IMPORTANT NOTICE

THIS PRELIMINARY OFFERING MEMORANDUM IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR (2) OUTSIDE THE UNITED STATES (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, A QUALIFIED INVESTOR).

IMPORTANT: You must read the following before continuing. The following applies to the preliminary offering memorandum following this notice, whether received by email or otherwise received as a result of electronic communication. You are advised to read this disclaimer carefully before reading, accessing or making any other use of the preliminary offering memorandum. In accessing the preliminary offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, each time you receive any information from us as a result of such access.

THE PRELIMINARY OFFERING MEMORANDUM HAS BEEN PREPARED IN CONNECTION WITH THE PROPOSED OFFER AND SALE OF THE SECURITIES DESCRIBED HEREIN. THE PRELIMINARY OFFERING MEMORANDUM AND ITS CONTENTS ARE CONFIDENTIAL AND SHOULD NOT BE DISTRIBUTED, PUBLISHED, REPRODUCED (IN WHOLE OR IN PART) OR DISCLOSED BY RECIPIENTS TO ANY OTHER PERSON.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

THE FOLLOWING PRELIMINARY OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation: In order to be eligible to view the preliminary offering memorandum or make an investment decision with respect to the securities, investors must be either (1) qualified institutional buyers within the meaning of Rule 144A under the Securities Act ("QIBs"), or (2) outside of the United States; provided that investors resident in a Member State of the European Economic Area must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and any relevant implementing measure in each Member State of the European Economic Area). The preliminary offering memorandum is being sent at your request. By accepting this e-mail and by accessing the preliminary offering memorandum, you shall be deemed to have represented to us and the initial purchasers set forth in the preliminary offering memorandum following this notice (the "Initial Purchasers") that:

(1) you consent to delivery of such preliminary offering memorandum by electronic transmission; and

(2) either you and any customers you represent are:

   (a) outside the United States and the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia (and if you are resident in a member state of the European Economic Area, you are a qualified investor); or

   (b) QIBs.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities offered under the preliminary offering memorandum may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act.

You are reminded that the preliminary offering memorandum has been delivered to you on the basis that you are a person into whose possession the preliminary offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the preliminary offering memorandum to any other person.

Under no circumstances shall the preliminary offering memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Initial Purchasers of the securities offered under the preliminary offering memorandum or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Initial Purchaser or affiliate thereof on behalf of the issuer in such jurisdiction.

The preliminary offering memorandum has not been approved by an authorized person in the United Kingdom and is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (or) (iv) persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The preliminary offering memorandum must not be acted upon by persons who are not relevant persons. Any investment or investment activity to which this preliminary offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

The preliminary offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Initial Purchasers, any person who controls any Initial Purchaser, or any of their respective directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the preliminary offering memorandum distributed to you in electronic format and the hard copy version available to you from any Initial Purchaser upon your request.

SUBJECT TO COMPLETION DATED APRIL 18, 2017

PRELIMINARY OFFERING MEMORANDUM
STRICTLY CONFIDENTIAL

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

TVL Finance plc

£165,000,000 Senior Secured Floating Rate Notes due 2023

TVL Finance plc, a public limited company incorporated under the laws of Jersey (the "Issuer"), is offering £165.0 million aggregate principal amount of its senior secured floating rate notes due 2023 (the "Notes").

The Notes will bear interest at a rate equal to three-month LIBOR plus % per annum, reset quarterly, and will mature on May 15, 2023. The Issuer will pay interest on the Notes quarterly on each of , , and , commencing on , 2017. Prior to , 2018, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest and additional amounts, if any, to the redemption date and a "make-whole" premium, as described in this offering memorandum. The Notes may be redeemed at any time on or after , 2018, at the redemption prices set forth in this offering memorandum. The Issuer may redeem all of the Notes upon the occurrence of certain changes in applicable tax law at a redemption price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest and additional amounts, if any. Upon the occurrence of certain defined events constituting a change of control, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any. However, a change of control will not be deemed to have occurred if specified consolidated leverage ratios are not exceeded in connection with such event.

The Notes will be senior obligations of the Issuer, will rank senior in right of payment to all of the Issuer's existing and future debt that is expressly subordinated in right of payment to the Notes and will rank *pari passu* in right of payment with the Issuer's existing and future debt that is not so subordinated, including the Issuer's obligations under the Senior Facilities Agreement and the Existing Senior Secured Fixed Rate Notes (each as defined herein). The Notes will be guaranteed on a senior secured basis (the "Notes Guarantees") by Thame and London Limited (the "Parent Guarantor"), and certain of the Parent Guarantor's subsidiaries located in England and Wales (together with the Parent Guarantor, the "Guarantors"). The Guarantors also guarantee on a senior basis any obligations of the borrowers under the Senior Facilities Agreement and the Existing Senior Secured Fixed Rate Notes. The Notes Guarantees will be senior obligations of the Guarantors, will rank senior in right of payment to all of the Guarantors' existing and future debt that is expressly subordinated in right of payment to the Notes Guarantees and will rank *pari passu* in right of payment with all existing and future indebtedness of the Guarantors that is not so subordinated, including the Guarantors' obligations under the Senior Facilities Agreement and the Existing Guarantees (as defined herein).

The Notes and the Notes Guarantees will be secured by the Collateral (as defined herein). The Collateral also secures obligations under the Existing Senior Secured Fixed Rate Notes on a senior basis and obligations under the Revolving Credit Facility (as defined herein) and the Letter of Credit Facility (as defined herein) (together, the "Senior Facilities") provided under the Senior Facilities Agreement, as well as certain hedging obligations and certain other indebtedness on a super senior basis. In the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from such collateral only after lenders under the Senior Facilities, the counterparties to certain hedging arrangements and the creditors for other indebtedness permitted to be secured on a super priority basis have been repaid in full. See "*Description of Certain Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security*." The Notes and the Notes Guarantees will be effectively subordinated to any existing and future secured debt of the Issuer and the Guarantors that is secured by property or assets which do not secure the Notes or the Notes Guarantees, to the extent of the value of the property and assets securing such debt. The validity and enforceability of the Notes Guarantees and the security and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*."

There is currently no public market for the Notes. Application will be made to The Channel Islands Securities Exchange Authority Limited (trading as The International Stock Exchange Authority) (the "Exchange") for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

INVESTING IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 24 FOR A DISCUSSION OF CERTAIN RISKS THAT YOU SHOULD CONSIDER BEFORE INVESTING IN THE NOTES.

Offering price of the Notes: %, plus accrued interest, if any, from the Issue Date.

The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. federal securities laws or the securities laws of any other jurisdiction. The Notes are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and to persons outside the United States in reliance on Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes and the Notes Guarantees are not transferable except in accordance with the restrictions described under "*Transfer Restrictions*."

The Notes will be in registered form and will initially be issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof; provided that the Notes may only be transferred in amounts of £100,000 and integral multiples of £1,000 in excess thereof.

The Notes will be represented on issue by one or more Global Notes (as defined herein), which we expect will be delivered through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"), on or about , 2017.

Joint Global Coordinators and Joint Bookrunners

Goldman Sachs International **Barclays**

The date of this offering memorandum is , 2017.

IMPORTANT INFORMATION

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes described in this offering memorandum and should be used solely for the purposes for which it has been produced. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of Notes is unauthorized and any disclosure of any of the contents of this offering memorandum without the our prior written consent is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and agrees to not make copies of this offering memorandum or any documents referred to in this offering memorandum.

In making an investment decision, prospective investors must rely solely on the information contained in this offering memorandum and their own examination of the Issuer, the Parent Guarantor and its subsidiaries and businesses and the terms of the Offering, including the merits and risks involved. Neither we nor any of the Initial Purchasers (as defined below) has authorized any other person to provide different information to any investor or potential investor and we do not take responsibility for any information that others may give to you. In addition, neither we, nor any of the Initial Purchasers, nor the Trustee, nor the Security Agent, nor any of their respective representatives, are making any representation to prospective investors regarding the legality of an investment in the Notes, and prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Prospective investors should consult their own advisers as to legal, tax, business, financial and related aspects of an investment in the Notes. Prospective investors must comply with all laws applicable in any jurisdiction in which they buy, offer or sell the Notes or possess or distribute this offering memorandum; neither we nor any of the Initial Purchasers, nor the Trustee, nor the Security Agent shall have any responsibility for any of the foregoing legal requirements. See "*Transfer Restrictions*."

We are offering the Notes in reliance on an exemption from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "*Transfer Restrictions*."

This offering memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may this offering memorandum be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

We reserve the right to withdraw this offering at any time. We are making this offering subject to the terms described in this offering memorandum and the purchase agreement relating to the Notes entered into between us and the Initial Purchasers. We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

The information contained in "*Exchange Rate Information*," "*Summary*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*" and "*Business*" includes extracts from information and data, including industry and market data and estimates, released by publicly available resources in Europe and elsewhere. Although the Issuer accepts responsibility for the accurate extraction and summarization of such information and data, the Issuer has not independently verified the accuracy of such information and data and it accepts no further responsibility in respect of such information and data. In addition, the information set forth in relation to sections of this offering memorandum describing clearing arrangements, including under "*Description of the Notes*" and "*Book-Entry, Delivery and Form*," is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While the Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream as of the date on the front cover of this offering memorandum, it accepts no further responsibility in respect of such information.

The Initial Purchasers, the Trustee and the Security Agent make no representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by any of the Initial Purchasers, the Trustee or the Security Agent as to the past or the future.

By receiving this offering memorandum, you acknowledge that you have had an opportunity to ask questions of us, and that you have received all answers you deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. You also acknowledge that you have not relied on any of the Initial Purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

Investing in the Notes involves substantial risks. See "*Risk Factors*."

Interests in the Notes will be available initially in book-entry form. We expect that the Notes sold will be issued in the form of one or more global notes. The global notes will be deposited and registered in the name of a common depositary for Euroclear and Clearstream. Transfers of interests in the global notes will be effected through records maintained by Euroclear and Clearstream, respectively, and their respective participants. The Notes will not be issued in definitive registered form except under the circumstances described in the section "*Book-Entry, Delivery and Form*." The information set out in relation to sections of this offering memorandum describing clearing arrangements, including in the sections entitled "*Description of the Notes*" and "*Book-Entry, Delivery and Form*," is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While we accept responsibility for accurately summarizing such information, we accept no further responsibility in respect of such information.

There is currently no public market for the Notes. Application will be made to The Channel Islands Securities Exchange Authority Limited (trading as The International Stock Exchange Authority) (the "Exchange") for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

None of the U.S. Securities and Exchange Commission (the "SEC"), any U.S. state securities commission nor any non-U.S. securities authority or other authority has approved or disapproved of the Notes or determined whether this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense in the United States.

The Issuer, having made all reasonable enquiries, confirms that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), this offering memorandum contains all information that is material in the context of the issuance and offering of the Notes and the Guarantees, that the information contained in this offering memorandum is true and accurate in all material respects and is not misleading in any material respect and that there are no other facts the omission of which would make this offering memorandum or any such information misleading in any material respect. The information contained in this offering memorandum is as of the date hereof. The Issuer accordingly accepts responsibility for the information contained in this offering memorandum.

A copy of this offering memorandum has been delivered to the registrar of companies in Jersey (the "Jersey Registrar") in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and the Jersey Registrar has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission (the "Commission") has given, and has not withdrawn, or will have given prior to the issue of the Notes and not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Notes. The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law. It must be distinctly understood that, in giving these consents, neither the Jersey Registrar nor the Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

If you are in any doubt about the contents of this offering memorandum you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, GOLDMAN SACHS INTERNATIONAL (THE "STABILIZING MANAGER") OR ANY PERSONS ACTING FOR IT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION OF THE STABILIZING MANAGER OR ANY PERSONS ACTING FOR IT TO DO THIS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES.

NOTICE TO U.S. INVESTORS

The Offering is being made in the United States in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Notes and the Guarantees, which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Transfer Restrictions*."

This offering memorandum is being provided (1) to a limited number of U.S. investors that the Issuer reasonably believes to be "qualified institutional buyers" under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and the Notes Guarantees, and (2) outside the United States in connection with offshore transactions complying with Regulation S. Prospective investors are hereby notified that the sellers of the Notes and the Notes Guarantees may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. The Notes and the Notes Guarantees, described in this offering memorandum have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC or any state securities commission in the United States or any such other securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive (as defined below), from the requirement to produce a prospectus for offers of the Notes. In relation to each Member State of the European Economic Area ("EEA"), with effect from and including the date on which the Prospectus Directive is implemented in that Member State no offer of Notes to the public in that Member State may be made other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require us or any of the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

For the purposes of this section, the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Member State.

United Kingdom

This offering memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (iii) are persons falling within Articles 49(2)(a) to (d) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment banking activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

CERTAIN DEFINITIONS

Unless otherwise specified or the context requires otherwise in this offering memorandum references to:

"2016 Refinancing"	has the meaning ascribed to it under "*Description of Certain Indebtedness—Senior Facilities Agreement—Borrowings*";
"Avenue Capital"	means funds advised by Avenue Europe International Management, L.P. and sub-advised by Avenue Europe Management, LLP;
"Average Daily Rate" or "ADR"	means the quotient of total room revenues for a specified period divided by total Room Nights sold during that period;
"CAGR"	means compound annual growth rate;
"Clearstream"	means Clearstream Banking, société anonyme;
"Collateral"	has the meaning ascribed to it under "Summary—The Offering—Security";
"CVA"	means the operational and financial restructuring of the Group in accordance with a company voluntary arrangement that became effective on October 12, 2012 and which was formally completed on October 17, 2016;
"EU"	means the European Union;
"euro" or "€"	means the lawful currency of the European Monetary Union;
"Euroclear"	means Euroclear Bank SA/NV;
"Exchange Act"	means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
"Existing Debenture"	means the English law governed debenture dated May 10, 2016 and entered into between the Guarantors and the Issuer as chargors and the Security Agent in connection with the Existing Notes;
"Existing First Proceeds Loan Agreement"	means the loan agreement dated May 10, 2016, between the Issuer, as lender, and HoldCo 6, as borrower, pursuant to which the proceeds of the Existing Notes were loaned by the Issuer to HoldCo 6;
"Existing First Proceeds Loan"	means the loan of the proceeds of the Existing Notes by the Issuer to HoldCo 6 pursuant to the Existing First Proceeds Loan Agreement;
"Existing Guarantees"	means the guarantees granted in connection with the issuance of the Existing Notes;
"Existing Indenture"	means the indenture dated as of May 10, 2016, governing the Existing Notes;
"Existing Jersey Security Interest Agreement"	means the Jersey law governed security interest agreement dated May 10, 2016 and entered into between HoldCo 5, as grantor, and the Security Agent in connection with the Existing Notes;
"Existing Notes Redemption"	means the redemption on or around the Issue Date of (i) the entire outstanding aggregate principal amount of the Existing Senior Secured Floating Rate Notes and

	(ii) 10% of the outstanding aggregate principal amount of the Existing Senior Secured Fixed Rate Notes, in each case together with the payment of accrued interest and prepayment premiums thereon, in connection with the Refinancing;
"Existing Notes"	means the Existing Senior Secured Fixed Rate Notes and the Existing Senior Secured Floating Rate Notes;
"Existing Proceeds Loan Agreements"	Means the Existing First Proceeds Loan Agreement and the Existing Second Proceeds Loan Agreement;
"Existing Proceeds Loans"	means the Existing First Proceeds Loan and the Existing Second Proceeds Loan;
"Existing Second Proceeds Loan Agreement"	means the loan agreement entered into on May 10, 2016 between HoldCo 6, as lender, and HoldCo 7, as borrower, pursuant to which the proceeds of the Existing First Proceeds Loan are loaned by HoldCo 6 to HoldCo 7;
"Existing Second Proceeds Loan"	means the loan of the proceeds of the Existing First Proceeds Loan by HoldCo 6 to HoldCo 7 pursuant to the Existing Second Proceeds Loan Agreement;
"Existing Security Documents"	means the Existing Debenture and the Existing Jersey Security Interest Agreement;
"Existing Senior Secured Fixed Rate Notes"	means the £290,000,000 8½% Senior Secured Fixed Rate Notes due 2023 that were issued by the Issuer on May 10, 2016, 10% of which we expect to redeem in connection with the Refinancing;
"Existing Senior Secured Floating Rate Notes"	means the £100,000,000 Senior Secured Floating Rate Notes due 2023 that were issued by the Issuer on May 10, 2016, all of which we expect to redeem in connection with the Refinancing;
"GoldenTree Asset Management"	means GoldenTree Asset Management L.P. and its affiliates and, where applicable, the funds, limited partnerships and/or accounts managed or advised by them;
"GS Sponsor"	means ELQ Investors VIII Limited, a wholly owned indirect subsidiary of Goldman Sachs Group Holdings (UK) Limited;
"Guarantors"	has the meaning ascribed to it under "*Summary—The Offering—Guarantees*";
"HoldCo 5"	means Full Moon Holdco 5 Limited, a private limited liability company incorporated under the laws of England and Wales with registration number 05893854;
"HoldCo 6"	means Full Moon Holdco 6 Limited, a private limited liability company incorporated under the laws of England and Wales with registration number 05893977;
"HoldCo 7"	means Full Moon Holdco 7 Limited, a private limited liability company incorporated under the laws of England and Wales with registration number 0657187;
"IFRS"	means International Financial Reporting Standards, as adopted by the European Union;
"Indenture"	means the indenture to be dated on or about the Issue Date governing the Notes offered hereby;

"Initial Purchasers"	means Goldman Sachs International and Barclays Bank PLC;
"Intercreditor Agreement"	means the intercreditor agreement dated May 10, 2016, by and among, *inter alios*, the Issuer, the Trustee, the Security Agent, the facility agent under the Senior Facilities Agreement, which is described in more detail in "*Description of Certain Indebtedness—Intercreditor Agreement*";
"Issue Date"	means , 2017;
"Issuer"	means TVL Finance plc;
"Letter of Credit Facility"	means the £30.0 million letter of credit facility established under the Senior Facilities Agreement which is described in more detail in "*Description of Certain Indebtedness—Senior Facilities Agreement*";
"Member State"	means a member state of the European Economic Area;
"Modernization Program"	means our room modernization program, which we commenced in 2013 and completed in 2015, pursuant to which we spent approximately £100 million refurbishing approximately 35,000 UK hotel rooms (almost 99% of our UK hotel rooms have been refurbished or opened since 2013);
"MS&E"	means the midscale and economy sector, the sub-sector of the UK hotel market in which Travelodge operates, according to the definition used by the independent industry research provider Smith Travel Research ("STR");
"National Living Wage"	means the statutory minimum pay per hour that certain workers in the United Kingdom aged 25 and over are entitled to receive, which was introduced on April 1, 2016 and is currently equal to £7.50;
"National Minimum Wage"	means the statutory minimum pay per hour that certain workers in the United Kingdom are entitled to receive, which was increased to £7.50 as of April 1, 2017;
"New First Proceeds Loan Agreement"	means the loan agreement to be entered into on or about the Issue Date between the Issuer, as lender, and HoldCo 6, as borrower, pursuant to which the proceeds of the Notes are loaned by the Issuer to HoldCo 6;
"New First Proceeds Loan"	means the loan of the proceeds of the Notes by the Issuer to HoldCo 6 pursuant to the New First Proceeds Loan Agreement;
"New Proceeds Loan Agreements"	means the New First Proceeds Loan Agreement and the New Second Proceeds Loan Agreement;
"New Proceeds Loans"	means the New First Proceeds Loan and the New Second Proceeds Loan;
"New Second Proceeds Loan Agreement"	means the loan agreement to be entered into on or about the Issue Date between HoldCo 6, as lender, and HoldCo 7, as borrower, pursuant to which the proceeds of the New First Proceeds Loan are loaned by HoldCo 6 to HoldCo 7;
"New Second Proceeds Loan"	means the loan of the proceeds of the New First Proceeds Loan by HoldCo 6 to HoldCo 7 pursuant to the New Second Proceeds Loan Agreement;

