

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

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

00769170

Name of company

*
Travelodge Hotels Limited (the *Company*)

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

*Insert full name
of company

~~I/We~~ ☒ ~~We~~

Grant David Hearn of Bishops Platt, Norlands Lane, Thorpe, Surrey TW20 8SS

Jon Mortimore of Southdown Lodge, 43 The Downs, Wimbledon, London SW20 8HG

☒ Insert name(s) and
address(es) of all
the directors

Guy Parsons of Mornington House, 40 Parkside, London SW19 5BN

† Delete as
appropriate

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

The business of the company is:

§ Delete whichever
is inappropriate

~~(a) that of a recognised bank or licensed institution within the meaning of the Banking Act 1979~~

~~(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry
on insurance business in the United Kingdom~~

(c) something other than the above

The company is [the] ☒ holding company of * TLLC PropHoldco1 Limited (Company number 04588799)

(the *Subco*)

which is

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

in [this company] [Travelodge Hotels Limited (Company Number: 00769170)

~~the holding company of this company~~

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

FRESHFIELDS BRUCKHAUS
DERINGER
65 FLEET STREET, LONDON
ENGLAND
UNITED KINGDOM EC4Y 1HS
DX 23 LONDON/CHANCERY LANE

ETHE/CM 134555/0006

For official Use (10/03)
General Section

Post room



The assistance is for the purpose of ~~[that 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 (Company Number: 04590019)
with its registered address at 100 Barbirolli Square, Manchester, M2 3AB

The assistance will take the form of:

Please see attachment 1

The person who ~~[has acquired]~~ ~~[will acquire]~~ the shares is:
TLLC Limited (Company Number: 04590019)

† Delete as appropriate

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

Please see attachment 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 £ Please see attachment 3

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

Please do not
write in
this margin

The date on which the assistance is to be given is within 8 weeks of today's date

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)

(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 X/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 65 Fleet Street, London EC4Y 1HS

Declarants to sign below

on

Day	Month	Year
26	09	2006

before me

J. Weare

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

[Signature]
[Signature]

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 auditor's 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

DX 33050 Cardiff

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB

DX 235 Edinburgh

or LP-4 Edinburgh 2

Words and expressions defined elsewhere in this statutory declaration (including Attachment 4) shall, unless otherwise indicated, have the same meaning given to them in this Attachment.

The assistance will take the form of the execution, delivery and performance of the documents by the Subco identified at paragraphs (a) to (k) below:

- (a) the accession letter to the senior facilities agreement dated 3 September 2006 and made between, amongst others, Full Moon Holdco 3 as Parent, the companies listed therein at part 1 of schedule 1 as Original Borrowers and Original Guarantors, the financial institutions listed therein at part 2 of schedule 1 as Original Lenders, Barclays Capital (the investment banking division of Barclays Bank PLC) and The Royal Bank of Scotland plc as the Mandated Lead Arrangers and The Royal Bank of Scotland plc as Facility Agent, Security Agent and Issuing Bank each as defined therein (the **Senior Facilities Agreement**), to be entered into by the Subco on or about 26 September 2006 pursuant to Clause 29.4 (*Additional Guarantors*) and Schedule 2 Part 3 (*Conditions precedent required to be delivered by an Additional Obligor*) of the Senior Facilities Agreement (the **Senior Accession Letter**) under which the Subco will grant guarantees and indemnities to the Senior Finance Parties;
- (b) the accession letter to the mezzanine facility agreement dated 3 September 2006 and made between, amongst others, Full Moon Holdco 3 Limited as Parent, Full Moon Holdco 5 Limited as Borrower, the companies listed therein at part 1 of schedule 1 as Original Guarantors, the financial institutions listed therein at part 2 of schedule 1 as Original Mezzanine Lenders, Barclays Capital (the investment banking division of Barclays Bank PLC) and The Royal Bank of Scotland plc as the Mezzanine Arrangers, RBS Mezzanine Limited as Mezzanine Facility Agent and The Royal Bank of Scotland plc as Security Agent each as defined therein (the **Mezzanine Facility Agreement**), to be entered into by the Subco on or about 26 September 2006 pursuant to Clause 26.2 (*Additional Guarantors*) and Schedule 2 Part 3 (*Conditions precedent required to be delivered by an Additional Guarantor*) of the Mezzanine Facility Agreement (the **Mezzanine Accession Letter**) under which the Subco will grant guarantees and indemnities to the Mezzanine Finance Parties;
- (c) the accession letter to the PIK facility agreement dated 3 September 2006 and made between, amongst others, Full Moon Holdco 3 Limited as Parent, Full Moon Holdco 4 Limited as Borrower, the companies listed therein at part 1 of schedule 1 as Original Guarantors, the financial institutions listed therein at part 2 of schedule 1 as Original PIK Lenders, Barclays Capital (the investment banking division of Barclays Bank PLC) and The Royal Bank of Scotland plc as the PIK Arrangers, RBS Mezzanine Limited as PIK Facility Agent, and The

