear interest at 8% (2006 - 8%)

9 PROVISIONS FOR LIABILITIES

	27 April 2007 £	31 December 2006 £
Movements on the provided deferred tax liability		
As at 1 January 2007	(402,904)	(303,981)
Charge for the period	(31,709)	(98,923)
At 27 April 2007	(434,613)	(402,904)

10 CALLED UP SHARE CAPITAL

	27 April 2007 £	31 December 2006 £
Authorised.		
1 Ordinary share of £1	1	1
Called up, allotted and fully paid		
1 Ordinary share of £1	1	1

11 RESERVES

	2007 £	2006 £
As at 1 January	251,806	(3,789,386)
Loss for the period	(80,763)	(851,024)
Capital contribution	-	4,892,216
At 27 April 2007/31 December 2006	171,043	251,806

The capital contribution of £4,892,216 related to a waiver of intercompany debt in the year ended 31 December 2006

TLLC BRIDGECO3 LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Period ended 27 April 2007

12 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2007 £	2006 £
Opening equity shareholders' funds / (deficit)	251,807	(3,789,385)
Loss for the period	(80,763)	(851,024)
Capital contribution	-	4,892,216
Closing equity shareholders' funds	171,044	251,807

13 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	2007 £	2006 £
Expiry date		
After 5 years	457,932	457,650
	457,932	457,650

14 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

As a subsidiary of Travelodge Limited, the Company has taken advantage of the exemption in FRS 8 'Related Party Transactions' not to disclose transactions with other members of the Group

The immediate parent company is TLLC PropHoldCo2 Limited

The Directors regard Dubai International Capital LLC ("DIC"), a Company incorporated in the United Arab Emirates, as the ultimate controlling party and the parent company of the largest group of which the Company is a member and for which Group financial statements are drawn up. DIC invested in Travelodge Limited on 5 September 2006. Travelodge Limited is the parent company of the smallest group of which the Company is a member and for which the Group financial statements are drawn up. The financial year end of Travelodge Limited is 31 December. Copies of the Group financial statements are available from its registered office Sleepy Hollow, Aylesbury Road, Thame, OX9 3AT.

15 POST BALANCE SHEET EVENT

On 27 April 2007 Travelodge Limited agreed to sell the entire issued share capital of the Company to Prestbury Hotels Finance Limited as part of a sale and leaseback transaction. It is expected that the sale will complete within the next 12 months.