"Notes Guarantees"	has the meaning ascribed to it in "*Summary—The Offering—Guarantees*";
"Notes"	means the £165.0 million aggregate principal amount of the Issuer's senior secured floating rate notes offered hereby;
"Occupancy"	means the quotient of the total number of Room Nights sold during a specified period divided by the total number of rooms available for each day during that period;
"Offering"	means the offering of the Notes pursuant to this offering memorandum;
"OTAs"	means online travel agencies;
"Parent Guarantor"	means Thame and London Limited, a private limited liability company incorporated under the laws of England and Wales with registration number 08170768;
"Pound," "pounds sterling," "GBP" or "£"	means the lawful currency of the United Kingdom;
"Proceeds Loan Agreements"	means the New Proceeds Loan Agreements together with the Existing Proceeds Loan Agreements;
"Proceeds Loans"	means the New Proceeds Loans together with the Existing Proceeds Loans;
"Refinancing"	has the meaning ascribed to it in "*Summary—The Refinancing*";
"Regulation S"	means Regulation S under the Securities Act;
"rent cover"	means the ratio of EBITDAR to net external rent payable;
"Revenue Generation Index" or "RGI"	means the index of our UK RevPAR to the RevPAR of the MS&E sector;
"Revolving Credit Facility"	means the £50.0 million senior secured revolving credit facility established under the Senior Facilities Agreement which is described in more detail in "*Description of Certain Indebtedness—Senior Facilities Agreement*";
"RevPAR"	means the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period;
"Room Nights"	means the total number of hotel rooms occupied for each night during a specified period, and one Room Night means one hotel room occupied for one night;
"secured pipeline"	means properties for which we have exchanged a contract with a developer or landlord which contractually commits both parties to enter into a lease upon the construction of the hotel and the satisfaction of other conditions. Our contracts are usually conditional upon the developer or landlord obtaining planning permission for the construction of the hotel and occasionally upon the developer or landlord obtaining funding or securing a building contract at an agreed cost;
"Securities Act"	means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
"Security Agent"	means U.S. Bank Trustees Limited;
"Security Documents"	has the meaning ascribed to it under "Description of the Notes";

"Senior Facilities Agreement"	means the senior secured facilities agreement dated April 26, 2016, as amended and restated on or about May 10, 2016, by and among, *inter alios*, the Issuer, the Agent, the Security Agent and the Mandated Lead Arrangers named therein;
"Senior Facilities"	means the Revolving Credit Facility and the Letter of Credit Facility;
"SME"	means small and medium-sized enterprises;
"Sponsors"	means GoldenTree Asset Management, Avenue Capital and GS Sponsor;
"Subordinated Shareholder Loan"	means the loan notes issued by the Parent Guarantor to Anchor Holdings S.C.A., as further described in "*Description of Certain Indebtedness—Subordinated Shareholder Loan*";
"Supplemental Debenture"	has the meaning ascribed to it under "*Summary—The Offering—Security*";
"Supplemental Jersey Security Interest Agreement"	has the meaning ascribed to it under "*Summary—The Offering—Security*";
"Supplemental Security Documents"	means the Supplemental Debenture together with the Supplemental Jersey Security Interest Agreement;
"triple net"	means a lease in which the lessee is solely responsible for all costs relating to the property, such as property tax, building maintenance and buildings insurance;
"Trustee"	means U.S. Bank Trustees Limited;
"U.S. dollars" or "$"	means the lawful currency of the United States; and
"U.S." and "United States"	means the United States of America;
"United Kingdom" or "UK"	means the United Kingdom of Great Britain and Northern Ireland;
"we," "us," "Group," "our," "Travelodge"	and other similar terms means the Parent Guarantor and its consolidated subsidiaries, except where the context otherwise requires.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements, which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this offering memorandum including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. Words such as "believe," "expect," "anticipate," "may," "assume," "plan," "intend," "will," "should," "estimate," "risk," and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements.

In addition any forward-looking statements are made only as at the date of this offering memorandum and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this offering memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this offering memorandum. As a result, you should not place undue reliance on these forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this offering memorandum. Factors that could cause such differences in actual results include:

- challenging macroeconomic circumstances in the hotel industry or an economic downturn in Europe, particularly in the United Kingdom, Ireland and Spain;
- the effects of a prolonged economic downturn or period of weaker trading being exacerbated by our predominantly leasehold operating structure;
- exposure of our operations to risks such as terrorism, political instability, events of military action, natural disasters, contagious diseases, epidemics or acts of God;
- seasonal fluctuations in customer demand;
- operating in a highly competitive industry;
- failure to maintain or enhance customer awareness of our brand;
- our ability to respond to changes in consumer tastes, preferences and perceptions;
- timing, budgeting and other risks that could delay our efforts to renovate our properties;
- labor shortages or increased labor costs;
- failure of our IT systems;
- increase in the percentage of bookings through intermediaries, such as OTAs and increase in costs of such intermediaries;
- failure to comply with regulatory requirements;
- failure to comply with environmental, health and safety laws and regulations;
- the consequences of a major safety incident;
- changes in laws governing our relationship with hotel employees;
- premature termination of our leases or our inability to extend our leases;
- increases of costs under our leases;
- risk of disputes with our landlords;
- risks of operating individual hotels at a loss and in exiting underperforming leases, management agreements and disposing of selected assets;
- changes in tax laws and tax rates;

- risks related to having a number of hotels in our development pipeline which have not yet proven their commercial viability;
- unsuccessful efforts to develop, acquire or invest in properties or enter into alliances and partnerships with third parties, or carry out developments in new markets;
- our dependence on senior executives and key employees;
- our dependence on relationships with our third-party suppliers and outsourcing partners;
- insufficient insurance coverage;
- the terms on which the UK exits from the European Union;
- our exposure to adverse litigation judgments or settlements;
- difficulties with our franchise business;
- failure to comply with regulations and applicable laws relating to the internet and data privacy; and
- other risks associated with the Notes and our structure as discussed under "Risk Factors."

We disclose important factors that could cause our actual results to differ materially from our expectations in "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*." Other sections of this offering memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors. We cannot assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

INDUSTRY AND MARKET DATA

This offering memorandum includes market share and industry information, which was obtained by us from industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback. These include information published by PricewaterhouseCoopers LLP in its capacity as industry consultant ("PwC Research"), Melvin Gold Consulting Ltd ("Melvin Gold Consulting"), Smith Travel Research ("STR"), the UK Office of National Statistics ("ONS") (licensed under the Open Government License v. 3.0), Euromonitor, the Economist Intelligence Unit ("EIU"), Eurostat, BDO LLP ("BDO") and other third-party industry consultants and market research firms, or publicly available information from sources that are generally believed to be reliable. These third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of this information is not guaranteed and is based on significant assumptions. Although we believe these third-party sources are reliable, we do not have access to the facts and assumptions underlying the market data, statistical information and economic indicators contained in these third-party sources, and therefore are unable to verify such information and cannot guarantee its accuracy or completeness. In addition, various economic and other factors may cause actual results to differ from these projections.

Certain information in this offering memorandum represents our best estimate based upon information obtained from trade and business organizations and associations, consultants and other contacts within the industries in which we compete, as well as information published by our competitors. In particular, we prepared data (i) in respect of our market position based on information obtained from trade and business organizations and associations and other contacts within the industry in which we compete, (ii) in respect of industry trends based on our senior management's business experience and experience in the industry and the local markets in which we operate and (iii) in respect of our operating performance based on our internal analysis (which has not been independently verified) of our own audited and unaudited information. Our estimates derived from this information may be incorrect and actual facts may differ from our estimates. The information we include regarding our market share in certain segments is based on revenues, hotels or rooms, as indicated.

In addition, certain market data and statistics, including brand satisfaction and brand awareness, are generally based on market research, interviews and surveys conducted by us and third party industry

consultants, including YouGov and Trip Advisor. Such market research is largely based on sampling and subjective judgments by both the researchers and the respondents, and there is no assurance that the responses received are reflective of actual market conditions or sentiment.

While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under "*Risk Factors*." As far as we are aware and have been able to ascertain, no facts have been omitted that would render any such information inaccurate or misleading. Neither we nor any of the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this offering memorandum.

PRESENTATION OF FINANCIAL INFORMATION

Financial Information Included in this Offering Memorandum

We present in this offering memorandum financial information for the Parent Guarantor and its consolidated subsidiaries. We have included in this offering memorandum audited consolidated financial statements of the Parent Guarantor as at and for the years ended December 31, 2014, 2015 and 2016. The audited consolidated financial statements of the Parent Guarantor have been prepared on the basis of a calendar year January 1 to December 31 in accordance with IFRS. For management reporting purposes we use a 5-4-4 week accounting calendar. This accounting method divides our fiscal year into four quarters, each comprising two periods of four weeks and one period of five weeks. We have adopted this accounting method because it allows us to manage our business on the basis of 52 weekly periods which consistently end on the same weekday. In order to align this method with our statutory annual accounting period we make certain adjustments to our results in the last period of each fiscal year, in accordance with IFRS. The Parent Guarantor will continue to present our consolidated financial statements going forward and will apply similar adjustments, in accordance with IFRS, to our interim financial statements.

Cost of goods sold and other operating expenses for the year ended December 31, 2014 have been reclassified in the notes to the audited consolidated financial statements as at and for the year ended December 31, 2015 in order to conform with changes to the classification between cost of goods sold and other operating expenses in 2015. These reclassifications have no impact on EBITDA or operating profit.

The interest element of finance lease rental payments for the year ended December 31, 2014 has been reclassified from net cash used in operating activities to net cash used in financing activities in our audited consolidated financial statements as at and for the year ended December 31, 2015 to conform with changes to the classification between net cash used in operating activities and net cash used in financing activities in 2015.

We do not separately present the consolidated financial information of the Issuer because the Issuer has been formed solely for the purpose of facilitating the financing to the Group. As of the Issue Date, the Issuer will not conduct any operating activities, hold any assets, other than receivables under the Proceeds Loans (as defined herein), or have any material liabilities, other than the Notes, the Existing Senior Secured Fixed Rate Notes and the Senior Facilities, and it has not engaged in any activities other than those related to its formation and the issuance of the Notes and the Existing Notes and the entering into of the Senior Facilities Agreement. Except as described below, we do not present in this offering memorandum any financial information or financial statements of the Issuer for the periods presented.

See "Independent Auditor" for a description of the reports of the independent auditor of the Parent Guarantor, PricewaterhouseCoopers LLP, on the audited consolidated financial statements of the Parent Guarantor as at and for the years ended December 31, 2014, 2015 and 2016. In accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, each of the independent auditor's reports of PricewaterhouseCoopers LLP states: "This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the UK Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing."

Prospective investors in the Notes should understand that in making these statements, the independent auditor confirmed that it does not accept or assume any responsibility to parties (such as

the purchasers of the Notes) other than to Thame and London Limited and its directors as a body with respect to their reports and to the independent auditor's audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that investors in the Notes may have against the independent auditor based on its report or the consolidated financial statements to which it relates could be limited.

The independent auditor's report for the audited consolidated financial statements of the Parent Guarantor as at and for the year ended December 31, 2014 is included on pages F-60 and F-61, the independent auditor's report for the audited consolidated financial statements of the Parent Guarantor as at and for the year ended December 31, 2015 is included on pages F-33 and F-34 and the independent auditor's report for the audited consolidated financial statements of the Parent Guarantor as at and for the year ended December 31, 2016 is included on pages F-3 and F-4 of this offering memorandum.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas in which assumptions and estimates are significant to our financial statements, are disclosed in our audited consolidated financial statements of the Parent Guarantor. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates and Judgments*."

The financial information included in this offering memorandum is not intended to comply with reporting requirements of the SEC and will not be subject to review by the SEC.

Certain financial information in this offering memorandum has been rounded and, as a result, the figures shown as totals in this offering memorandum may vary slightly from the exact arithmetic aggregation of the figures that precede them. Percentage figures have not been calculated on the basis of rounded figures but have instead been calculated on the basis of such amounts prior to rounding.

Non-IFRS Financial and Operating Information

Certain financial measures and ratios related thereto in this offering memorandum, including EBITDA, EBITDAR, EBITDA Margin, EBITDAR Margin and cash conversion (the "Non-IFRS Measures") are not specifically defined under IFRS or any other generally accepted accounting principles. The most directly comparable IFRS measure to EBITDA and EBITDAR is profit/(loss) for the year. Our Non-IFRS Measures are defined by us as follows:

- "EBITDA" represents our profit/(loss) for the year before income tax, finance income, finance costs, depreciation/amortization, exceptional items and IFRS rent charge. For a description of IFRS rent charge, exceptional items and a reconciliation of EBITDA to profit/(loss) for the year, see footnote 1 under "*Summary—Summary Consolidated Historical and Other Financial Data*". EBITDA disclosed in this offering memorandum is consistent with "EBITDA before exceptional items and IFRS rent charge" disclosed in the "Memorandum – EBITDA" section of the consolidated income statements of the Parent Guarantor;
- "EBITDAR" represents EBITDA before net external rent payable (before exceptional items). For a reconciliation of EBITDA to EBITDAR, see footnote 2 under "*Summary—Summary Consolidated Historical and Other Financial Data*";
- "EBITDA Margin" represents EBITDA divided by revenue;
- "EBITDAR Margin" represents EBITDAR divided by revenue;
- "cash conversion" represents EBITDA minus gross cash outflow from capital expenditure divided by EBITDA; and
- "like-for-like," with respect to RevPAR, compares the RevPAR in two or more periods on the basis of RevPAR generated by hotels that have been open for twelve months in each of these periods.

We believe the Non-IFRS Measures are useful metrics for investors to understand our results of operations and profitability because they permit investors to evaluate our recurring profitability from

underlying operating activities. We also use these measures internally to establish forecasts, budgets and operational goals to manage and monitor our business, as well as evaluating our underlying historical performance. We believe EBITDA facilitates operating performance comparisons between periods and among other companies in industries similar to ours because it removes the effect of variation in capital structures, taxation, and non-cash depreciation, amortization and impairment charges, which may be unrelated to operating performance. We believe EBITDA better reflects our underlying operating performance because it excludes the impact of items which are not related to our core results of operations, including certain one-off or non-recurring items. We believe cash conversion is a relevant measure used to assess performance as it gives a relative measure of the efficiency with which EBITDA is converted into cash.

The Non-IFRS Measures or comparable measures are frequently used by securities analysts, investors and other interested parties in their evaluation of companies comparable to us, many of which present EBITDA-related performance measures when reporting their results.

EBITDA as presented in this offering memorandum differs from the definition of "Consolidated EBITDA" that will be contained in the Indenture.

The Non-IFRS Measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our financial statements. Some of these limitations are:

- not all of them reflect our cash expenditures and they do not reflect our future requirements for capital commitments;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in our consolidated income statement;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, the Non-IFRS Measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our IFRS results and using these Non-IFRS Measures only supplementally to evaluate our performance. See "*Summary—Summary Consolidated Historical and Other Financial Data*," "*Selected Consolidated Historical Financial Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our consolidated financial statements and the related notes included elsewhere in this offering memorandum.

For a description of how our Non-IFRS Measures are calculated from our consolidated results from operations and a reconciliation of the Non-IFRS Measures to our results for the period presented in this offering memorandum, see "*Summary—Summary Consolidated Historical and Other Financial Data*."

Pro Forma Financial Data

This offering memorandum includes unaudited consolidated pro forma financial data which have been adjusted to reflect certain effects of the Offering and the use of proceeds therefrom, as described under "*Use of Proceeds*." The unaudited pro forma adjustments and the unaudited pro forma financial data set forth in this offering memorandum are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts. The unaudited consolidated pro forma financial data have been prepared for

illustrative purposes only and do not purport to represent what our actual consolidated net debt or cash interest expense would have been if the Offering had occurred (i) on December 31, 2016 for the purposes of the calculation of pro forma net debt and (ii) on January 1, 2016 for the purposes of the calculation of pro forma cash interest expense, nor do they purport to project our consolidated net debt and cash interest expense at any future date.

Key Performance Indicators

We have included other operating information in this offering memorandum, some of which we refer to as "key performance indicators," including RevPAR, Occupancy, Average Daily Rate and rent cover. We believe that it is useful to include this operating information as we use it for internal performance analysis, and the presentation by our business divisions of these measures facilitates comparability with other companies in our industry, although our measures may not be comparable with similar measurements presented by other companies. Such operating information should not be considered in isolation or construed as a substitute for measures prepared in accordance with IFRS.

For a description of certain of our key performance indicators, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Occupancy, ADR and RevPAR.*"

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks, trade names or service marks that we use in connection with the operation of our business. We assert, to the fullest extent under applicable law, our rights to our trademarks, trade names and service marks.

Each trademark, trade name or service mark of any other company appearing in this offering memorandum belongs to its holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this offering memorandum are listed without the ™, ® and © symbols.

We understand that there are three further operators of the Travelodge name which are not connected with our Group: one based in North America, which operates and owns the rights in the USA and Canada; one based in Australasia, which operates in Australia and New Zealand; and one based in Asia which owns the rights to the Travelodge name in a number of territories in Asia, including Hong Kong, Malaysia, Pakistan and Singapore.

EXCHANGE RATE INFORMATION

The following table sets out for the periods indicated below the high, low, average and period-end exchange rates as published by Bloomberg, expressed as U.S. dollars per £1.00. We make no representation that the pound sterling or U.S. dollar amounts referred to in this offering memorandum have been, could have been or could in the future be converted to U.S. dollars at any particular rate, if at all. On April 14, 2017, the exchange rate published by Bloomberg for transfers between pounds sterling and U.S. dollars was $1.2527 to £1.00.

	U.S. dollars per £1.00			
	Period end	**Average**	**High**	**Low**
Year[1]				
2012	1.6242	1.5852	1.6276	1.5295
2013	1.6566	1.5646	1.6566	1.4858
2014	1.5581	1.6474	1.7165	1.5515
2015	1.4734	1.5282	1.5872	1.4654
2016	1.2345	1.3554	1.4810	1.2158
Monthly[2]				
October 2016	1.2228	1.2340	1.2854	1.2158
November 2016	1.2498	1.2440	1.2601	1.2236
December 2016	1.2345	1.2476	1.2720	1.2226
January 2017	1.2570	1.2351	1.2607	1.2068
February 2017	1.2417	1.2490	1.2636	1.2417
March 2017	1.2542	1.2343	1.2563	1.2153
April 2017 (through April 14, 2017)	1.2527	1.2467	1.2527	1.2385

(1) The figure in the "Average" column represents the average exchange rate on the last business day of each month during the relevant period.

(2) The figure in the "Average" column represents the average exchange rate for each business day during the relevant period.