Royal Bank of Scotland plc as Security Agent each as defined therein (the **PIK Facility Agreement**, together with the Senior Facilities Agreement and the Mezzanine Facility Agreement, the **Facility Agreements**), to be entered into by the Subco on or about 26 September 2006 pursuant to clause 26.2 (*Additional Guarantors*) and Schedule 2 Part 3 (*Conditions precedent required to be delivered by an Additional Guarantor*) of the PIK Facility Agreement (the **PIK Accession Letter**) under which the Subco will grant guarantees and indemnities to the PIK Finance Parties;

- (d) the accession deed to the intercreditor deed dated 3 September 2006 and made between, amongst others, Full Moon Holdco 3 Limited as the Parent, the Original Borrowers, Original Guarantors, Senior Lenders, Mezzanine Lenders, PIK Lenders and Intra-Group Creditors as listed therein, the Senior Agent, the Mezzanine Agent, the PIK Agent, the Security Agent and Hedging Counterparties each as defined therein (the **Intercreditor Deed**), to be entered into by the Subco on or about 26 September 2006 pursuant to clause 26.3 (*Accession of New Obligors*) of the Intercreditor Deed (the **Obligor Accession Deed**) under which the Subco will agree to be bound by the terms of the Intercreditor Deed;
- (e) the security accession deed to the English law debenture dated 3 September 2006 and entered into by, amongst others, Full Moon Holdco 3 Limited as Parent pursuant to the terms of the Facility Agreements in favour of The Royal Bank of Scotland plc as Security Agent (the **Debenture**), to be entered by the Subco on or about 26 September 2006 pursuant to clause 22.3 (*New Subsidiaries*) of the Debenture (the **Security Accession Deed**) under which the Subco will grant fixed and floating charges over all its assets and undertakings present and future by way of security for its obligations under the Facility Agreements;
- (f) the company intra-group loan agreement between Full Moon Holdco 4 Limited, Full Moon Holdco 5 Limited and Full Moon Holdco 6 Limited as borrowers and the Subco and certain other group companies as lenders pursuant to which those group companies will make available a facility to Full Moon Holdco 4 Limited, Full Moon Holdco 5 Limited and Full Moon Holdco 6 Limited to enable them to service their obligations under the Facility Agreements (the **Company Intra-Group Loan Agreement**);
- (g) the subordination deed to be entered into by The Royal Bank of Scotland plc as the Facility Agent, the entities listed therein (including the Subco) as Junior Creditors and the entities listed therein as Obligors under which the Subco will agree to indemnify the Senior Creditors (as defined therein) on demand from certain costs, expenses and liabilities incurred in connection therewith (the **Subordination Deed**);
- (h) the tax and expenses indemnity to be entered into by, amongst others, the Subco and Full Moon Holdco 3A Limited pursuant to which the Subco will indemnify companies within the Propco Group (as defined therein) against tax

liabilities and related costs and expenses and other costs, liabilities and expenses (the *Opco Tax and Expenses Indemnity Deed*);

- (i) the agreement for the sale and purchase of the issued share capital of TLLC PropHoldco 2 Limited between the Subco as Seller and Full Moon Holdco 3A Limited as Purchaser (the *SPA*) pursuant to which the Subco will agree to leave the purchase price outstanding as an intercompany debt payable;
- (j) the intra-group loan agreement between the Subco as lender and TLLC Holdings 4 Limited as borrower pursuant to which the Subco will make a loan to TLLC Holdings 4 Limited in order for TLLC Holdings 4 Limited to repay existing intra-group indebtedness (the *Upstream Loan Agreement*); and
- (k) by the performance of any other acts (including, without limitation, the payment of all fees (the *Fees*) to professionals, third parties and others in connection with the Acquisition) or the execution of any other documents (as the same shall be amended, supplemented, novated and/or replaced from time to time) ancillary or otherwise relating to the Agreements.