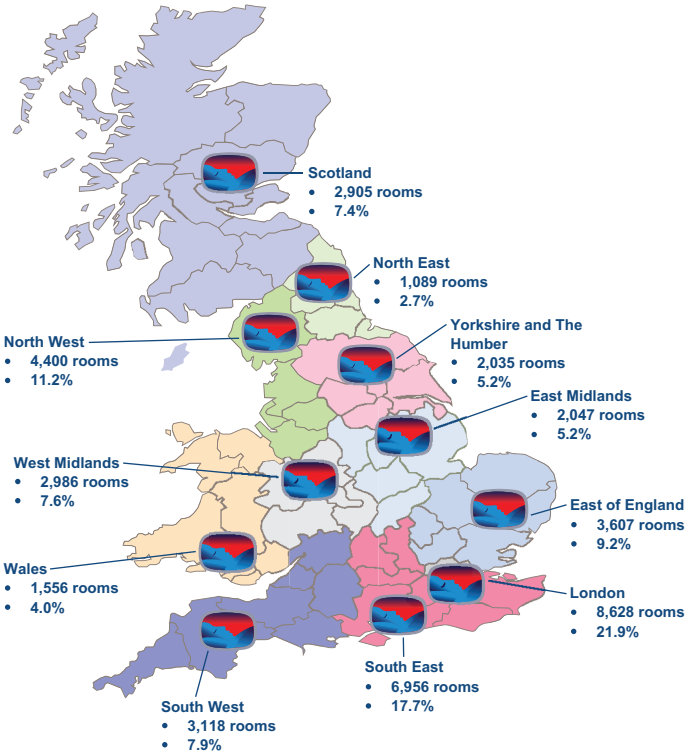
SUMMARY

The following summary of the Offering contains basic information about the Notes, the Notes Guarantees and the Collateral. It is not intended to be complete and it is subject to important limitations and exceptions. It may therefore not contain all the information that is important to you. For a more complete understanding of the Notes, the Notes Guarantees and the Collateral, including certain definitions of terms used in this summary, please refer to the sections of this offering memorandum entitled "Description of the Notes" and "Description of Certain Indebtedness—Intercreditor Agreement."

Our Business

Founded in 1985, Travelodge is the second largest hotel brand in the United Kingdom based on number of hotels and number of rooms operated. We lease, franchise, manage and own more than 540 hotels and more than 40,000 rooms throughout the United Kingdom, Spain and Ireland. We operate in the attractive midscale and economy ("MS&E") sector of the hotel market (as defined by STR) and are positioned as a low-cost operator, offering standardized, modern guest rooms at affordable prices to both business and leisure customers. As at March 2017, we had brand recognition of more than 90% among the UK population (as measured by a YouGov brand tracking survey), driven by our long-standing market presence, wide geographic network and effective national marketing initiatives. We estimate that we attracted approximately 18 million customers in 2016 and approximately 90% of our bookings were made through our direct channels in the year ended December 31, 2016. We employ approximately 10,500 people across our hotels and support offices, the majority of whom work in our hotels on hourly paid contracts with flexible hours of work.

As of December 31, 2016, we operated 40,847 rooms in 543 hotels under the Travelodge brand. Within our largest market, the United Kingdom (representing 98% of our total revenue in 2016), we operated 39,327 rooms (or 96% of total rooms) in 526 hotels, with 8,628 rooms (or 22% of UK rooms) in 66 hotels located in London and 30,699 rooms (or 78% of UK rooms) in 460 hotels located in regional areas across the United Kingdom. As of December 31, 2016, 513 of our hotels representing 98% of our rooms in the United Kingdom were leasehold. In addition, we had 621 rooms in five leasehold hotels in Spain and operated a further 899 rooms in twelve hotels under franchise in Ireland and Northern Ireland. The following map indicates the number of rooms that we operated by region in the mainland United Kingdom as of December 31, 2016:



Our hotels benefit from favorable hotel market dynamics in the United Kingdom. The United Kingdom has one of the largest and most resilient hotel markets in the world, with revenue per available room ("RevPAR") growing at a CAGR of 2.5% over the last ten years despite a recessionary period between 2007 and 2009. Historically, RevPAR has also closely correlated with gross domestic product ("GDP"), and as UK GDP has increased in the last six years, we have seen our RevPAR grow accordingly. The value branded sector of the hotel market in the United Kingdom accounted for approximately 19% of the overall market in 2015 compared to approximately 36% in the United States and 24% in France (based on data produced by Melvin Gold Consulting). Accordingly, we believe there are opportunities to grow the value branded sector's share of the UK market and, having traditionally accounted for most of the growth in the industry together with our main competitor, Premier Inn, we expect to maintain a significant share of the pipeline for new hotel rooms in 2017.

We have made significant investments in our business in recent years aimed at enhancing our brand and improving customer satisfaction. In December 2015, we completed our Modernization Program, consisting of an investment of approximately £100 million, to improve the quality and consistency of our hotels within the United Kingdom. Since the program commenced in 2013, we have modernized approximately 35,000 rooms (almost 99% of our UK hotel rooms have been either refurbished or opened since 2013). The program included the installation of a new king-size Travelodge "Dreamer" bed, manufactured by Royal Warrant Holders Sleepezee, in most of our UK guest rooms, the redecoration of our guest rooms in our new modern look and feel and the renovation or replacement of furniture and other equipment, as appropriate. As a result, our UK guest rooms now offer a consistent, higher quality experience to our customers. Our operational performance has been strengthened with the use of detailed customer surveys to pinpoint areas for operational focus, standardized work practices and new training programs and we have sought to increase bookings by implementing an integrated advertising campaign, using national television advertising and an extensive digital campaign. In addition, we have invested in an automated yield management system (IDeaS) that optimizes our pricing by using extensive analytical measures to set room rates according to demand and projected value of business.

Since we implemented these and other measures, our customer satisfaction has improved significantly. As of December 31, 2016, our UK hotels averaged four out of five stars on TripAdvisor (compared to 3.3 out of five stars as of December 31, 2013) and in 2016 we received 203 TripAdvisor Certificates of Excellence, more than triple the number received in 2014. The combination of improved quality assets, stronger operations, more effective advertising and yield management, together with growth in customer satisfaction, has helped our UK RevPAR growth to outperform the MS&E sector and the UK hotel market as a whole. In the year ended December 31, 2016, our UK like-for-like RevPAR increased by 2.5%, while RevPAR in the MS&E sector increased by 1.4% and the overall UK hotel market grew by 1.3%.

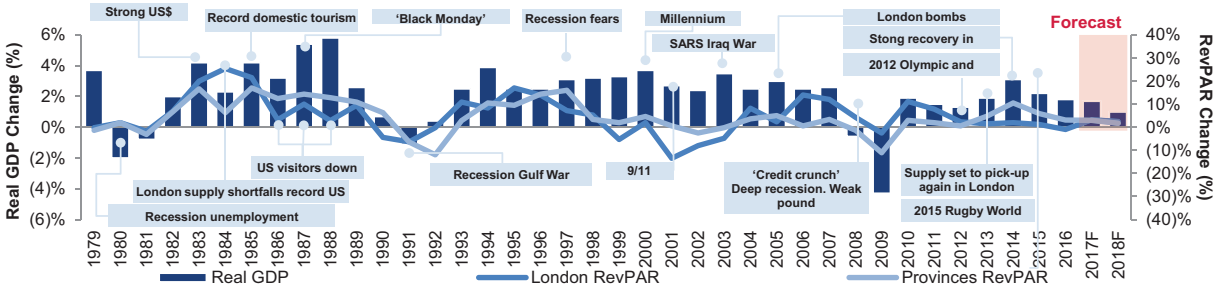
In the year ended December 31, 2016, we generated revenue of £597.8 million and EBITDA of £110.1 million. More than 90% of our revenue for the year ended December 31, 2016 was generated from accommodation, with the remainder from food and beverage and retail and other sales. Our hotels have a low-cost operating model and use standardized processes to improve efficiency. Of our 514 UK leased or owned hotels, all but 8 hotels open for more than twelve months generated positive EBITDA (before central cost allocations and onerous lease provision releases) in the year ended December 31, 2016. We also benefit from diversified sources of revenue, with only 18 of our UK hotels individually accounting for more than £1 million of EBITDA (before central cost allocations) in 2016.

Our Strengths

Our key credit strengths include the following:

Good Market Dynamics for Growth in Value Hotel Sector

The United Kingdom has one of the world's strongest hotel markets. Historically, the performance of the UK hotel industry has correlated with the strength of the UK economy generally, leading to growth in RevPAR of 2.5% over the last 10 years despite a recessionary period between 2007 and 2009. The chart below shows the long-term relationship between the change in real GDP growth and UK hotel RevPAR:



Source: *PwC Research, ONS, STR*

Other macro-economic factors also influence the demand for hotel accommodation from domestic travelers, particularly employment levels, wages, consumer spending and consumer confidence. The macro-economic environment in the United Kingdom has been favorable. Unemployment in the United Kingdom is approaching historic lows, and GDP per capita has increased in all of the last six years. Furthermore, the UK economy has continued to perform strongly following the referendum decision to leave the EU, with the Bank of England twice upgrading its 2017 growth forecast following an initial downgrade following the referendum result. The performance of the UK hotel industry is also affected by the number of travelers coming to the United Kingdom from other countries. Historically, a greater number of travelers have visited the United Kingdom when the Pound is weaker against other currencies and when the United Kingdom is hosting large events, such as the Olympic Games in 2012 and the Rugby World Cup in 2015.

Within the UK hotel market, the value branded sector is the largest and has demonstrated strong growth and resilience. According to data produced by Melvin Gold Consulting, the top two hotel brands by number of hotels and number of rooms in the United Kingdom, Premier Inn and Travelodge, are positioned in the value sector, and there are four value brands in the top 15 hotel brands. According to STR data, the MS&E sector, which includes value brands such as Travelodge and Premier Inn, has outperformed the Upscale and Upper Midscale and Luxury and Upper Upscale hotel markets between 2013 and 2016 in terms of RevPAR growth, with MS&E hotels growing at a CAGR of 6.8% as compared to a CAGR of 4.8% for Upscale and Upper Midscale and 3.1% for Luxury and Upper Upscale. According to Euromonitor, the budget segment is expected to outperform other UK hotel segments in terms of total sales for the period from 2015 to 2019. The budget segment is expected to grow at a CAGR of 3.2% while the Luxury and Mid-Market segments are expected to grow at 2.1% and 0.4% respectively, with overall hotels sales (including luxury, mid-market, budget and unrated hotels) expected to grow at 0.6%, according to Euromonitor International 2016. In addition, budget operators have historically shown stronger resilience than the wider industry across the hotel cycle. Taking Premier Inn as a proxy for a well-invested MS&E operator, MS&E operator RevPAR has shown stronger resilience than the RevPAR of the overall hotel market in the United Kingdom since 2002.

Alongside further like-for-like RevPAR growth potential, we also believe there is further opportunity to increase the penetration of branded value hotels in the United Kingdom. The value branded sector of the UK hotel market accounted for approximately 19% of the overall market in 2015 compared to approximately 36% in the United States and 24% in France (based on data produced by Melvin Gold Consulting). As a result, we believe there are significant opportunities to grow the share of branded value rooms in the United Kingdom.

Strong Market Position with High Brand Recognition, Scale and Extensive, Diversified Network of Hotels

We enjoy a strong market position. We were the first value hotel brand to launch in the United Kingdom and we had brand recognition of more than 90% among the UK population as at March 2017, as measured by a YouGov brand tracking survey. We also have significant scale in the United Kingdom. We are the second largest hotel brand in the United Kingdom based on number of hotels and number of rooms operated. Our network is highly diversified, with a strong presence in London (approximately 30% of our revenue in 2016) and in other regional areas in the United Kingdom (approximately 70% of our revenue in 2016). The revenue (in £ million) and RevPAR (in £) for the years ended December 31, 2014, 2015 and 2016 and the number of rooms and number of hotels as at December 31, 2014, 2015 and 2016 are shown in the table below:

	Year ended December 31,											
	2014				2015				2016			
	Hotels	Rooms	RevPAR	Revenue	Hotels	Rooms	RevPAR	Revenue	Hotels	Rooms	RevPAR	Revenue
London	58	7,889	48.09	149.7	62	8,258	51.90	165.0	66	8,628	50.08	168.5
Regional	424	28,082	30.53	334.2	432	28,666	34.57	381.3	448	30,133	36.17	415.8

(1) Values adjusted to exclude management contracts and category 3 leases exited pursuant to the CVA.

We are not reliant on any one hotel within our network and only 18 of our hotels contributed EBITDA (before central cost allocations) of more than £1 million in the year ended December 31, 2016. Our strong presence in regional markets allowed us to take advantage of increase in RevPAR in 2016, which was driven by our strategic investments in property modernization, strengthening our operations and driving effective marketing campaigns and more effective pricing management, as well as improvements in the regional markets.

Well-invested Portfolio with Good Quality Levels

Following the completion of our Modernization Program in December 2015, we now have a well invested UK estate of 526 hotels, of which 525 were renovated or newly opened in the last four years. The remaining hotel, in King's Cross, London, which is one of our largest properties, is expected to be fully refurbished in 2018, with some initial works being carried out in 2017. Under our Modernization Program, we invested approximately £100 million and refurbished almost 35,000 UK rooms, including a full refit of more than 15,200 rooms and a refresh of more than 19,500 rooms. As a result, almost 99% of our UK hotel rooms have been refurbished or opened since 2013.

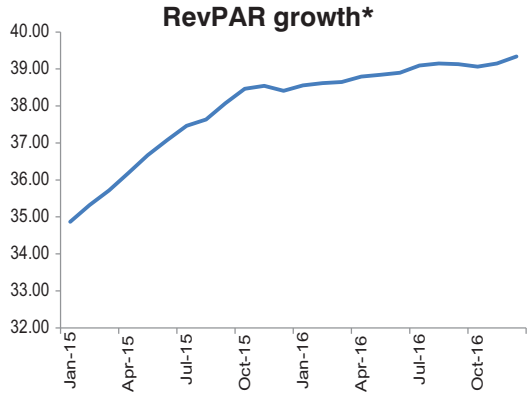
Our rooms are now designed with simplicity and cleanliness in mind, with upgraded facilities, such as our Travelodge "Dreamer" bed, quality furnishings and fittings and flat screen televisions. We believe that our strategic investments, particularly our Modernization Program, have driven increased customer satisfaction, as shown by our TripAdvisor cumulative average satisfaction score, which has grown from an average of 3.3 out of five stars as of December 31, 2013 to an average of four out of five stars as of December 31, 2016. In 2016, we received 203 TripAdvisor Certificates of Excellence, more than triple the number received in 2014, which totaled 65.

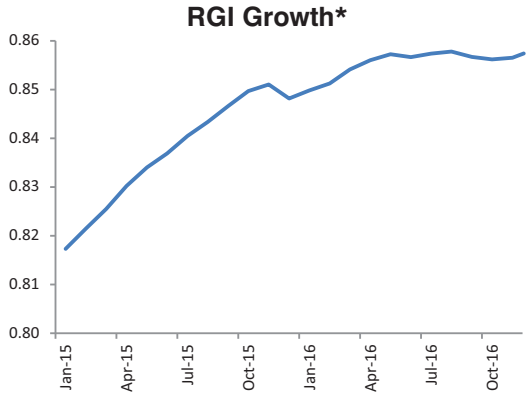
Operational Improvements and Powerful Direct Distribution Model Drive Strong Financial Performance

Our financial performance has strengthened in recent years as a result of our Modernization Program, marketing campaigns, operational improvements and yield management. These have helped drive our RevPAR, revenue generation index (which is the index of our UK RevPAR to the RevPAR of the MS&E sector) and EBITDA, to grow significantly and thereby increase the amount of cash generated by our business.

Our UK like-for-like RevPAR growth outperformed the MS&E sector, growing by 2.5% in the year ended December 31, 2016, compared to growth of 1.4% for the MS&E sector and 1.3% for the UK hotel sector as a whole. Our RGI grew from 0.77 in January 2014 to 0.86 in December 2016, which indicates that our growth outpaced the growth of the market during this period. Our EBITDA increased at a compound annual growth rate of 29% between 2014 and 2016, increasing from £66.2 million in

the year ended December 31, 2014, to £105.1 million in the year ended December 31, 2015 and to £110.1 million in the year ended December 31, 2016. The following graphs illustrate our UK RevPAR and RGI growth in the last two years:





* Presented on a last twelve month like-for-like basis.

Our distribution model has also had a positive impact on our financial performance by driving direct sales and reducing our reliance on third party brokers and online travel agencies. In 2016, almost 90% of our UK hotel room booking revenue was generated directly from our customers through our websites, mobile phone application, voice reservations and direct salesforce, which targets key corporate accounts. We believe that large numbers of customers book directly with us due to our large-scale brand recognition and geographic presence. Our primary website receives more than one million visits on average every week. We launched our mobile application in April 2015 and as of December 31, 2016 it had been downloaded more than 330,000 times. We believe that our predominantly direct distribution model gives us greater access to our customers and more control over the booking process, while reducing our overall commission costs.

Tight Cost Control and Low Upfront Capex Leasehold Model Drive Good Profitability and Cashflows

We operate a lean, low-cost operating model, with a relatively small support office, a high proportion of hourly paid staff and flexible marketing costs. In the United Kingdom, excluding rent, depreciation and amortization 35% of our operating costs were spent on hotel wages, 12% were spent on cost of goods sold, including laundry and food and beverages, and 53% were spent on other operating expenses (including 18% on property, 8% on central costs, 6% on marketing costs, 6% on commissions and credit card charges, 4% on maintenance costs and 11% on other costs) in the year ended December 31, 2016. We have implemented various measures to control our costs, such as optimizing our combination of full time and part time hotel staff to maximize efficiency, operating a standardized cleaning process using an internal workforce to minimize payroll hours and reduce staff turnover, using our internal team of tradesmen to reduce maintenance costs, and centralizing our procurement function, which reviews and supervises all significant contracts, tenders and supplier management issues. We outsource certain services and functions where necessary to reduce costs further and have an outsourced call center which handles calls for complex bookings and corporate support. As a result of our tight cost control, EBITDAR margins have increased from 43.3% in the year ended December 31, 2014 to 47.1% in the year ended December 31, 2016.

We operate 518, or 95%, of our hotels under leases and we own one of our hotels. The rest of our hotels are operated under management or franchise agreements. We lease almost all of our hotels through long-term arrangements with landlords which allow us to expand our portfolio with low upfront capital expenditures, as the vast majority of the upfront construction costs of each hotel are funded by the freehold owner or developer. Development costs, which are incurred by our landlords, vary according to location and building configuration, but typically range between £45,000 and £65,000 per room excluding land. The average term of our leases is 25 years, although properties in city centers and London are occasionally operated on terms of 35 years or longer. Most of our leases are subject to standard five-yearly upwards-only rent reviews (some of which have upper and lower limits (“caps and collars”) on the amount of rent that can be charged), and are indexed against the UK

Retail Prices Index or the Consumer Price Index, which allows for relative predictability of rental expenses. The overall rent cover for operating leases has shown strong improvement from 1.44x in 2014 to 1.64x in 2016 as a result of our improved operating performance. As of December 31, 2016, the rent cover profile (excluding central cost allocations and before onerous provision releases) of our 487 UK hotels run under operating leases and open for twelve months was as follows: 8 hotels had rent cover of less than 1.0x, 48 hotels had rent cover of 1.0x to 1.5x, 211 hotels had rent cover of 1.5x to 2.0x, 86 hotels had rent cover of 2.0x to 2.5x, 67 hotels had rent cover of 2.5x to 3.0x and 67 hotels had rent cover of more than 3.0x. We opened 19 new hotels between 2014 and the first quarter of 2016, of which 18 achieved 1.0x rent cover within 12 months. The majority of our leases also have favorable extension rights and the average remaining term on our UK leases, excluding renewal rights, was 18.5 years as of December 31, 2016.

As a result of our tight cost control and low upfront capital expenditures on our leasehold properties, our cash conversion has improved from 21.0% in the year ended December 31, 2014 to 66.0% in the year ended December 31, 2016. Our EBITDA margins have also improved from 13.3% in 2014 to 18.4% in 2016. In addition, only 8 of our hotels in the United Kingdom which had been open for more than 12 months generated negative EBITDA (before central cost allocations and onerous provision releases) in the year ended December 31, 2016. Our net leverage ratio (defined as the ratio of total third party debt (minus cash and cash equivalents) to EBITDA) has also improved from 3.6x as of December 31, 2015 (as adjusted for the 2016 Refinancing) to 3.2x as of December 31, 2016. As adjusted for the Refinancing, our net leverage ratio will be 3.5x. See "*Summary Consolidated Historical And Other Financial Data—Other Financial and Pro Forma Data*."

Growing and High Quality Rooms Pipeline

We estimate that we currently have approximately 96 hotels and 8,500 new rooms in our development pipeline, compared to approximately 5,600 rooms in our development pipeline in December 2014. As of March 7, 2017, we had entered into agreements to lease 48 hotels with 4,306 rooms (our "secured pipeline"), including 17 hotels with 1,811 rooms where the developers have commenced construction works on-site. In addition, we have 32 hotels in the non-binding term sheet phase, where heads of terms have been agreed and appraisals are being made, and 16 hotels in the development phase, where we are having initial discussions with developers and finance providers to determine viability. Based on our current expansion plan, including our secured pipeline, our hotel portfolio would increase from 543 hotels as of December 31, 2016 to approximately 610 hotels by the end of 2019.

Experienced Management Team with a Track Record of Delivering Operational and Financial Improvements

Our chairman, Brian Wallace, Chief Executive Officer, Peter Gowers, Chief Financial Officer, Jo Boydell, and Property Managing Director, Paul Harvey, have significant experience in the hospitality sector. The majority of our management team has been in place since 2013 and has implemented the branding changes and cost efficiency measures that have reinvigorated our brand and driven growth in our EBITDA and RevPAR. We have strong functional teams in sales and marketing, revenue management, property and operations that are led by management members who have significant experience from working with major hospitality and other brands in the United Kingdom and other countries.

Our Strategy

Our brand proposition is based on the concept of "unbeatable value," with the aim of making Travelodge the "Travelodgical choice" for customers, offering them quality, standardized and comfortable accommodation in a broad range of locations at a reasonable price. Our long-term strategic aim is therefore to be the favorite hotel for value. We are pursuing the following strategies to achieve this goal:

Strengthen Our Brand Image for Quality and Value

Our Modernization Program and intensive advertising campaign have increased our customers' perception of us as a distinctive brand with a quality offering. We intend to continue to develop our brand image. We also recently started to implement a seven year reinvestment cycle to ensure that our rooms are refitted on a set schedule as they age, in order to stabilize and minimize ongoing capital expenditures and maintain our customer satisfaction scores.

In addition, we aim to continue our drive to improve the consistency of our customers' experience. Our central operations team uses regular guest feedback to identify priority areas for operational change and we develop standardized processes for key areas within the hotel that directly affect the customer experience, such as room cleaning and breakfast service. We are deploying a standard training program at each of our hotels which focuses on key processes, including noise control and problem resolution, and offer additional residential training for hotel managers in an effort to improve customer satisfaction.

Strengthen Our Presence in the Business Customer Segment

We have identified the business customer segment as a key driver of our future growth. In the year ended December 31, 2016, approximately half of our customers in our UK hotels were business customers. Business customers usually occupy rooms during the midweek period, tend to book later than leisure customers, and therefore do not benefit from early-bird discounting. Since 2014, we have sought to grow this segment by introducing measures to improve the booking process for business customers, such as our business membership program and our business account card. These measures also include a business website, dedicated reservation channels, enhanced and simplified booking procedures for small and medium enterprises and a third-party provided business account card that offers interest free credit. We have also established a dedicated business sales team to interact with key customers and introduced targeted pricing for large corporates and customized account management. As a result, after launching our business membership program in 2016, direct business sales increased by 29% in 2016 compared to 2015. In addition, we have aimed to improve the quality of business customers' stay at our hotels by providing dedicated business floors at many of our hotels (currently nearly 150) and introducing customized room allocation procedures. Initial results from the introduction of these measures have been positive, with significant increases in sales to business customers through these channels from 2014 to 2016.

Strengthen Our Online Presence

In the year ended December 31, 2016, approximately 75% of our bookings were made online through our websites. Digital sales channels are important to the growth of our business and we have already made significant changes to strengthen our presence. In April 2015, we launched a new mobile application that had been downloaded by more than 330,000 customers as of March 31, 2017. In 2016, we launched an upgraded website and have since made further enhancements to the website which led to improved conversion rates. We also plan to continue to strengthen our digital marketing activity, with targeted buying of key search terms, appropriate digital display advertising and presence in appropriate meta-search engines.

Optimize Pricing to Improve Yield

We intend to continue to use our centralized revenue management team and our yield management system (IDeaS) to optimize the average rate achieved in our hotels. We expect to continue to adjust pricing strategies in order to secure the optimal balance between discount and non-discount rates and between advance and last-minute bookings. We also intend to remain a price leader among branded value hotels with a wide geographic network. Our RGI grew from 0.77 in January 2014 to 0.86 in December 2016, which indicates that our growth outpaced the growth of the market during this period. As a result, we believe we have considerable room to grow our RevPAR while remaining attractively priced.

Grow our Development Pipeline

We have an in-house development team, supported by external third parties, that works with local developers and landlords to identify potential opportunities for new hotels. In addition, we have used an independent third party hotel consultant to identify future potential locations suitable for our hotels. We estimate that there may be at least 250 further such locations in the United Kingdom, including some locations where we are not already present and additional hotels in areas where we already have a presence but market demand suggests room for more capacity. As of March 7, 2017, we had a secured pipeline of 48 hotels. We are targeting approximately 20 new openings on average each year over the next three years and we intend to continue to explore opportunities to expand our hotel portfolio beyond our secured pipeline.

The Refinancing

On the Issue Date, the Issuer will issue the Notes offered hereby and use the gross proceeds of the Offering, together with cash on hand, to (i) fund the Existing Notes Redemption (which is conditional on completion of the Offering), (ii) make certain payments to our shareholders, which may be effected through a payment on the Subordinated Shareholder Loan, the distribution of a dividend or otherwise and (iii) pay related fees and expenses (collectively, the "Refinancing").

For descriptions of our current and anticipated indebtedness and certain financing arrangements, see "*Capitalization,*" "*Description of Certain Indebtedness*" and "*Description of the Notes*."

The Issuer

The Issuer is TVL Finance plc, which was incorporated as a public limited company under the laws of Jersey on April 15, 2016, with registered number 121092. The Issuer's registered office is located at 47 Esplanade, St Helier, Jersey. The Issuer was incorporated solely for the purpose of facilitating the financing to the Group with no operations, material assets, other than receivables under the Proceeds Loans, or material liabilities, other than the Notes, the Existing Notes and the Senior Facilities, and it has not engaged in any activities other than those related to its formation and the issuance of the Notes and the Existing Notes and the entering into of the Senior Facilities Agreement.

The Sponsors

GoldenTree Asset Management

GoldenTree Asset Management is an asset management firm that specializes in opportunities across the credit universe in sectors such as high yield bonds, leveraged loans, distressed debt, structured products, emerging markets and credit-themed equities. The firm was founded in 2000 with offices in New York, London and Singapore, and manages over $25 billion in assets under management as of March 1, 2017.

Avenue Capital

Avenue Capital forms part of the Avenue Capital Group, a leading global investment firm specializing in advising funds which invest in the public and private debt and equity securities of distressed companies across a variety of industries. Headquartered in New York, with offices in London, Luxembourg, Madrid, Milan, Munich and five offices throughout Asia, the firm currently manages assets estimated to be approximately $10.7 billion as of February 28, 2017.

Goldman Sachs

The Goldman Sachs Group, Inc. is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in all major financial centers around the world.

Current Trading

The first quarter is traditionally the hotel industry's lowest seasonal demand period and our smallest quarter in financial terms.

For the first quarter of 2017 ("Q1 2017"), we believe that market growth largely reflected the general economic position in the United Kingdom, together with the impact of the lower level of sterling exchange rates on inbound travel, particularly to London, and the effect of new supply across the United Kingdom.

During the first quarter, we believe the overall UK hotel market growth was largely driven by the luxury and upscale sectors and the strong performance of London, against weak comparables, as well as the movement of Easter from first quarter in 2016 ("Q1 2016") to the second quarter in 2017. The MS&E segment, which does not tend to strongly benefit from inbound Asian and U.S. tourists or from large volumes of group demand, has seen more modest growth.

Our revenue was £127.9 million for Q1 2017, an increase of £8.4 million, or 7.0%, compared to £119.5 million for Q1 2016, with like-for-like RevPAR growth of 2.0% from £32.14 for Q1 2016 to £32.77 for Q1 2017.

We performed slightly below the MS&E segment growth rate in Q1 2017 by approximately 0.5 percentage points, impacted in London by the closure of one of our hotels for further external improvements (as part of a redevelopment by the landlord) and a number of rooms during our refit program, and also by strong comparatives during the Easter period in 2016, which will fall in the second quarter this year.

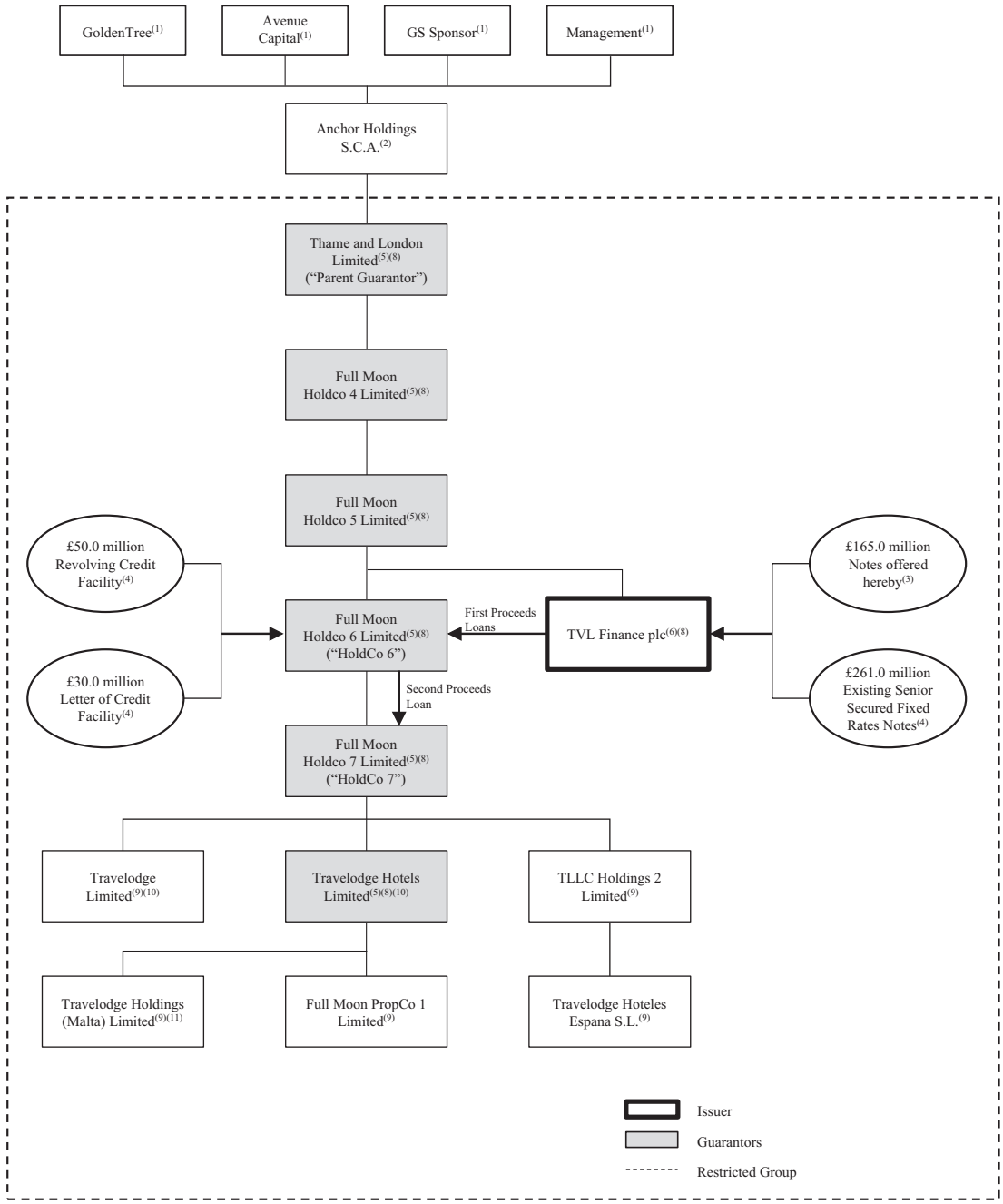
Our EBITDA was £6.4 million for Q1 2017, an increase of £3.3 million, compared to £3.1 million for Q1 2016. Our EBITDA was impacted by the strong revenue growth, with cost pressures, including from the National Living Wage, mitigated by lower costs as we migrated from a broad television advertising strategy in Q1 2016 to a targeted digital and direct sales strategy in Q1 2017.

It is still early in the year, and we remain relatively cautious about the immediate outlook, in the context of the prevailing economic uncertainty relating to Brexit and the expected cost pressures, including those from the National Living Wage, the increase in business rates and other regulated cost increases. However, we remain well positioned to benefit from demand from value conscious consumers and our strong and growing development pipeline.

The preliminary interim financial information for Q1 2017 above is based on management's assessment of trading conditions and our internal management accounts which have not been prepared in accordance with IFRS. This information has not been audited, reviewed or compiled, nor have any procedures been performed by our independent auditors with respect thereto. Accordingly, you should not place undue reliance on it, and no opinion or any other form of assurance is provided with respect thereto. Our preliminary interim financial information for Q1 2017 is based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change, and are not intended to be a comprehensive statement of our financial or operational results for Q1 2017. We have not yet prepared consolidated financial statements for Q1 2017. Accordingly, the preliminary interim financial information for Q1 2017 presented above is subject to the completion of our results for Q1 2017, may change and those changes may be material. See "Risk Factors" and "Forward-Looking Statements."

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram presents our simplified corporate and financing structure as adjusted for the offering of the Notes and the application of the proceeds therefrom as described under "*Use of Proceeds*." Percentages shown in the diagram below refer to percentage ownership. All entities shown below are 100% owned unless otherwise indicated. For more information, see "*Description of Certain Indebtedness*" and "*Description of the Notes*."



(1) GoldenTree Asset Management, Avenue Capital and GS Sponsor control Anchor Holdings S.C.A. ("Anchor Holdings"), the direct parent company of the Parent Guarantor, through Anchor Holdings' general partner, Anchor Holdings G.P. S.A. GoldenTree Asset Management, Avenue Capital and GS Sponsor each hold 49%, 34% and 17% of the shares in Anchor Holdings G.P. S.A., respectively. Certain members of management hold approximately 10.4% of the ordinary shares of Anchor Holdings pursuant to a management equity incentive program, which shares (along with all other ordinary shares of Anchor Holdings) can only vote with respect to certain limited matters reserved for shareholders by Luxembourg law and are only entitled to receive payments upon the sale or other

disposition of the Company based upon the achievement of certain equity distribution thresholds. See "*Management—Management Equity Incentive Plan*" and "*Principal Shareholders*."

(2) Anchor Holdings S.C.A. has made the Subordinated Shareholder Loan to the Parent Guarantor. As of December 31, 2016, the total outstanding principal amount of the Subordinated Shareholder Loan owed by the Parent Guarantor was £95.0 million and accrued but unpaid interest on the Subordinated Shareholder Loan was £43.1 million. The Subordinated Shareholder Loan is due for repayment in January 2026 and accrues non-cash interest at 15% per annum. We may repay up to £35.0 million of the Subordinated Shareholder Loan or otherwise make a distribution to shareholders using certain of the proceeds of the Offering. See "*Use of Proceeds.*"

(3) The Notes will be general senior obligations of the Issuer, will rank senior in right of payment to any of the Issuer's future debt that is expressly subordinated in right of payment to the Notes and will rank *pari passu* in right of payment with the Issuer's existing and future debt that is not so subordinated, including the Issuer's obligations under the Senior Facilities Agreement and the Existing Senior Secured Fixed Rate Notes. The Notes and the Notes Guarantees will be secured by the Collateral. The Collateral also secures obligations under the Existing Senior Secured Fixed Rate Notes on a senior basis and obligations under the Senior Facilities provided under the Senior Facilities Agreement, as well as certain hedging obligations and certain other indebtedness on a super senior basis. In the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from such collateral only after lenders under the Senior Facilities, the counterparties to certain hedging arrangements and the creditors for other indebtedness permitted to be secured on a super priority basis have been repaid in full. See "*Description of Certain Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security*." The Notes will be effectively subordinated to any existing and future secured debt of the Issuer that is secured by property or assets which do not secure the Notes, to the extent of the value of the property and assets securing such debt.

(4) In April 2016, we issued the Existing Senior Secured Fixed Rate Notes in an aggregate principal amount of £290 million. On the Issue Date, we will redeem 10% of the outstanding aggregate principal amount of the Existing Senior Secured Fixed Rate Notes. In connection with the issuance of the Existing Notes, we entered into the Senior Facilities Agreement, which provides for the £50.0 million Revolving Credit Facility and the £30.0 million Letter of Credit Facility. While the Revolving Credit Facility is not currently expected to be drawn as of the Issue Date, we will have issued letters of credit in an aggregate amount of approximately £16 million under the Letter of Credit Facility as of the Issue Date. See "*Description of Certain Indebtedness—Senior Facilities Agreement.*" The Senior Facilities are secured by the same Collateral that secures the Existing Senior Secured Fixed Rate Notes and which will also secure the Notes offered hereby.

(5) The Notes will be guaranteed on a senior basis by the Parent Guarantor and certain of the Parent Guarantor's subsidiaries located in England and Wales. Each of the Notes Guarantees will be a general senior obligation of the respective Guarantor. The Guarantors also guarantee on a senior basis any obligations of the borrowers under the Senior Facilities Agreement and the Existing Senior Secured Fixed Rate Notes. Each of the Notes Guarantees will rank senior in right of payment to any existing and future debt of the applicable Guarantor that is expressly subordinated in right of payment to such Notes Guarantee and will rank *pari passu* in right of payment with such Guarantor's existing and future debt that is not so subordinated, including the applicable Guarantor's obligations under the Senior Facilities Agreement and the Existing Senior Secured Fixed Rate Notes. The validity and enforceability of the Notes Guarantees and the security and the liability of each Guarantor will be subject to the limitations described in "*Risk Factors—Risks Relating to the Notes and Notes Guarantees—The Notes Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*" and "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*." The Notes Guarantees will be structurally subordinated to any existing future indebtedness of the Parent Guarantor's subsidiaries that do not guarantee the Notes and effectively subordinated to any existing and future secured debt of the Parent Guarantor and its subsidiaries that is secured by property or assets which do not secure the Notes Guarantees, to the extent of the value of the property and assets securing such debt.