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Words and expressions defined elsewhere in this statutory declaration (including Attachment 4) shall, unless otherwise indicated, have the same meaning given to them in this Attachment.

1. By executing the Senior Accession Letter, the Mezzanine Accession Letter and the PIK Accession Letter and thereby acceding to the Senior Facilities Agreement, the Mezzanine Facility Agreement and the PIK Facility Agreement the Subco irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, the Subco must immediately on demand pay that amount as if it was the principal obligor;
- (c) indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by the Subco is or becomes unenforceable, invalid or illegal; and
- (d) undertakes to permit a Finance Party to set off any material obligations due from an Obligor against any material obligation owed by the Finance Party.

2. By executing the Obligor Accession Deed the Subco will covenant to pay the amounts owing under the Finance Documents and will agree to the order of ranking and priority for the repayment of the Indebtedness and subordination of the Intra Group Debt. In particular the Subco as an Obligor will indemnify each Hedging Counterparty in respect of payment in full of the Hedging Debt.

3. By executing the Security Accession Deed the Subco (amongst other things):

- (a) as primary obligor covenants with the Security Agent that it will on demand pay the Indebtedness which is due and unpaid;
- (b) as continuing security for the payment of the Indebtedness will charge with full title guarantee in favour of the Security Agent the following assets, both present and future from time to time owned by it or in which it has an interest:
 - (i) by way of first legal mortgage all freehold and leasehold property (including the property specified in schedule 1 of the Security Accession Deed) together with all buildings and fixtures (including trade fixtures) on that property;
 - (ii) by way of first fixed charge:

- (i) all other interests (not charged under clauses 2.3(a) of the Security 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 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 Book Debts and all rights and claims against third parties and against any security in respect of those Book Debts;
 - (iv) all debts and monetary claims (other than Book Debts) and all rights against third parties in respect of such debts and claims;
 - (v) all the Subsidiary Shares and Investments and all corresponding Distribution Rights;
 - (vi) all monies standing to the credit of any and all its accounts (including the Collection Accounts, the Cash Collateral Accounts and the Nominated Accounts) with any bank, financial institution, or other person;
 - (vii) all its rights, title and interest to Intellectual Property Rights (including the Intellectual Property Rights listed in Schedule 6 of the Security Accession Deed);
 - (viii) the benefit of all consents and agreements held by it in connection with its business or the use of any of its assets;
 - (ix) its goodwill and uncalled capital; and
 - (x) if not effectively assigned by clause 2.5 (*Security Assignment*) of the Security Accession Deed, all its rights and interests in (and claims under) the Assigned Agreements,
- (c) as further security for the payment of the Indebtedness, will charge with full title guarantee in favour of the Security Agent by way of first floating charge all its assets, both present and future, not effectively charged by way of first fixed charge as described in paragraph 2.3 of the Security Accession Deed or assigned as described in paragraph 2.5 of the Security Accession Deed;
- (d) as further continuing security for the payment of the Indebtedness, will assign absolutely with full title guarantee to the Security Agent all its rights, title and interest in the Assigned Agreements referred to, if at all, in the Security Accession Deed;
- (e) shall promptly (and at its own expense) do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and

instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):