(6) The Issuer is a public limited company which, as of the Issue Date, has no operations, material assets, other than receivables under the Proceeds Loans, or material liabilities, other than the Notes, the Existing Senior Secured Fixed Rate Notes and the Senior Facilities, and has not engaged in any activities other than those related to its formation in connection with the issuance of the Notes and the Existing Notes and the entering into of the Senior Facilities Agreement. The Issuer's ability to service its debt, including the Notes, depends entirely on the ability of HoldCo 6 to make the payments owed by it under the Proceeds Loans. HoldCo 6 is not obliged to make any other payments or capital contribution to the Issuer other than those required under the Existing First Proceeds Loan and the New First Proceeds Loan. See "*Risk Factors—Risks Relating to the Notes and Notes Guarantees*."

(7) The Issuer will on-lend the proceeds from the Offering to HoldCo 6 pursuant to the New First Proceeds Loan Agreement. HoldCo 6 will, in turn, loan the proceeds of the New First Proceeds Loan to HoldCo 7 pursuant to the New Second Proceeds Loan Agreement. See "*Use of Proceeds*" and "*Description of the Notes*."

(8) As of December 31, 2016, the Guarantors held 99.3% of our total consolidated assets (excluding brand intangible assets and deferred tax assets). For the year ended December 31, 2016, the Guarantors generated 98.3% and 99.4% of our revenues and EBITDA, respectively.

(9) Certain of the Parent Guarantor's subsidiaries will not guarantee the Notes or the Senior Facilities. As of and for the year ended December 31, 2016, the non-Guarantor subsidiaries of the Parent Guarantor held 0.7% of our consolidated assets (excluding brand intangible assets and deferred tax assets) and generated 1.7% and 0.6% of our revenue and EBITDA, respectively. As of December 31, 2016, the non-Guarantor subsidiaries of the Parent Guarantor had no debt outstanding. "*Risk Factors—Risks Relating to the Notes and Notes Guarantees—The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries*."

(10) Our main operating company is Travelodge Hotels Limited. As of December 31, 2016, Travelodge Hotels Limited held 99.1% of our total consolidated assets (excluding brand intangible assets and deferred tax assets) and in the year ended December 31, 2016 generated 98.3% and 99.4% of our revenues and EBITDA, respectively. Travelodge Limited was formed for the purpose of protecting the Travelodge brand, by preventing other companies from being incorporated with the same name. Travelodge Limited is a dormant entity that has share capital (and net assets) of £1.

(11) Travelodge Holdings (Malta) Limited is the entity through which our customers can purchase insurance to cover certain accommodation costs if they are unable to stay with us for certain reasons.

THE OFFERING

Issuer	TVL Finance plc.
Notes Offered	£165.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2023.
Issue Date	May , 2017.
Issue Price	%, plus accrued and unpaid interest from the Issue Date, if any.
Maturity Date	May 15, 2023
Interest Rate	Three-month LIBOR plus % per annum, reset quarterly.
Interest Payment Dates	Interest on the Notes is payable quarterly in arrears on , , and of each year, commencing on , 2017. Interest on the Notes will accrue from the Issue Date.
Form and Denomination	The Issuer will issue the Notes on the Issue Date in global registered form in minimum denominations of £100,000 and integral multiples of £1,000 in excess of £100,000. Notes in denominations less than £100,000 will not be available.
Ranking of the Notes	The Notes will: • be general senior obligations of the Issuer, secured as set forth under "—*Security*"; • rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes (including obligations under the Existing Senior Secured Fixed Rate Notes, the Senior Facilities and certain hedging obligations); • rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes; • be effectively subordinated to any existing or future indebtedness of the Issuer that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness; and • be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Parent Guarantor that are not Guarantors, including obligations to their trade creditors.
Guarantees	The Notes will be guaranteed on a senior basis by the Parent Guarantor and certain of the Parent Guarantor's subsidiaries located in England and Wales. The validity and enforceability of the Notes Guarantees will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*."

Ranking of the Notes Guarantees . . . . . Each of the Notes Guarantees will be a general senior obligation of the respective Guarantor. Accordingly, each of the Notes Guarantees of a Guarantor will:

- be a general senior obligation of such Guarantor, secured as set forth under "—*Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not subordinated in right of payment to the Notes Guarantees (including obligations under the Existing Senior Secured Fixed Rate Notes, the Senior Facilities and certain hedging obligations);
- rank senior in right of payment to any existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to the Notes Guarantees;
- be effectively subordinated to any existing or future indebtedness of the Parent Guarantor and its subsidiaries that is secured by property and assets that do not secure the Notes Guarantees, to the extent of the value of the property and assets securing such indebtedness (if any); and
- be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Parent Guarantor that are not Guarantors, including obligations to their trade creditors.

The Notes Guarantees will be subject to the terms of the Intercreditor Agreement. The validity and enforceability of the Notes Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*."

The Notes Guarantees will be subject to release under certain circumstances. See "*Description of the Notes—Notes Guarantees—Notes Guarantees Release*."

Security . . . . . The obligations of the Issuer and the Guarantors under the Notes, the Notes Guarantees and the Indenture are expected to be secured as of the Issue Date by a first-priority security interest in:

(i) the shares of the Issuer, pursuant to the Existing Jersey Security Interest Agreement; and

(ii) (a) the bank accounts and receivables of the Issuer under the Existing First Proceeds Loan and the New First Proceeds Loan, and (b) all material assets of each Guarantor including the Existing Second Proceeds Loan and the New Second Proceeds Loan, pursuant to the Existing Debenture,

(collectively, the "Existing Security Agreement Collateral").

The Existing Security Agreement Collateral will be supplemented by a second-priority security interest in the same assets created by:

(i) in respect of the shares in the Issuer, a supplemental Jersey law governed security interest agreement entered into by HoldCo 5 and the Security Agent (the "Supplemental Jersey Security Interest Agreement"); and

(ii) in respect of (a) the bank accounts and receivables of the Issuer under the Existing First Proceeds Loan and the New First Proceeds Loan and (b) all material assets of each Guarantor including the Existing Second Proceeds Loan and the New Second Proceeds Loan, a supplemental debenture to be entered into by the same parties to the Existing Debenture (the "Supplemental Debenture"),

(the "Supplemental Security Agreement Collateral" and, together with the Existing Security Agreement Collateral, the "Collateral").

The Existing Senior Secured Fixed Rate Notes and the Senior Facilities are secured by first-ranking and, pursuant to the Supplemental Security Documents, second-ranking liens granted over the same assets (subject to certain exceptions) that secure the Notes. Under the terms of the Intercreditor Agreement, however, proceeds from the enforcement of the Collateral will be required to be applied to repay indebtedness outstanding under the Senior Facilities, certain hedging obligations and certain other indebtedness entitled to be secured on a super senior priority basis in priority to the Notes. See "*Description of Certain Indebtedness—Senior Facilities Agreement*" and "*Description of Certain Indebtedness—Intercreditor Agreement*." The security interests created pursuant to the Existing Security Documents have been and, in respect of the security interests created pursuant to the Supplemental Security Documents, will be granted subject to the terms of the Intercreditor Agreement, certain agreed security principles, certain perfection requirements and permitted collateral liens. The validity and enforceability of the security is and, in respect of the security to be created by the Supplemental Security Documents, will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*."

The Intercreditor Agreement provides that as a contractual matter among the Senior Secured Creditors (as defined in "*Description of Certain Indebtedness—Intercreditor Agreement*"), the Notes will be secured on a pari passu basis with the Senior Facilities, Existing Senior Secured Fixed Rate Notes and certain hedging obligations and will be treated as such for purposes of proceeds from the enforcement of the Collateral.

	The Collateral securing the Notes, the Existing Senior Secured Fixed Rate Notes and the Senior Facilities may be released under certain circumstances. See "*Risk Factors—Risks Relating to the Notes and Notes Guarantees—There are circumstances other than repayment or discharge of the Notes under which the Collateral will be released automatically, without your consent or the consent of the Trustee*," "*Description of Certain Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens*."
Use of Proceeds	On the Issue Date, the Issuer will issue the Notes offered hereby and use the gross proceeds of the Offering, together with cash on hand, to (i) fund the Existing Notes Redemption (which is conditional on completion of the Offering), (ii) make certain payments to our shareholders, which may be effected through a payment on the Subordinated Shareholder Loan, the distribution of a dividend or otherwise and (iii) pay related fees and expenses.
Additional Amounts	Any payments made by any of the Issuer or the Guarantors with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If any of the Issuer or Guarantors is required by law to withhold or deduct for such taxes with respect to a payment to the holders of Notes, such relevant Issuer or Guarantor will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding is not less than the amount that they would have received in the absence of the withholding, subject to certain exceptions. See "*Description of the Notes—Withholding Taxes*."
Optional Redemption	Prior to , 2018, the Issuer will be entitled at its option to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the applicable "make-whole" premium described in this offering memorandum and accrued and unpaid interest and additional amounts, if any, to the redemption date. The Issuer may redeem all or part of the Notes at any time on or after , 2018 at the redemption prices described under "*Description of the Notes—Optional Redemption*," plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.
Optional Redemption for Tax Reasons	In the event of certain developments affecting taxation or certain other circumstances, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*."
Change of Control	If the Issuer experiences a change of control, the holders of the Notes will have the right to require the Issuer to

	offer to repurchase the Notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. However, a change of control will not be deemed to have occurred if certain consolidated net leverage ratios are not exceeded in connection with such an event. See "*Description of the Notes—Change of Control*."
Certain Covenants	The Indenture, among other things, will restrict the ability of the Issuer and the restricted subsidiaries of the Issuer to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends, redeem capital stock and make certain investments; • make certain other restricted payments; • create or permit to exist certain liens; • impose restrictions on the ability of the restricted subsidiaries to pay dividends; • transfer or sell certain assets; • merge or consolidate with other entities; • enter into certain transactions with affiliates; and • impair the security interests for the benefit of the holders of the Notes. Each of these covenants is subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*."
Listing	Application will be made to The Channel Islands Securities Exchange Authority Limited (trading as The International Stock Exchange Authority) (the "Exchange") for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.
Transfer Restrictions	The Notes and the Notes Guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. See "*Transfer Restrictions*." We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).
Absence of a Public Market for the Notes	The Notes will be new securities for which there will be no established trading market. Accordingly, we cannot assure you as to the development or liquidity of any market for the Notes. Furthermore, the Notes will not have registration rights under the Securities Act.
Governing Law	The Indenture, the Notes and the Notes Guarantees will be governed by the laws of the State of New York. The

	Intercreditor Agreement and the Proceeds Loan Agreements are governed by English law. The Security Documents are governed by the applicable law of the jurisdiction under which the security interests are granted.
Trustee	U.S. Bank Trustees Limited.
Paying Agent and Transfer Agent	Elavon Financial Services DAC, UK Branch.
Registrar	Elavon Financial Services DAC.
Calculation Agent	Elavon Financial Services DAC, UK Branch.
Listing Sponsor	Carey Olsen Corporate Finance Limited.
Security Agent	U.S. Bank Trustees Limited.
Risk Factors	Investing in the Notes involves substantial risks. See the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.

SUMMARY CONSOLIDATED HISTORICAL AND OTHER FINANCIAL DATA

The following tables present our summary financial information which has been derived from and should be read in conjunction with the audited consolidated financial statements of the Parent Guarantor as at and for the years ended December 31, 2014, 2015 and 2016, which are reproduced elsewhere in this offering memorandum. The audited consolidated financial statements included in this offering memorandum have been prepared in accordance with IFRS and have been presented in Pounds.

Certain other data included herein is for information purposes only, and does not purport to present what our results of operations and financial condition would have been, nor does it project our results of operations for any future period or financial condition at any future date. While certain of the adjusted financial data has been derived on the basis of historical financial information prepared in accordance with IFRS, such financial data contains financial measures other than those in accordance with IFRS and should not be considered in isolation from or as substitutes for our historical financial information. Non-IFRS financial data should not be considered to be alternative to cash flow from operating activities, as measures of liquidity or as alternatives to operating profit or operating performance or any other measure of performance derived in accordance with IFRS for the applicable periods.

The following summary consolidated historical and other financial data is only a summary and should be read in conjunction with, and is qualified in its entirety by reference to, the sections of this offering memorandum entitled "*Presentation of Financial Information*," "*Capitalization*," "*Selected Consolidated Historical Financial Data*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the audited consolidated financial statements and the related notes included elsewhere in this offering memorandum.

Summary Consolidated Income Statement

	Year Ended December 31,		
	2014	2015	2016
	(in £ million)		
Revenue by geographical region			
Revenue	**497.2**	**559.6**	**597.8**
Revenue UK	489.9	552.1	587.7
Revenue International	7.3	7.5	10.1
Key income statement items			
Revenue	**497.2**	**559.6**	**597.8**
Operating expenses (before exceptional items)	(282.1)	(298.0)	(316.0)
Of which cost of goods sold[(a)]	*(35.0)*	*(35.8)*	*(37.5)*
Of which employee costs	*(99.7)*	*(118.7)*	*(136.2)*
Of which other operating expenses[(a)]	*(147.4)*	*(143.5)*	*(142.3)*
Net external rent payable (before exceptional items)	(148.9)	(156.5)	(171.7)
EBITDA[(1)]	**66.2**	**105.1**	**110.1**
IFRS rent charge	(5.6)	(4.6)	(3.4)
Depreciation (before exceptional items)	(14.3)	(22.4)	(29.9)
Amortization (before exceptional items)	(16.0)	(15.2)	(15.8)
Operating profit (before exceptional items)	**30.3**	**62.9**	**61.0**
Finance costs before investor loan interest	(34.4)	(33.4)	(38.3)
Interest on investor loan	(16.2)	(16.1)	(15.0)
Finance income	0.2	0.5	1.1
Income tax	(5.5)	(3.8)	(0.9)
(Loss)/profit for the year (before exceptional items)	**(25.6)**	**10.1**	**7.9**
Exceptional items	(5.4)	(8.0)	(10.5)
(Loss)/profit for the year	**(31.0)**	**2.1**	**(2.6)**

(a) Cost of goods sold and other operating expenses for the year ended December 31, 2014 has been reclassified in the notes to the audited consolidated financial statements as at and for the

year ended December 31, 2015 in order to conform with changes to the classification between cost of goods sold and other operating expenses in 2015. These reclassifications have no impact on EBITDA or operating profit.

Summary Consolidated Balance Sheet

	As of December 31,		
	2014	2015	2016
	(in £ million)		
Intangible assets	410.2	402.5	389.6
Property, plant and equipment	102.2	123.9	121.3
Financial derivative asset	—	—	0.6
Deferred tax asset	72.5	59.4	52.2
Cash and cash equivalents[(a)]	38.9	76.9	73.9
Other current assets	53.3	44.7	48.5
Total assets	677.1	707.4	686.1
Trade and other payables	(85.1)	(116.5)	(115.5)
Bank loans	(394.3)	(384.3)	—
Bond related debt	—	—	(379.9)
Obligations under finance leases	(30.5)	(31.1)	(31.8)
Deferred tax liability	(82.0)	(72.5)	(66.2)
Deferred income	(5.3)	(7.1)	(9.8)
Provisions	(31.0)	(28.6)	(23.2)
Investor loan	(127.0)	(143.1)	(138.1)
Total liabilities	**(755.2)**	**(783.2)**	**(764.5)**
Net liabilities	(78.1)	(75.8)	(78.4)

(a) As of December 31, 2016 includes cash in transit and excludes £0.2 million of cash held in a restricted account in Malta relating to regulated insurance activities that require us to hold funds to cover potential claims. Our rental payments for our hotels are generally paid every quarter in advance, generally at the end of March, June, September and December and as a result our cash at period end is generally significantly lower than our average cash balances during the period.

Summary Consolidated Cash Flow Statement

	Year ended December 31,		
	2014	2015	2016
	(in £ million)		
Net cash generated from operating activities	67.9	118.1	106.3
Net cash used in investing activities	(52.1)	(50.7)	(36.3)
Net cash used in financing activities[(a)(b)]	(14.4)	(29.4)	(73.0)
Net increase/(decrease) in aggregate cash and cash equivalents	1.4	38.0	(3.0)
Cash and cash equivalents at beginning of the year[(c)]	37.5	38.9	76.9
Cash and cash equivalents at end of the year[(c)(d)]	38.9	76.9	73.9

(a) The interest element of finance lease rental payments for the year ended December 31, 2014 has been reclassified from net cash used in operating activities to net cash used in financing activities in our audited consolidated financial statements as at and for the year ended December 31, 2015, to conform with the changes to the classification between net cash used in operating activities and net cash used in financing activities in 2015.

(b) Net cash used in financing activities in 2016 includes a net outflow of £5.3 million for the refinancing of our former loan facilities in May 2016 in connection with the issuance of the Existing Notes, including transaction costs, and a £20.0 million repayment of the Subordinated Shareholder Loan. Net cash used in financing activities in 2015 includes a net outflow of £10.0 million for repayments of loans.

(c) As of December 31, 2016 includes cash in transit and excludes £0.2 million of cash held in a restricted account in Malta relating to regulated insurance activities that require us to hold funds to cover potential claims. Our rental payments for our hotels are generally paid every quarter in advance, generally at the end of March, June, September and December and as a result our cash at period end is generally significantly lower than our average cash balances during the period.

Other Financial and Pro Forma Data

	Year ended December 31,		
	2014	2015	2016
	(in £ million, other than percentages and ratios)		
EBITDA[1]	66.2	105.1	110.1
EBITDAR[2]	215.1	261.6	281.8
EBITDA margin[3]	13.3%	18.8%	18.4%
EBITDAR Margin[4]	43.3%	46.7%	47.1%
Cash conversion[5]	21.0%	51.4%	66.0%
Capital expenditure[6]	52.3	51.1	37.4
Pro forma net senior secured debt[7]			355.9
Ratio of pro forma net senior secured debt to EBITDA			3.2x
Pro forma net third party debt[8]			387.7
Ratio of pro forma net third party debt to EBITDA			3.5x
Pro forma cash interest expense[9]			
Ratio of EBITDA to pro forma cash interest expense			

(1) EBITDA represents our profit/(loss) for the year before income tax, finance income, finance costs, depreciation/amortization, exceptional items and IFRS rent charge. EBITDA is not defined by IFRS. We believe EBITDA is a useful metric for investors to understand our results of operations and profitability because it permits investors to evaluate our recurring profitability from underlying operating activities. We also use this measure internally to establish forecasts, budgets and operational goals to manage and monitor our business, as well as evaluating our underlying historical performance. We believe EBITDA facilitates operating performance comparisons between periods and among other companies in industries similar to ours because it removes the effect of variation in capital structures, taxation, and non-cash depreciation, amortization, impairment charges, exceptional items and IFRS rent charges which may be unrelated to operating performance. We believe EBITDA better reflects our underlying operating performance because it excludes the impact of items which are not related to our core results of operations, including certain one-off or non-recurring items. For a description of the limitations of EBITDA as an analytical tool, see "*Presentation of Financial Information—Non-IFRS Financial and Operating Information*."