- (i) to perfect the security created or intended to be created under or evidenced by the Security Accession Deed or for the exercise of any rights, powers and remedies of the Security Agent, any receiver or the Secured Parties provided by or pursuant to the Security Accession Deed or by law;
 - (ii) if the security intended to be conferred by the Security Accession Deed appears not to have been so conferred, to confer on the Security Agent or on the Secured Parties Security over any property and assets of the Subco located in any jurisdiction equivalent or similar to the security intended to be conferred by or pursuant to the Security Accession Deed; and/or
 - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the security created by the Security Accession Deed,
- (f) shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any security conferred or intended to be conferred on the Security Agent or the Security Parties by or pursuant to the Security Accession Deed;
- (g) shall not:
 - (i) create or agree to create or permit to subsist any security or quasi-security over all or any part of its Charged Property;
 - (ii) sell, transfer, lease out, lend or otherwise dispose of all or any part of its Charged Property (other than Floating Charge Assets on arm's length terms in the ordinary course of trading) or the right to receive or to be paid the proceeds arising on the disposal of the same, or agree or attempt to do so; or
 - (iii) dispose of the equity of redemption in respect of all or any part of its Charged Property,

except as permitted by the Senior Facilities Agreement and the Mezzanine Facility Agreement or with the prior consent of the Security Agent;

- (h) will indemnify the Security Agent against all losses incurred by the Security Agent as a result of a breach by the Subco of its obligations under clauses 8.1 (*Duration of Undertakings*) to 8.9 (*Retention of Documents*) (inclusive) of the Debenture and in connection with the exercise by the Security Agent of its rights contained in clause 8.10 (*Power to Remedy*) of the Debenture, save for any losses arising as a result of the Security Agent's gross negligence, wilful misconduct or breach of obligation. All sums the subject of this indemnity will

be payable by the Subco to the Security Agent on demand and if not so paid will bear interest at the Default Rate. Any unpaid interest will be compounded with monthly rests;

- (i) agrees that a Secured Party may exercise its rights under clause 20.1 (Set-Off Rights) of the Debenture notwithstanding that the amounts concerned may be expressed in different currencies and each Secured Party is authorised to effect any necessary conversions at a market rate of exchange selected by it;
- (j) agrees that if the relevant obligation or liability is unliquidated or unascertained, the Secured Party may set-off the amount which it estimates (in good faith) will be the final amount of that obligation or liability once it becomes liquidated or ascertained.

4. By executing the Company Intra-Group Loan Agreement the Subco, together with certain other subsidiaries of TLLC Group Holdings Limited will make available monies to *inter alios* Full Moon Holdco 4 Limited, Full Moon Holdco 5 Limited and Full Moon Holdco 6 Limited to make payments when due to *inter alios* the Finance Parties but on the basis that the Subco will only be obliged to make advances under the Company Intra-Group Loan Agreement if, *inter alia*, it has the cash resources and the Subco is not in liquidation or administration or the subject of a creditors voluntary agreement.

5. By executing the Subordination Deed the Subco will, amongst other things, subordinate its right to payment of indebtedness owed by Full Moon Holdco 3A Limited and its subsidiaries to the Senior Debt (as defined therein) and will agree to indemnify the Senior Creditors (as defined therein) on demand from certain costs, expenses and liabilities incurred in connection therewith.

6. By executing the Opco Tax and Expenses Indemnity Deed the Subco will indemnify companies within the Propco Group (as defined therein) against tax liabilities and related costs and expenses for which any member of the Propco Group becomes liable and other costs, liabilities and expenses related to the financing of the Propco Group.

7. By executing the SPA the Subco will agree to leave the purchase price outstanding as an intercompany debt payable.

8. By executing the Upstream Loan Agreement the Subco will agree to make a loan to TLLC Holdings 4 Limited to enable TLLC Holdings 4 Limited to repay existing intra-group indebtedness.

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

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Form 155(6)b

Attachment 3 – Amount of cash to be
transferred

Words and expressions defined elsewhere in this statutory declaration (including Attachment 4) shall, unless otherwise indicated, have the same meaning given to them in this Attachment.

Nil at the date hereof, however the Subco may be required to advance money in accordance with the Company Intra-Group Loan Agreement.

Words and expressions defined elsewhere in this statutory declaration shall, unless otherwise indicated, have the same meaning given to them in this Attachment.

Acquisition means the acquisition by the Full Moon Holdco 6 Limited of the Target Shares on the terms of the Acquisition Documents.

Acquisition Agreement means the agreement dated 18 August 2006 relating to the sale and purchase of the Target Shares and made between, amongst others, the Full Moon Holdco 6 Limited and the Sellers (as defined therein).

Acquisition Documents means the Acquisition Agreement, the Warranty Deed, the Disclosure Letter and any other document designated as an Acquisition Document by the Facility Agent and the Parent.

Additional Debt means, in relation to any liability:

- (a) any refinancing, novation, deferral or extension of that liability;
- (b) any further advance made under any agreement supplemental to any relevant agreement in respect of that liability, plus all related interest, fees and costs;
- (c) any claim for damages or restitution in the event of rescission of that liability or otherwise in connection with any relevant agreement in respect of that liability;
- (d) any claim against any Obligor flowing from any recovery by an Obligor or any other person of a payment or discharge in respect of that liability on the grounds of preference or otherwise; and
- (e) any amounts (such as post-insolvency interest) which would otherwise be included in that liability but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

Affiliates means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Arrangers means Barclays Capital (the investment banking division of Barclays Bank PLC) and The Royal Bank of Scotland plc.

Assigned Agreements means the Acquisition Documents and the Hedging Agreements and any other agreement designated as an Assigned Agreement by the Parent and the Security Agent.

Book Debts means all book and other debts arising in the ordinary course of trading.

Buyer means Full Moon Holdco 6 Limited (No.5893977) whose registered office is at Sleepy Hollow, Aylesbury Road, Thame, Oxon OX9 3AT

Cash Collateral Accounts means an interest-bearing account:

- (a) held with the Facility Agent or Security Agent;
- (b) designated by the Parent and the Facility Agent as a Cash Collateral Account;
- (c) subject to Security in favour of the Security Agent which Security is in form and substance reasonably satisfactory to the Facility Agent and Security Agent; and
- (d) from which no withdrawals may be made by any Group Company except as contemplated by this agreement,

(as the same may be redesignated, substituted or replaced from time to time);

Charged Property means the assets mortgaged, charged or assigned to the Security Agent by this deed.

Collection Accounts means the accounts of the Charging Companies set out in schedule 5 of the Debenture and/or such other accounts as the relevant Charging Company and the Security Agent shall agree or (following the occurrence of a Declared Default) as the Security Agent shall specify.

Declared Default means an Event of Default which has resulted in the Facility Agent exercising any of its rights under clause 27.21 (*Acceleration*) of the Senior Facilities Agreement or the Mezzanine Facility Agent exercising any of its rights under clause 24.21 (*Acceleration*) of the Mezzanine Facility Agreement or the PIK Facility Agent exercising any of its rights under clause 24.21 (*Acceleration*) of the PIK Facility Agreement.

Default Rate means the rate at which default interest is payable under clause 13.3 (*Default Interest*) of the Senior Facilities Agreement.

Disclosure Letter means the letter of the same date as this deed together with all documents attached to it from the Warrantors to the Buyer disclosing certain matters in relation to the Warranties as described in clause 2.7 and schedule 3 of the Warranty Deed.

Distribution Rights means all dividends, distributions and other income paid or payable on an Investment or Subsidiary Share, together with all shares or other property derived from that Investment or Subsidiary Share and all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to that Investment or Subsidiary Share (whether by way of conversion, redemption, bonus, preference, option or otherwise).

Event of Default means Events of Default as defined in the Senior Facilities Agreement, the Mezzanine Facility Agreement and the PIK Facility Agreement.

Facility Agent means The Royal Bank of Scotland plc.

Finance Documents means the Senior Finance Documents, the Mezzanine Finance Documents and the PIK Finance Documents.

Floating Charge Assets means an asset charged under clause 3.2 (*Floating Charge*) of the Debenture.

Group means the Parent and each of its Subsidiaries for the time being.

Group Company means a member of the Group.

Hedging Agreement means any master agreement, confirmation, schedule or other agreement in agreed form entered into or to be entered into by an Obligor and a Hedging Counterparty for the purpose of hedging interest rate liabilities and/or any exchange rate fluctuations and/or commodity price fluctuations.

Hedging Counterparty means Barclays Bank PLC, The Royal Bank of Scotland or any of their respective Affiliates.

Hedging Debt means all money and liabilities now or in the future due, owing or incurred to any Hedging Counterparty by any Obligor under or in connection with any Hedging Agreement in any currency, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all accruing interest, all related losses and charges and all related Additional Debt.