The following table reconciles our profit/(loss) for the year, our most directly comparable measure under IFRS, to EBITDA:

	Year ended December 31,		
	2014	2015	2016
	(in £ million)		
(Loss)/profit for the year	(31.0)	2.1	(2.6)
Income tax	5.5	3.8	0.9
Finance income	(0.2)	(0.5)	(1.1)
Finance costs	50.6	49.5	53.3
Depreciation/amortization (before exceptional items)	30.3	37.6	45.7
Exceptional items[a]	5.4	8.0	10.5
IFRS rent charge[b]	5.6	4.6	3.4
EBITDA	**66.2**	**105.1**	**110.1**

(a) Exceptional items in the year ended December 31, 2016 include £6.0 million for the impairment of fixed assets in Aberdeen, Scotland due to changes in local market demand, £4.2 million of financing costs relating to the issuance of the Existing Notes, the Senior Facilities and the refinancing of our debt, and £0.3 million for a net provision reassessment. Exceptional items in the year ended December 31, 2015 include a £1.4 million charge relating to the increase in the CVA fund due to our performance in 2015, charges of £1.9 million for a detailed property review, £1.1 million for financial due diligence, £4.1 million for other costs relating to advisory fees in respect of corporate strategy, including other operating matters, and a net credit of £0.5 million relating to the reassessment of various provisions. Exceptional items in the year ended December 31, 2014 related to the impairment of intangible assets and onerous lease provisions both in Spain (£10.4 million) and the United Kingdom (£6.9 million), partially offset by reassessment of provisions amounting to £11.9 million, including £10.9 million relating to sites operated under franchises in Ireland.

(b) In many of our leases we receive a rent-free period at the beginning of the lease term. Under IFRS, the benefit of this rent free period is held as an asset on our balance sheet and is recognized in our income statement as a deduction to actual rent expense paid in each period, on a straight line basis over the full life of the lease. As a result, our IFRS rent expense does not reflect our cash payments of rent in any period. EBITDA in each period recognizes the portion of the credit attributable to such period as if such credit were applied on a straight line basis until the next rent review, normally five years. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of Key Income Statement Line Items—Net External Rent Payable*" and "*Summary—Summary Consolidated Historical and Other Financial Data—Summary Consolidated Statement of Income*."

(2) EBITDAR represents EBITDA before net external rent payable (before exceptional items). EBITDAR is not defined by IFRS. We believe EBITDAR betters reflect our underlying operating performance because it excludes the impact of items which are not related to our core results of operations, including certain one-off or non-recurring items. For a description of the limitations of EBITDAR as an analytical tool, see "*Presentation of Financial Information—Non-IFRS Financial and Operating Information*."

The following table reconciles EBITDA to EBITDAR:

	Year ended December 31,		
	2014	**2015**	**2016**
	(in £ million)		
EBITDA	66.2	105.1	110.1
Net external rent payable (before exceptional items)	148.9	156.5	171.7
EBITDAR	**215.1**	**261.6**	**281.8**

(3) EBITDA Margin is defined as EBITDA divided by revenue.

(4) EBITDAR Margin is defined as EBITDAR divided by revenue.

(5) Cash conversion represents EBITDA minus gross cash outflow from capital expenditure divided by EBITDA.

(6) Our capital expenditures represent net cash used in investing activities for purchases of property, plant and equipment and other intangible assets and for the years ended December 31, 2014, 2015 and 2016 include those made in relation to our Modernization Program, on-going maintenance and upkeep costs, our IT system overhaul and the development of our pipeline. We project our capital expenditures in 2017 to be approximately £60 million. Our development capital expenditure for the years ended December 2014, 2015 and 2016 was £2.1 million, £2.5 million and £3.4 million, respectively.

(7) Pro forma net senior secured debt represents total senior secured indebtedness minus cash and cash equivalents, as adjusted to give effect to the Refinancing, including the application of the proceeds of the Offering, as described in "*Capitalization*."

(8) Pro forma net third party debt represents total third party debt minus cash and cash equivalents, as adjusted to give effect to the Refinancing, including the application of the proceeds of the Offering, as described in "*Capitalization*."

(9) Pro forma cash interest expense reflects the pro forma interest expense of the Notes as if they had been issued on January 1, 2016 and the proceeds therefrom had been used as set forth under "*Use of Proceeds*," plus the commitment fees relating to our Revolving Credit Facility and Letter of Credit Facility. While the Revolving Credit Facility is not currently expected to be drawn as of the Issue Date, we will have issued letters of credit in an aggregate amount of approximately £16 million under the Letter of Credit Facility on the Issue Date. Pro forma cash interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

Operating Data: Key Performance Indicators for Our UK Leased and Owned Estate

	Year ended December 31,		
	2014	**2015**	**2016**
Number of hotels	482	494	514
Rooms available	35,971	36,924	38,761
Occupancy[10]	75.5%	76.5%	75.8%
Average Daily Rate (in £)[11]	45.50	50.19	51.80
RevPAR (in £)[12]	34.36	38.38	39.27
Rent cover[13]	1.44	1.67	1.64

(10) Represents the quotient of the total number of hotel rooms that are sold during a specified period divided by the total number of rooms available for each day during that period.

(11) Represents the quotient of total room revenues for a specified period divided by the total number of hotel rooms that are sold during that period.

(12) Represents the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period.

(13) Represents the ratio of EBITDAR to net external rent payable. Net rent, as reported in our financial statements, consists of net external rent payable and IFRS rent charge. The decrease in rent cover from 1.67 in 2015 to 1.64 in 2016 was in part due to the impact of rent increases which came into effect in September 2015 as a result of the one-off review required under the CVA. The CVA was formally completed in October 2016 and therefore we do not expect any further liability associated with the CVA. See "*Business—New Properties—2012 Restructuring and CVA.*"

RISK FACTORS

An investment in the Notes involves risk. You should carefully consider the following risks, together with other information provided to you in this offering memorandum, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could be detrimental to our financial performance. If these events occur, the trading price of the Notes could decline, we may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or that are presently deemed immaterial and that are not discussed or described in this offering memorandum may also harm us and affect your investment.

Risks Relating to Our Business and Industry

Challenging macroeconomic circumstances or a further economic downturn in Europe, in particular the United Kingdom, or declines or disruptions in consumer discretionary spending could have a material adverse effect on our business, results of operations, financial condition or prospects.

Most of our hotels are located in the United Kingdom. The hotel market performance in the United Kingdom, and therefore our financial performance, is closely linked to economic growth, with a close correlation between GDP, our occupancy rates and the rates we charge for our rooms. The strength of the Pound relative to other currencies, particularly the Euro, also impacts performance as it has an influence on the willingness of non-UK customers to visit the United Kingdom. We therefore face risks from changes in the major macroeconomic factors influencing domestic GDP and currency strength.

Consumer demand for our hotels and services is impacted by business and personal discretionary spending levels. As a result, our revenue is affected by general levels of consumer confidence and disposable income. The largely discretionary nature of spending on hotels makes us more vulnerable to adverse economic developments than businesses offering non-discretionary products or services. Changes in business travel policy, which may in turn be affected by factors such as general economic growth, currency movements and corporate expense controls, could impact our performance. Changes to personal consumer spending, including changes driven by the level of employment, wages, interest rates and competing spending needs, may also impact our performance. Some of our customers may have less disposable income or reduced business spending accounts which may affect the frequency with which they travel. Additionally, some businesses may limit the amount of travel by their employees and reduce the number of events or conferences they host and attend in order to save on costs. An uncertain economic outlook may also adversely affect customer spending on our hotels, as customers spend less in anticipation of a potentially prolonged economic downturn. Unfavorable changes in economic conditions affecting our customers could reduce spending on some or all of our properties, imposing practical limits on our pricing. At the same time, the fewer number of customers looking for accommodation services, the more competitive the industry becomes.

There is a risk that the economy of the United Kingdom and the rest of Europe, could experience slower growth or fall into recession in particular as a result of uncertainty or political, economic and social developments related to Brexit. See "*—The UK electorate voted in favor of a UK exit from the EU ("Brexit") in a referendum held on June 23, 2016, the consequences of which could adversely impact our business, results of operations and financial condition*." As a consequence of the significantly increased volatility and instability experienced during periods of challenging macroeconomic conditions, it may be difficult for us to forecast demand trends. We may be unable to accurately predict the extent or duration of cycles or their effect on our financial condition or result of operations and can give no assurance as to the timing, extent or duration of the current or future macroeconomic cycles. A decline in demand due to the emergence of adverse economic conditions affecting the United Kingdom and Europe could have a material adverse effect on our operating results, financial condition and prospects.

In addition, factors such as financial and political crises in the Eurozone, the withdrawal of the UK from the European Union, terrorist attacks or other unexpected events, the measures being implemented by the UK government to reduce the national deficit through welfare and other budget cuts, rising interest rates, declining wages, higher unemployment, tax increases and lack of consumer credit could all adversely affect the level of UK consumer confidence and disposable income.

Any of these factors could reduce our revenue and profit margins and have a material adverse effect on our results of operations. Declines in GDP or consumer demand due to adverse general economic conditions or changes in business model, consumer confidence or travel patterns negatively impact the revenues and profitability of our hotels.

The effects of a prolonged economic downturn or period of weaker trading could be exacerbated by our predominantly leasehold operating structure.

We operate the vast majority of our hotels on a leasehold basis. Our lease agreements typically provide for a rent review at the end of each five year-period during the term of the lease. At a rent review the rent payable by us can only be increased, either in accordance with the retail price index or otherwise, but not decreased. In the event of poorer trading conditions, our revenues may fall while the costs relating to our leases are likely to continue to rise, particularly if there is a period of inflation affecting our leasehold rent reviews. This could have a material adverse effect on our costs and thereby decrease our profitability and cash flows.

Our operations are exposed to risks such as acts of terrorism, conditions of political instability, events of military action that could adversely affect domestic or international travel or may be adversely affected by natural disasters (including floods), contagious diseases, epidemics or acts of God.

Our results have been and will continue to be affected by political crises outside our control that affect the level of global travel and business activity, including terrorist attacks, war, and other political instability, whether occurring in the United Kingdom or elsewhere. Disruptions to our business operations as a result of political instability or other adverse conditions in the countries in which we operate could negatively affect our profitability, especially if such disruptions take place during peak travel periods. For example, the terror attacks that took place in London in 2005, affected our business by reducing the number of tourists visiting London and the United Kingdom. The occurrence and consequences of such events are unpredictable, and further attacks, political instability or military action could have a material adverse effect on the travel, hospitality and leisure industries in general, affecting the locations in which we operate and our business and results of operations.

Furthermore, natural disasters or "Acts of God," such as severe storms, flooding, contagious diseases or epidemics and other natural or man-made disasters could reduce national and international travel and could have a material adverse effect on our results of operations. While we maintain property and business interruption insurance, we carry deductibles, and there can be no assurance that if a flood or other natural or man-made disaster or other catastrophe should affect our geographical areas of operations, we would be able to maintain our current level of operations or profitability, or that property and business interruption insurance would adequately reimburse us for our losses. Some types of losses, such as from terrorism and acts of war, may be either uninsurable or too expensive to justify insuring against. An uninsured loss or a loss in excess of insured limits may have a material adverse effect on our results of operations and financial condition.

Demand for our hotel rooms and our other products and services are subject to seasonal fluctuations in customer demand.

Our bookings and occupancy rates are affected by seasonal and cyclical changes in customer demand. This demand varies from property to property, depending on the location and category of each hotel. For example, the number of tourist arrivals in the United Kingdom changes significantly depending upon the season, with the first quarter of the year typically a low point for demand and holiday periods seeing reduced business demand. As a result, the level of demand for our hotel rooms and our other products and services fluctuates over the course of the calendar year and, while there are variations among our geographical regions, our revenue and occupancy rates are generally highest in July and September, and lowest in January. However, a significant proportion of our expenses are incurred more evenly throughout the year and as a result, our working capital fluctuates throughout the year.

We operate in a highly competitive industry, and failure to compete effectively could have a material adverse effect on our business, results of operations, financial condition, prospects and market share.

The hotel industry in the United Kingdom, Ireland, and Spain is highly competitive. We face a variety of competitive challenges in attracting new guests and maintaining customer loyalty among our existing customer base, including:

- competitively and consistently pricing our rooms at the appropriate level and achieving customer perception of value;
- anticipating and responding to the needs of our customers;

- differentiating the quality and perceived value of our hotel services and products with respect to our competitors, including other hotel operators and online distributors;
- developing and maintaining a strong brand image and a reputation for consistent quality and service across our hotels;
- finding desirable locations for development;
- responding to alternative sources of accommodation providers that operate at lower costs;
- undertaking effective and appropriate promotional activities and effectively responding to promotional activities of our competitors;
- maintaining and developing effective website designs, mobile applications and online presence; and
- attracting and retaining talented employees and management teams.

We compete with hotel operators of varying sizes in the value branded sector, including major international chains with well-established and recognized brands offering a broad range of accommodation and services, as well as specialist or independent hotel operators. Some of our competitors, such as Premier Inn, have a greater number of hotels and rooms than we do, and other competitors such as Ibis and Holiday Inn Express offer more amenities than we do, albeit at a higher price. As a result, these competitors may have greater name and brand recognition than we do for certain customer segments. Our competitors may also have greater financial resources, greater purchasing economies of scale and lower cost bases than we have. Consequently, they may be able to spend more on marketing and advertising campaigns, thereby increasing market share. Our competitors may be able to react more swiftly to changes in market conditions or trends or to offer lower prices or incur higher costs for longer than we can. Our market share and revenue could be negatively affected by aggressive pricing, intensive promotional activities and discount strategies by our competitors, as well as by actions taken by us to maintain our competitiveness and reputation, and other actions that attract customers away from us. Furthermore, new hotels are likely to be built in the markets in which we operate and this may result in temporary or prolonged pressure on our prices and our occupancy. There is a risk that such new supply, particularly if introduced in large volume or in a period of low demand, could have a significant effect on our ability to maintain our trading performance in those markets.

Additionally, the use and popularity of online travel agents and sharing economy providers, such as Airbnb, has grown rapidly in the last three years. Sharing economy providers compete against traditional accommodation providers such as hostels and hotels and may disrupt or reduce customer demand for traditional accommodation or require traditional accommodation providers to alter their business model or pricing structures in order to be able to compete effectively.

If we are unable to successfully compete with our competitors, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

We rely on the value of our brand, and any failure to maintain or enhance customer awareness of our brand or customer loyalty could adversely affect our business, results of operations, financial condition or prospects.

As a branded hotel operator, our brand, image and reputation constitute a significant part of our value and serve to enhance our recognition among customers. We depend on our ability to develop our brand and our image as a leading value sector hotel operator across the United Kingdom, and we leverage this reputation in Ireland and Spain, where we have a growing presence. Travelers expect that we will provide a consistent level of quality and value, and therefore, our performance across our markets in the United Kingdom, Ireland and Spain depends on the strength of our brand and reputation. Online reviews on sites such as TripAdvisor are increasingly affecting customers' choice of hotels. Although we actively monitor our online reviews, negative online reviews, over which we have no control, could have an adverse impact on our brand image and reputation. Any event that leads to customer complaints or negative publicity or reviews by customers could damage our image, reputation or brand, which could have a material adverse effect on our business. Our reputation could also be damaged if customer complaints or negative reviews of us or our activities were to be published on travel sites, such as TripAdvisor, or public social networking sites, such as Facebook or Twitter. The effect of bad reviews on our brand may be increased by the fact that there are, as far as

we are aware, three further operators of the Travelodge name which are not connected with our Group in other parts of the world, and we have no control over the quality and performance of those operators and our brand may be affected by negative publicity related to them.

We intend to continue to target certain initiatives, including marketing and brand development programs, as part of our plan to develop and promote our brands. Our marketing and brand development programs will be expensive and time-consuming and will require significant attention from management. Our efforts to develop and promote our brand may not be successful or our results of operations may not improve to the extent anticipated, or the expenditures associated with developing and promoting our brand may increase due to a variety of factors, including increased spending from our competitors and inflation in media pricing.

Our future performance depends in part on our ability to respond to changes in consumer tastes, preferences and perceptions.

Our financial results are affected by changes in consumer preferences and perceptions. Examples of changes in consumer preference that may impact on our financial performance include the use of sharing economy providers. If we fail to continue to offer hotels that appeal to our customers, we may not be able to sustain or increase customer traffic. Furthermore, consumer tastes may change and we may not be able to adapt our offerings to account for such changes, or we may not be able to do so in a timely manner, or may not have the funds necessary to carry out the implementation of the required changes. In addition, customers could perceive our rooms and furnishings to be out of date or worn, and we may not have the financial or operational capacity to maintain, refresh or refurbish our rooms so that they satisfy customer perceptions of quality and value, or we may not be able to carry out the upgrades required by our customers in a timely manner. Moreover, prevailing preferences and perceptions could cause consumers to avoid our hotels in favor of alternatives. Changes in consumer tastes, preferences and trends may continue to impact our financial results, particularly if we are unable to anticipate, identify and respond to such changes by evolving our brand in a timely fashion.

We may not be able to successfully maintain or enhance consumer awareness of our brand or ensure that our initiatives will be successful. Even if we are successful in our branding effort, such efforts may not be cost-effective. If we are unable to maintain or enhance consumer awareness of our brands and generate demand in a cost-effective manner, it would negatively affect our ability to compete in the hotel industry and would negatively affect our business. As new media, such as social media and smart phones, continue to develop, we will need to spend more resources to develop new means to promote our brand awareness through such media outlets. If we are unable to adapt to new media forms, we may lose market share, which would negatively affect our business and profitability and have a material adverse effect on our business, results of operations, financial condition and prospects.

Timing, budgeting and other risks could delay our efforts to renovate our properties, or could make these activities more expensive, and we may not realize the anticipated benefits of renovation, which could reduce our profits or impair our ability to compete effectively.

We must maintain and renovate our properties to remain competitive, maintain our value and brand proposition, and comply with applicable laws and regulations and certain contractual obligations under our leases. In 2015, we completed our Modernization Program which involved the refurbishment of approximately 35,000 rooms. We have recently introduced a regular maintenance and room update cycle and we aim to have refurbished more than 30,000 rooms by 2022. These efforts are subject to a number of risks, including:

- construction delays or cost overruns, including labor and materials, that may increase project costs;
- obtaining planning and other required permits or authorizations;
- governmental restrictions on the size or kind of renovation;
- force majeure events, including storms and floods; and
- design defects that could cause delays or increase costs.

The timing of capital improvements at existing hotels can affect occupancy rates and room prices, particularly if we need to close a significant number of rooms or other facilities, such as meeting spaces or bar cafés. Moreover, the investments that we make may fail to attract customers to our

properties in the manner that we expect. If such investments adversely affect or fail to improve performance, our ability to compete effectively may be diminished and our revenue could be reduced. Furthermore, ongoing maintenance or repair work may lead to increased noise levels, which could negatively affect our customers' experience during their stay with us and lead to negative feedback or publicity, especially through social media, thus affecting our brand image.

Additionally, our ability to execute refurbishment programs will depend on our ability to generate cash, and we cannot guarantee that we will be able to complete such refurbishment activities on time, or at all. Our inability to generate sufficient cash to carry out work necessary to maintain such properties could have a material adverse effect on our operations in these hotels and ultimately may affect the value of these assets. Our failure to complete refurbishment programs to the extent or in the timeframe contemplated could have a material adverse effect on our business, results of operations, financial condition or prospects. Furthermore, should we not be in a position to generate sufficient cash to regularly update our hotel, our customers' satisfaction with our hotels may decline which could negatively affect our brand.