Holding Company means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary

Indebtedness means all money or liabilities due, owing or incurred to any Secured Party by the Subco as Charging Company or any other Obligor under any Senior Finance Document, Mezzanine Finance Document or the PIK Finance Agreement at present or in the future, in any manner whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all interest accruing thereon and including all liabilities in connection with any notes, bills or other instruments accepted by any Secured Party for or at the request of an Obligor and all losses incurred by any Secured Party in connection therewith except for any money or liability which, if it were so included, would cause the infringement of section 151 of the Companies Act 1985.

Intellectual Property means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, know-how

and other intellectual property rights and interests, whether registered or unregistered; and

- (b) the benefit of all applications and rights to use such assets of each Group Company.

Intellectual Property Rights means rights title and interest in or to Intellectual Property.

Intra Group Debt means any money or liabilities now or in the future due, owing or incurred to one Group Company by another Group Company in any currency, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all accruing interest, all related costs, charges and expenses and all related Additional Debt but excluding any Restricted Holdco Debt.

Investment means any stock, share, debenture, loan stock, security, interest in any investment fund and any other comparable investment (whether or not marketable) whether owned directly by or to the order of a Charging Company or by any trustee, fiduciary or clearance system on its behalf (including, unless the context otherwise requires, the Subsidiary Shares).

Mezzanine Finance Documents has the meaning given to that term in the Mezzanine Facility Agreement.

Mezzanine Finance Parties means the Mezzanine Finance Parties as defined in the Mezzanine Facility Agreement.

Obligor means Obligors as defined in the Senior Facilities Agreement and the Mezzanine Facility Agreement and the PIK Facility Agreement

Parent Full Moon Holdco 3 Limited (a company incorporated in England and Wales with registered number 5893847).

PIK Finance Documents means the PIK Finance Documents as defined in the PIK Facility Agreement.

PIK Finance Parties means the PIK Finance Parties as defined in the PIK Facility Agreement.

Restricted Holdco means the Parent, Full Moon Holdco 4 Limited, Full Moon Holdco 5 Limited and the Buyer.

Restricted Holdco Debt means all money and liabilities now or in the future due, owing or incurred to a Restricted Holdco by any Group Company under or in connection with any Restricted Holdco Document in any currency, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all accruing interest, all related costs, charges and expenses and all related Additional Debt.

Secured Parties means the Senior Finance Parties, the Mezzanine Finance Parties and the PIK Finance Parties

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Security Agent means The Royal Bank of Scotland plc as security trustee for itself and the other Secured Parties.

Senior Finance Documents has the meaning given to that term in the Senior Facilities Agreement.

Senior Finance Parties means the Senior Finance Parties as defined in the Senior Facilities Agreement.

Structure Memorandum means the structure paper dated 16 August 2006 entitled "Project Three Lemons – Memorandum on Structure" describing the Group and the Acquisition and prepared by PricewaterhouseCoopers LLP in the agreed form and addressed to, and/or capable of being relied upon by, the Arrangers and the other Secured Parties to an extent which is satisfactory to the Facility Agent.

Subsidiary means a subsidiary within the meaning of section 736 of the Companies Act 1985.

Subsidiary Shares means all shares owned by a Charging Company in its Subsidiaries (including but not limited to, the shares set out in Schedule 3 of the Debenture).

Target means TLLC Group Holdings Limited, a company incorporated under the law of England and Wales with registered number 4592844.

Target Shares means all of the shares of Target and any shares being issued as a result of the exercise of any warrants and options in respect of the share capital of Target and of certain of its subsidiaries as referred to in the Structure Memorandum

Warrantors means the persons whose names and addresses are set out in schedule 1 of the Warranty Deed.

Warranty Deed means the document executed as a deed on the date of the Acquisition Agreement between the Warrantors and the Buyer.

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF TRAVELODGE HOTELS 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 26 September 2006 in connection with the proposal that the Company's subsidiary, TLLC PropHoldCo1 Limited, should give financial assistance for the reduction or discharge of a liability incurred in the purchase of 300,000,000 of the Company's ordinary shares in 2003.

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 1985 is unreasonable in all the circumstances.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
26 September 2006