Labor shortages could restrict our ability to operate our properties or grow our business or result in increased labor costs that could reduce our margins and cash flow.

Our success depends in large part on our ability to attract, retain, train, manage and engage our employees. If we are unable to attract, retain, train and engage skilled employees, our ability to manage and staff our properties adequately could be impaired, which could reduce customer satisfaction. Staffing shortages could also hinder our ability to grow and expand our business. Because personnel expenses are a major component of the operating expenses at our properties, a shortage of labor could also require higher wages, which would increase our personnel expenses, and could reduce our profits and the profits of third-party hotel proprietors. Wage inflation also adversely affects our margins, and we are experiencing higher than usual increases in wages.

Failures of our website, pricing software or other IT systems, delays in the operation of our IT systems or system enhancement failures could reduce our revenue and profits and harm the reputation of our brand and our business.

Our success depends on the efficient and uninterrupted operation of our information technology systems, particularly our website, IDeaS revenue management system and Micros Opera property management system. If our website were to become inoperable for a sustained period, our ability to book hotel rooms would be significantly impacted. If our IDeaS price setting system fails to effectively analyze our proprietary pricing structure, or defines suboptimal or incorrect pricing rates, the rates that we charge for our rooms could be too high, which could drive customers away and damage our reputation as a cost-effective value hotel brand. Alternatively, if the prices which the IDeaS system sets are too low, our revenue could be lower than it otherwise would have been, leading to a negative impact on our results of operations and financial condition. Additionally, the system could experience periods of downtime, which could result in our room rates being set manually and lead to a reduction in the effectiveness of our pricing structure. If our property management system were to be out of service for a sustained period, we would incur operational challenges and likely higher costs, including higher payroll to manually assign rooms until the system could be restored.

Providing convenient, trusted, fast and effective payment processing services to our customers is critical to our business. If there is any deterioration in the quality of the payment processing services provided to our customers or any interruption of those services, or if such services are only available at an increased cost to us or our customers or are terminated and no timely and comparable replacement services are found, our customers may be deterred from frequenting our hotels.

We also depend on information technology to run our day-to-day operations, including hotel services and amenities such as guest check-in and check-out, housekeeping and room service and to track and report financial results of our hotels and the Group. Our information technology systems are vulnerable to damage or interruption from fire, floods, hurricanes, power loss, telecommunications failures, computer viruses, break-ins and similar events. We are also subject to the risk of cyber-attacks or the occurrence of cyber-crime. The occurrence of any of these natural and man-made disasters as well as any other unanticipated problems at any of our information technology facilities or our call center could cause interruptions or delays in our business or loss of data, or render us unable to process reservations.

If our information technology systems are unable to provide the information communications capacity that we need, or if our information technology systems suffer problems caused by installing system enhancements, we could experience similar failures or interruptions. We may not be able to adapt our IT capabilities to keep pace with technological developments, and we may have problems implementing or maintaining upgrades to our IT system. If our information technology systems fail and our redundant systems or disaster recovery plans are not adequate to address such failures, the reputation of our brand and our business could be harmed. If our property and business interruption insurance does not sufficiently compensate us for any losses that we may incur, our revenue and cash flow could be reduced.

Lack of resilience and operational availability and/or the failure of a third-party technology provider could lead to prolonged service disruption and may result in significant business interruption, impact the customer experience and subsequently impact on revenues. Lack of investment in these systems may also result in reduced capacity, stability and ability to compete. Additionally, failure to maintain an appropriate technology strategy and select the right technology partners could erode our long-term competitiveness.

We plan to continue to invest in our IT system and capabilities in the coming years. We may incur significant or unanticipated cost under this investment, which we may not be able to successfully implement in a timely manner or at all or which may not yield the benefits currently anticipated by us.

We are subject to evolving regulation and changes in applicable laws relating to the internet and data privacy, which may increase our expenditures related to compliance efforts or otherwise negatively impact our business.

Privacy and data information security have become a significant concern in our countries of operation. The regulatory framework for privacy and personal information security issues worldwide is rapidly evolving and the laws and regulations in the United Kingdom and other countries in which we operate currently, or may operate in the future, may be more restrictive than those in the United States. For example, in 2016, a new EU data protection regime, the General Data Protection Regulation ("GDPR") was adopted and will become directly applicable in all EU member states in May 2018. GDPR will bring about material changes to the way data and marketing processes are regulated, particularly with respect to requirements relating to consent to the use of personal data. GDPR will also expand the territorial scope of European data protection legislation to make it applicable to non-EU entities offering goods or services to data subjects in the EU. GDPR will require data controllers to map their data processes, ensuring demonstrable compliance with the provisions of the regulation. GDPR will also bring about more onerous breach reporting obligations and tougher penalties for compliance failures. In addition, as a result of the United Kingdom's vote to leave the European Union, the future applicability of the GDPR in the United Kingdom is uncertain. Complying with the GDPR or other new data protection laws and regulations may cause us to incur substantial operational costs or require us to modify our data handling practices. Non-compliance could result in proceedings against us by governmental entities or others and may otherwise adversely impact our business, financial condition and operating results.

In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that either legally or contractually apply to us. We also expect that there will continue to be new proposed laws and regulations concerning privacy, data protection and information security, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws and regulations, industry standards, contractual obligations and other obligations may require us to incur additional costs and restrict our business operations. Because the interpretation and application of laws and other obligations relating to privacy and data protection are still uncertain, it is possible that these laws and other obligations may be interpreted and applied in a manner that is inconsistent with our existing data management practices. If so, in addition to the possibility of fines, lawsuits and other claims, we could be required to fundamentally change our business activities and practices, which could have an adverse effect on our business. We may be unable to make such changes and modifications in a commercially reasonable manner or at all. Any inability to adequately address privacy concerns, even if unfounded, or comply with applicable privacy or data protection laws, regulations and policies, could result in additional cost and liability to us, damage our reputation, inhibit sales and adversely affect our business.

If the revenue from bookings shifts in favor of intermediaries, such as OTAs, our revenue, profitability and our brand may be adversely affected.

There has seen a shift in hotel bookings from traditional to online channels in the industry. However, currently, we do not derive a significant portion of our business from internet travel intermediaries. For the year ended December 31, 2016, approximately 90% of our bookings were made through direct distribution channels, including 75% made through our website, with OTAs only accounting for less than 2.5% of all bookings. As a result, the costs currently associated with our distribution platform are low and tightly controlled by us, and we can control the way our hotels and product offerings are portrayed to customers. This gives us greater ability to leverage our brand and our customers' loyalty to the brand.

Various booking websites publish user reviews based upon personal testimonies, including photos, that have not been vetted or verified. Although we actively monitor online reviews of our hotels, we have little control over the way in which our hotels and our offering of services and products are portrayed through these third-party sites. Our hotels may be categorized on booking websites according to the search criteria deemed appropriate by the travel intermediaries and may be grouped together with other hotels that are made to look more desirable, for example, due to proximity to tourist sites or based upon user reviews. Some internet travel intermediaries may emphasize factors such as price or general indicators of quality (for example, "four-star downtown hotel") at the expense of brand identification. Such measures are aimed at developing customer loyalty with respect to the reservation system used rather than to our brands.

If the share of bookings made through internet travel intermediaries, or the commission charged by such intermediaries, increases significantly and consumers develop stronger loyalties to these intermediaries rather than to our brand, we may experience a decline in customer loyalty and repeat business and consequently, our business and revenues could be harmed.

The hotel industry is heavily regulated and a failure to comply with regulatory requirements may result in a material adverse effect on our business.

We are subject to numerous laws and regulations, which may change from time to time, in the jurisdictions in which we operate, including licensing requirements such as those relating to liquor and alcohol licenses, construction permits and authorizations, land use and planning permits, regulations affecting new hotel development, food and beverage regulations, regulations, tax and employment laws and regulations. In addition, we may be required to maintain or renew existing licenses or permits, or acquire new licenses or permits (including building permits for new developments), for our business or operations. There can be no assurance that we will be able to maintain or renew existing licenses or permits, or acquire new licenses or permits. Compliance with applicable rules and regulations and related dialogue with regulatory authorities involve significant costs and resources. For example, we received an enforcement notice from the London Fire Authority in December 2016 following its inspection of one of our central London hotels where a substantial refurbishment project was underway as part of our Modernization Program. We are in the process of confirming that we have now addressed the actions specified by the London Fire Authority; however there can be no assurance that the London Fire Authority will not require us to undertake further remedial works or that it will not take additional further action against us. The failure to comply with regulatory requirements may result in a material adverse effect on our business and subject us to a number of adverse consequences such as fines, bad publicity, and legal fees.

Failure to comply with environmental, health and safety laws and regulations may result in a material adverse effect on our business.

Our operations and the properties we own and lease, and those that are included in our development pipeline, are subject to extensive environmental laws and regulations, including requirements addressing:

- health and safety;
- the use, management and disposal of hazardous substances and wastes, such as cleaning products, cooking oil, batteries and refrigerants;
- the discharge of solid waste materials, such as refuse or sewage, into the environment; and
- the investigation and cleanup of soil or groundwater contamination.

Complying with environmental or other laws and regulations, or addressing violations arising under them, could increase our environmental costs and liabilities, subject us to fines or penalties, reduce

our profits or limit our ability to run our business. Existing environmental laws and regulations may be revised or new laws and regulations related to global climate change, air quality or other environmental and health concerns may be adopted or become applicable to us.

Under environmental laws, we could be made responsible to investigate or clean up soil or water contamination on properties we own or lease, even if the contamination was caused by someone else or historically. Certain of our leases provide that we are not liable for any potential environmental clean-up. However, we could still be subject to liability to a regulator or third parties for the cost of investigating or remediating hazardous substances or waste on, under or in our properties. A person who arranges for hazardous substances or waste to be transported, disposed of or treated offsite, such as at disposal or treatment facilities, also may be liable for the cost of removal or remediation if those substances are released into the environment by third parties at such disposal or treatment facilities, and we may be at such a risk. The presence or release of hazardous or toxic substances or waste, or the failure to properly clean up such materials, could cause us to incur significant costs, or jeopardize our ability to develop, use, sell or rent our properties or to borrow using such property as collateral.

In addition, we may be required to manage, abate or remove materials containing hazardous substances such as mold, lead or asbestos during demolitions, renovations or remodeling at our properties. The costs related to such management, abatement, removal or related permitting could be substantial and any violation of environmental laws or regulations could have material adverse effect on our brand image, reputation, business, results of operation and financial condition. We are aware of asbestos on certain of our sites. We have adopted an asbestos policy and aim to manage each of these cases in close compliance with this policy.

In our business, effluent waste is produced and, in certain cases, we are responsible for the pumping station and required to route effluent waste to the mains sewer. When effluent waste breaches it qualifies as hazardous waste. We are aware of one instance in the past when leakage from the sewer pipe occurred but we believe that we have remedied the defect through the installation of an overflow tank. Additional environmental risks may result from the fact that we are responsible for the plumbing of our hotels. Where our rooms are incorrectly plumbed drainage issues might result and, for example, we are aware that this risk materialized with respect to six rooms in one of our hotels. These rooms were taken out of service, the plumbing repaired and we believe this situation has been remedied.

There can be no assurance that we will at all times be in compliance with the environmental laws applicable to us. Even where we are in compliance with applicable environmental laws we may still be subject to liability. For example, hazardous waste such as petrol could contaminate our sites or asbestos, which we manage in compliance with the applicable regulations and internal policies, may need to be removed at our cost as a result of refurbishments or other works on our site. If this risk were to materialize, governmental authorities may impose certain administrative and criminal penalties or fines for violation of environmental laws and may also, among other things, close, either indefinitely or temporarily, operations of any businesses located at any real properties found in violation of any environmental laws. Environmental laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of hazardous or toxic substances. Punishment for infringement of the environmental laws might consist of remediating the damaged environment, administrative and criminal penalties and fines. The presence of hazardous or toxic substances may adversely affect our ability to operate our hotels.

In addition, owners and operators of real property, such as us, may face civil liability for personal injury or property damage because of various environmental conditions, such as alleged exposure to hazardous or toxic substances, poor indoor air quality, radon or poor drinking water quality.

Future changes in environmental laws or the discovery of currently unknown environmental conditions may have a material adverse effect on our financial condition and results of operations. In addition, European environmental regulations have become increasingly stringent over the last decade. This trend is likely to continue. Accordingly, there can be no assurance that more stringent enforcement of existing laws and regulations or the adoption of additional laws and regulation would not have a material effect on our business, results of operations, financial condition or prospects.

A major safety incident, such as a hotel fire or building defect, could result in serious injury to customers and colleagues, with attendant risk of reputation damage and litigation.

We provide overnight accommodation services to our guests. On any given day many thousands of customers stay with us and many thousands of employees work in our buildings. These persons are exposed to the safe operation of our hotels, including electrical equipment, hot water and food and beverage preparation appliances. A major safety incident, such as a hotel fire or legionella outbreak, could result in injuries to customers and staff. This could in turn result in significant damage to our reputation and litigation from affected persons. There is a risk that such adverse impacts could materially impact our trading performance.

We are subject to laws governing our relationship with hotel employees, such as minimum wage requirements, overtime, working conditions and work permit regulations.

We are obliged to comply with minimum wage requirements and regulations governing overtime, working conditions, termination of employment and work permits. For example, in 2016 the UK government announced the introduction of a National Living Wage. We estimate that more than 85% of our employees are paid hourly, with almost all of these employees receiving the UK National Living Wage. Any increases in the National Living Wage or other unfavorable regulatory developments could increase our personnel expenses, adversely affecting our profitability and cash flows. Even where such regulations are limited to a distinct subset of our employees, for competitive or other reasons we could be required to implement them for other subsets, which would exacerbate adverse effects. For example, in April 2016, the National Living Wage rose from £6.70 to £7.20 per hour for all workers over 25 years old and subsequently increased to £7.50 as of April 2017. However, we have implemented these increases for all of our employees that receive the National Living Wage, and not just those over the age of 25. By 2020, the National Living Wage is expected to increase to £9.00 per hour, which would further raise our personnel expenses. In addition, each company in the United Kingdom that spends more than £3 million a year on wages for employees will be required to pay an apprenticeship levy of 0.5% on its wages bill from April 6, 2017 in order to fund training for apprenticeships in the United Kingdom. Accordingly, the apprenticeship levy will increase our operating expenses and may negatively impact our profitability and cash flows as a result.

The foregoing requirements and regulations and proposed or future changes thereto could lead to higher wage costs, changes in work rules, legal costs and limitations on our ability to take cost saving measures during economic downturns, all of which may increase our operating costs. Failure to comply with these requirements and regulations could result in a breach of the law and subject us to fines, penalties or other sanctions which could have a material adverse effect on our results of operations or financial condition.

At present, we do not have a strongly unionized workforce and we are not required to recognize any collective bargaining agreements. These conditions could change and any such changes could affect our ability to control costs and working practices of our employees.

As a large employer we receive a number of claims from employees. Typically these claims are for small amounts and we do not regard the aggregate value of such claims to be material. Claims can be brought against us in relation to alleged discrimination under certain “protected characteristics” set out in the UK Equality Act 2010 (such as race, sex and pregnancy) and these are not subject to a cap. As of March 28, 2017, we had two such claims at employment tribunal stage (one open case and one pending outcome) and one at an early conciliation stage with the Advisory, Conciliation and Arbitration Service (“Acas”). The outcome of such proceedings can be difficult to predict with certainty and we can offer no assurance in this regard.

We are subject to changes in tax laws and tax rates in the markets in which we operate.

We are subject to profit and income tax and other applicable taxes, such as property tax. In addition, there is no guarantee that tax laws or tax rates may not be changed in the future or new taxes introduced. For example, certain cities in the United Kingdom, including London, have in the past considered, or are currently considering adopting, or are seeking the devolved power from central government to adopt, a so-called “bed tax” for hotel stays. Bed taxes, which are common in other European cities, are additional charges imposed on hotel guests that are typically calculated as a fraction of the total room charge. Any change in tax laws or tax rates may increase our tax expenses and liabilities or decrease demand for our services and could have a material adverse effect on our business, results of operations, financial condition or prospects.

We may not be able to extend our leases on favorable terms or at all.

As of December 31, 2016, 518 of our sites in the United Kingdom and Spain were leased, and we operated 12 hotels under management agreements and owned one hotel. For the year ended December 31, 2016, our net external rent payable was equal to £171.7 million, or 28.7% of revenue. Our ability to operate our hotels or our leased sites depends on our right to use the premises demised by the relevant lease.

Under the typical terms of the relevant leases, which generally have an initial term of 25 years, the landlord may enforce its right to terminate the lease if we fail to pay rent in a timely manner. A decline in our cash flow generation may result in our inability to fund our rental costs in a timely manner, and may lead to the termination of some or all of our leases.

Under most of our leases, we have a contractual or statutory right to renew the lease beyond the initial term, usually for another 25-year term. However, we are subject to the risk that we may not meet any applicable contractual extension conditions, thus preventing us from extending the term of the lease agreement. As a result, we may not be able to extend our leases on commercially reasonable terms, if at all. Conversely, many of our leases are reversionary leases, giving the landlord the option to grant us future rights of possession of the leased property that take effect at the expiration of the lease. This option extends the term of the lease by the length of time that has passed since the expiration of the lease and the date the option is exercised. If a landlord exercises this option, we could be obligated under a lease for longer than we initially anticipated.

Furthermore, our business would be materially adversely affected if a compulsory purchase order, which allows certain bodies to obtain land or property without the need for consent of the owner, were made in respect to any properties in which we have an interest, since we would no longer be able to use and occupy such property. Properties in the United Kingdom may be compulsorily acquired by, among others, a local authority or a governmental department in connection with redevelopment or infrastructure projects which are to the benefit of the public. Any such disruptions to our leases could have a material adverse effect on our business and results of operations.

The costs we incur under our leases may increase, and we may not be able to pass on increased costs.

Most of our operating leases are standard triple net operating leases with typical commercial terms and an initial term of 25 years (although properties in city centers and in London are occasionally operated on an initial lease term of 35 years or longer). A triple net lease designates the lessee as solely responsible for all costs relating to the property, such as property tax, building maintenance and buildings insurance. Most of our leases are subject to standard five-yearly upwards-only rent reviews, indexed against the RPI, RPIX or, increasingly, the CPI. Rent reviews allow for periodical adjustment of our rent in order to adjust it to market level at the time of the review. Some of these leases have caps and collars, thus granting us an upper and lower limit on the rent adjustment, usually at 4% and 1% respectively. A small number have fixed uplifts of about 2.5% per annum. Due to the high fixed-cost structure of our leased properties, an increase in rental cost may have a material adverse effect on our results of operations and financial condition.

We intend to enter into agreements for future leases. These leases will create additional obligations on us. However, we can offer no assurance that these future leases will be on the same or similar terms, or as profitable, as our existing leases.

The costs we incur under our leases, such as rent expense and property costs (i.e., council rates, utilities, insurance and service charges) constitute our primary, non-scalable fixed costs. For the year ended December 31, 2016, net external rent payable accounted for 35% of our net operating expenses (excluding depreciation and amortization and the IFRS rent charge). We have limited or no control over these costs, and some of these costs may not be altered in a timely manner in response to changes in demand for services or a reduction in our revenues. If our revenue declines and we are unable to reduce our expenses in a timely manner, or are unable or unwilling to pass these costs on to our guests, there may be a material adverse effect on our results of operations and financial condition.

In the United Kingdom, the government adjusts the value of business rates to reflect changes in the property market approximately every five years. The most recent revaluation came into effect in England and Wales on April 1, 2017 (based on open market rental values from April 1, 2015) in England. At revaluation, all properties are given a new ratable value which, depending on the underlying movement in the value of the property, can have a significant impact on the tax liability due

on the property. Such adjustments may result in increased costs and consequently could have a material adverse effect on our operating results, financial condition and prospects.

We may enter into disputes with our landlords.

Our responsibilities under our operational leases and management agreements require us to comply with certain conditions which may be subject to interpretation and may give rise to disagreements over such interpretations. Disagreements over the interpretation of contract provisions may be more likely when hotel profits are depressed as a result of general economic conditions. We seek to resolve any disagreements in order to develop and maintain positive relationships with current and potential landlords. However, failure to resolve such disagreements may lead to litigation between the parties, which could then result in outcomes that may be adverse to our economic interests. As a result of legal fees and the allocation and use of different resources, all landlord disputes can be very expensive for us, even if the outcome is ultimately decided in our favor. Moreover, we cannot predict the outcome of any arbitration or litigation procedures, the effect of any negative judgment against us or the amount of any settlement that we may enter into with a third party. An adverse result in any of the aforementioned proceedings could have a material adverse effect in our results of operations.

Furthermore, specific to the hotel industry, some courts have applied principles of agency law and related fiduciary standards to operators of third-party owned hotels, such as us, which means, among other things, that landlords may assert the right to terminate agreements even where the agreements do not expressly provide for termination. In the event of any such termination, we may need to negotiate or enforce our right to damages for breach of contract and related claims and incur significant legal fees and expenses. Any damages we ultimately collect could be less than the projected value of the fees and other amounts we would have otherwise collected under the management agreement. Additionally, since these disagreements are more likely to occur during periods of challenging economic conditions, we may not be able to recover any damages, even after having incurred significant legal fees and other expenses. Consequently, the result of any dispute could have a material adverse effect on our business, results of operations, financial condition and prospects.

We may operate individual hotels at a loss and we may not be successful in, or we may incur significant costs in connection with, exiting underperforming leases and management agreements and disposing of selected assets, which could hinder our ability to expand our presence in markets that would enhance and expand our brand preference.

We regularly review our business to identify underperforming hotels and assets. Upon identifying a market or type of property that is underperforming, we evaluate the terms of the agreements governing the underperforming hotels, the market conditions and the location of the hotel to determine if we can renegotiate the terms on a more favorable basis or if we should terminate the arrangements or otherwise dispose of the assets to ensure that our assets are aligned with our strategy. From time to time, we may decide to exit unprofitable leases or to selectively dispose of our interest in hotels to generate proceeds that can be used for working capital or to fund our growth in markets that will enhance and expand our brand presence. However, our lease agreements generally do not provide for early termination at our option without cause, and we may not be able to agree to favorable terms for the early termination of our leases with landlords, or at all, with the result that we may be required to continue to operate individual loss-making assets.

For example, in 2014 we temporarily closed our operations at a hotel in Gatwick in the United Kingdom while retaining the lease obligations, whereas we terminated a lease at Las Rozas in Spain in line with the contractual rights afforded to us. We may incur significant costs in connection with the termination or renegotiation of such leases, and we cannot guarantee that the new lease terms will reflect current market conditions.

Typically, our lease agreements include a minimum fixed rent payment obligation that is independent of the revenue generated by the hotel. In the event that we are unable to exit or renegotiate the terms of an unprofitable lease, we may have to continue to incur losses for the remaining term of the lease. In addition, under a number of our lease agreements, there are minimum repair obligations concerning the maintenance of the hotel. We will be required to make the investments regardless of whether the leased hotel generates any profits. As a result, the required investments and capital expenditures may exceed the amount of revenue generated from operating the hotel or may increase the amount of the loss incurred.

We may experience difficulty in terminating certain unprofitable leases and management agreements during periods of economic downturn due to the difficulty of finding replacement tenants and service providers that would be willing to enter into new agreements on terms acceptable to the landlord. In addition, our real estate assets are subject to market volatility in the countries in which we operate, which may decrease the market value of those assets. We may not be able to consummate disposals of our interests in our hotels on commercially reasonable terms at the time we choose to or at all, and we may not actually realize anticipated profits from such disposals. During periods of challenging economic conditions, potential real estate buyers may experience difficulty obtaining the financing required to purchase a real estate asset from us. Our inability to exit underperforming hotels, to sell assets or to sell assets at attractive prices could adversely affect our ability to realize proceeds for reinvestment and could have a material adverse effect on our results of operations and financial condition.

Under our Company Voluntary Agreement ("CVA"), we categorized our leases based on commercial viability; keeping commercially viable leases while exiting commercially unviable leases (after having paid the landlords a monthly reduced rent for six months). As part of our restructuring in 2012, we classified 109 of our leases as category 2 leases, meaning they could only be commercially viable if we reduced the rent payable thereunder, and 49 of our leases as category 3 leases, meaning these leases were deemed commercially unviable. This resulted in reduced rent obligations with respect to the category 2 leases and the termination of 45 category 3 leases, and allowed us to successfully restructure our business operations. However, the CVA provided for a rental review tied to hotel performance in category 2 leases starting in the fourth quarter of 2015, this has now been concluded with an annualized impact of additional rents of £3.3 million. The formal notice of completion of the CVA was filed on October 17, 2016, confirming the CVA was fully implemented and complete and the Company's obligations and duties under the CVA had come to an end. See "*Business—New Properties—2012 Restructuring and CVA.*"

Our future taxable income may not be sufficient to realize our future tax benefits which could cause our deferred tax asset to become impaired, requiring substantial write-downs that could reduce our operating income.

As of December 31, 2016, we had £52.2 million in deferred tax assets recognized in our consolidated balance sheet. Deferred tax assets represent temporary differences in the tax basis of an asset or liability and its reported carrying amount in the financial statements that will result in future tax deductions. Deferred tax assets are evaluated to determine if the future tax deductions will be realizable. Future realization of tax benefits ultimately depends on the existence of sufficient taxable income within the appropriate period that is available under the tax law. All available evidence is considered to determine if a valuation allowance for deferred tax assets is needed. If our future taxable income is insufficient to realize the future tax benefits and our deferred tax asset were to become impaired, we would record a charge to earnings in our financial statements during the period in which any impairment of our deferred tax asset is determined, which may significantly reduce or eliminate our profits. Additionally, tax laws, regulations or rulings or interpretations of our tax position by the relevant tax authorities may in the future significantly restrict or eliminate our ability to use our deferred tax assets to claim deductions on our tax liabilities.

We have a number of hotels in our development pipeline, which may not be successful or may not realize the anticipated benefits.

In order to grow our business, we take on additional leases and make investments to increase our hotel room portfolio. Currently, we estimate that we have approximately 96 hotels and 8,500 new rooms in our development pipeline, including hotels under construction and under signed development contracts, as well as hotels whose development is at an advanced stage of negotiation. The eventual opening of such pipeline hotels and, in particular, the hotels approved for development that are not yet under contract, is subject to risks. It typically takes more than two to three years from the commencement of a project to the time we start to operate a new hotel. Accordingly, we cannot assure you that our development pipeline, and in particular hotels not yet under contract, will result in new hotels that enter our system, or that those hotels will open when we anticipate.

Additionally, we may experience delays in developing our sites. If we are not able to begin operating properties as scheduled, our ability to compete effectively could be diminished and our revenue could be reduced. Additionally, it may take longer than anticipated for new properties to generate revenue to the same extent as our mature properties, or at all. We currently expect new properties to break even within the first full year of trading, while planning that before such date, most new properties may

operate at a loss. We cannot guarantee that new properties will be successful or profitable, and delays in generating revenue or failure to generate revenue may have a material adverse effect on our results of operations and financial condition.

Demand for hotel rooms in particular locations may change significantly between the time we make the decision to enter a particular market or region and the time at which a hotel commences operations. If future demand for our hotels does not match the growth in our hotel room portfolio, we may experience lower occupancy rates than expected or be required to lower our room rates in a particular hotel to attract customers, which could have a material adverse effect on the profitability of our investments and our results of operations. Additionally, the hotels in our development pipeline may be subject to increases in costs, including but not limited to increases in land values, build costs (materials and labor) and taxes. An increase in costs may have an adverse effect on our ability to successfully develop new hotels.

Our efforts to develop, acquire or invest in properties or enter into alliances and partnerships with third parties, or carry out developments in new markets, may be not be successful or on commercially reasonable terms.

Our growth has been, in part, attributable to the development, acquisition and conversion of existing sites and properties into hotels that match our branding. From time to time, we consider and engage in negotiations with respect to new developments and other potential strategic transactions. If achieved, these transactions can have a material impact on our business. We generally use one of the following three strategies when developing new hotels:

- We enter into an agreement for a lease with a landlord, who grants us the lease once development works are completed. This is the most common type of transaction that we undertake in the operation of our hotels. Usually, the agreement for a lease is conditional upon the landlord meeting our requirements for site acquisition, financing, vacant possession, and the granting of planning permission;
- We enter into a forward-funded development plan whereby Travelodge, funded by a third party, carries out the development works. We have only carried out one such transaction in the last three years; or
- We acquire hotels by purchasing going concerns. In these circumstances, the terms of the purchase vary greatly from deal to deal. Generally, the transaction is structured so that we enter into an agreement with the estate owner and/or the landlord and any existing operator whereby we acquire certain of the business and assets of the existing operator and a leasehold interest in the hotel and subsequently re-brand and refurbish the hotel as a Travelodge.

When entering into these strategies, we may be competing for opportunities with third parties that may have substantially greater financial resources than we do, causing us to lose potential opportunities or to pay more than we might otherwise have paid absent such competition. Additionally, we may enter into partnership or joint venture agreements in which we hold a minority stake and are therefore able to exercise less influence over operational decisions. The success of our development and acquisition strategies depend on our ability to identify suitable sites or targets, to assess the value, strengths, weaknesses, liabilities and potential profitability of such sites or targets and to negotiate acceptable purchase or rental terms. As a result of our development and acquisition strategies, we may encounter unforeseen operating difficulties and costs, or we may incur significant additional debt or equity financing, spend existing cash or incur liabilities and other expenses including amortization of acquired intangible assets or write-offs of goodwill. We may not be able to obtain financing for developments or acquisitions on attractive terms or at all, and our ability to obtain financing may be restricted by the terms of the Indenture, the terms and conditions governing the Notes or other indebtedness we may incur. We may not be able to enter into finance or operating lease agreements with third parties to facilitate our development or acquisition of new properties on commercially reasonable terms or at all. We may not be able to identify opportunities or complete transactions on commercially reasonable terms, or at all, and we may not realize the anticipated benefits of any of these strategic transactions or opportunities. Our failure to do so may limit our ability to grow our business.

In the future, we may increase the number of our hotels in Ireland and Spain, or other countries where we hold IP rights, or pursue developments and other strategic opportunities that are different from those we have sought in the past, including those in new international markets where we have

identified significant potential for expansion. Entering new markets may be challenging, costly and time-consuming, and we may not realize the anticipated benefits of such expansion.

We depend upon our senior executives and key employees for the management and success of our business, and the departure of such personnel or the failure to recruit and retain additional talented personnel could have a material adverse effect on our business.

Our ability to maintain our competitive position depends to a large degree on the efforts and skills of our senior executives who have extensive experience and knowledge of the hospitality industry and who have significantly contributed to our improved operating performance during the past three years. Our strategy for growth depends on our senior management having deep knowledge of our activities as well as knowledge of the dynamics and major players in the hotel market. The current executives, managers, and key personnel may decide not to remain with us. Our failure to retain or recruit suitable replacements for any of them could have an adverse effect on our operating results, financial condition and prospects.

We also rely on the hotel managers at our hotels in the United Kingdom, Ireland and Spain to run daily operations and oversee our employees. Competition for qualified personnel can be intense, and we may not be able to attract and retain a sufficient number of qualified personnel in the future. The failure to retain, train or successfully manage the hotel managers for our properties could have a material adverse effect on our business.

Our use and enjoyment of our hotels may be adversely affected to the extent that there are any encumbrances, easements, interest owners, lienholders or leaseholders that have rights that are superior to our rights.

We operate 513, or 94%, of our hotels under operating leases and we own one of our hotels. As a result, we do not own the large majority of the buildings and land where our hotels are located. Some or all of our hotels may be located on land subject to encumbrances, easements, licenses, rights of way and other leases. For example, our leasehold properties may be registered with good leasehold title and not absolute title or may be subject to encumbrances, easements benefitting adjoining properties such as rights to use conduits or shared access ways. Our hotels may also be subject to restrictive covenants including, for example, covenants not to use the property so as to cause a nuisance. Our hotels may be subject to other covenants we are not presently aware of. Furthermore, a number of the titles to our hotels may have minor defects. Leases we have only entered into recently may still be in the process of being registered at the land registry and title to such hotels will not be perfected until such time as the registration is complete. The freehold or superior leasehold title out of which our lease is granted may be subject to mortgages securing loans or other liens and other encumbrances, easements, licenses, rights of way, covenants and leases of third parties that were created prior to, or which are otherwise superior to, our hotels' leases, easements, licenses, covenants and rights of way.

As a result, some or all of our leasehold properties and the hotel we own may be subject to the superior rights of third parties. Our rights to use the buildings and land where our hotels are or will be located and our hotels' rights to such leases, easements, licenses and rights of way could be lost, interrupted or curtailed. Any such loss, interruption or curtailment of our rights to use the buildings and land where our hotels are or will be located could have a material adverse effect on our business, financial condition, results of operations.

Our business depends on our relationships with our third-party suppliers and outsourcing partners.

We depend on the provision of services by third-party suppliers, such as technical and IT service providers, facilities management, reservation call center providers and credit card processing providers. We also depend on a limited number of IT service providers to supply our central property management system, price setting system and web and other IT hosting services. Our credit card processing providers in particular require compliance with certain standards, including data management and other standards known as Payment Card Industry Data Security Standards. These standards are subject to change and there is a risk that changes may require additional investment and that any persistent or significant failure on our behalf to adhere to these standards could cause a withdrawal of their service. Although we have an ongoing program of data protection enhancement developed in connection with our providers, there can be no assurance that we will continue to meet the standards set by our providers. If any third-party service provider on which we rely in conducting

our business does not satisfactorily perform its services, or imposes conditions on us in order to continue to provide those services, we in turn may not be able to provide adequate hotel facilities and services to our customers. Negative publicity or reviews by customers resulting from the actions of outsourcing partners and third-party suppliers could also have an adverse effect on our reputation and brands.

Adverse changes in any of our relationships with outsourcing partners and third party suppliers or the inability to enter into new relationships with these parties on commercially favorable terms, or at all, could adversely affect our operations or otherwise cause disruption. Our arrangements with outsourcing partners and third-party suppliers may not remain in effect on current or similar terms, and the net impact of future pricing options may have a material adverse effect on our results of operations and financial condition. The loss or expiration of any of our contracts with our service providers and the inability to negotiate replacement contracts with alternative service providers at comparable rates or to enter into such contracts in any of our markets could have a material adverse effect on our business, results of operations, financial condition or prospects.

The insurance that we carry may not sufficiently cover damage or other potential losses involving our hotels, thereby reducing our cash flow and profits.

We maintain insurance against various risks related to our business, including property damage and business interruption policies. We currently believe our insurance coverage is adequate for foreseeable losses and with terms and conditions that are reasonable for our industry. Nevertheless, market forces beyond our control could limit the scope of the insurance coverage that we can obtain in the future or restrict our ability to continue to buy insurance coverage at reasonable rates. Insurance costs may increase substantially in the future and may be affected by natural catastrophes, fear of terrorism, intervention by the government or a decrease in the number of insurance carriers. In addition, the recent disruption in the financial markets makes it more difficult to evaluate the stability of insurance companies or their ability to meet their payment obligations. In the event of a substantial loss, the insurance coverage that we carry may not be sufficient to pay the full value of our financial obligations or the replacement cost of any lost investment. Certain types of losses that are significantly uncertain can be uninsurable or too expensive to insure. If an uninsured loss were to occur, we could experience significant disruption to our operations, suffer significant losses and be required to make significant payments for which we would not be compensated, any of which in turn could have a material adverse effect on our business, results of operations, financial condition or prospects. Alternatively, we could lose some or all the capital we have invested in a property, as well as the anticipated future net turnover from the property. We may not have sufficient insurance to cover awards of damages resulting from our liabilities. Failure of the insurance that we carry to sufficiently cover damages or other losses may have a material adverse effect on our financial condition. In addition, in the event of any significant claims by us, our insurance premiums may increase significantly.

The UK electorate voted in favor of a UK exit from the EU ("Brexit") in a referendum held on June 23, 2016, the consequences of which could adversely impact our business, results of operations and financial condition.

The UK Government held an in-or-out referendum on the United Kingdom's membership of the European Union on June 23, 2016, in which the UK electorate voted in favor of the United Kingdom exiting the EU. On March 29, 2017, the British Prime Minister acted on this decision by formally notifying the European Council of United Kingdom's intention to withdraw from the EU in accordance with Article 50(2) of the Treaty on European Union. As a result, a process of negotiation will follow between the UK government and the EU to determine the future terms of the United Kingdom's relationship with the European Union. We are headquartered and tax domiciled in the United Kingdom and our business, results of operations and financial condition could be materially adversely affected by Brexit.

Depending on the terms of Brexit, the United Kingdom could lose access to the tariff-free single EU market, to the global trade deals negotiated by the European Union on behalf of its members and to other benefits offered by membership of the European Union. Such a decline in trade could affect the attractiveness of the United Kingdom as a global investment center and, as a result, could have a detrimental impact on UK growth. While Article 50(3) provides for a two-year period during which any Member State that has decided to withdraw from the EU can negotiate its future relationship with the EU, such period could be extended beyond two years by mutual agreement. In addition to the uncertainty around the timing of Brexit, its economic and other terms are subject to negotiation

between the United Kingdom and EU. As a result, there is a risk that the agreement reached in the negotiations, or the failure to reach an agreement within the prescribed time period, could have a negative impact on the UK economy. We could be adversely affected by reduced growth in the UK economy and greater volatility in the Pound. Changes to UK border and immigration policy could likewise occur as a result of Brexit, affecting the number of travelers to the United Kingdom and the freedom of employers to recruit staff from outside the United Kingdom. Approximately a third of our employees are non-UK citizens, and there is a risk that there will be greater restrictions on immigration to the United Kingdom and changes to the status of non-UK nationals presently residing in the United Kingdom following Brexit. If immigration to the United Kingdom and legal residency post-Brexit are more restricted than presently, there is a risk that we could face additional challenges and higher costs with respect to our workforce, which could adversely affect our profitability and cash flows. While Travelodge is predominantly a domestic business, it is possible that any of the foregoing factors could have a material adverse effect on our business, results of operations or financial condition.

Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could reduce our cash flow, harm our financial position and limit our ability to operate our business.

We have been and, from time to time, may continue to become a party to claims and lawsuits incidental to the ordinary course of business. The outcome of these proceedings cannot be predicted. If any of these proceedings were to be determined adversely to us or a settlement involving a payment of a material sum of money were to occur, there could be a material adverse effect on our financial condition and results of operations. Additionally, we could become the subject of future claims by third parties, including current or former third-party hotel proprietors, guests who use our properties, employees, investors or regulators and litigants of previously acquired businesses. In particular, third-party hotel proprietors may bring claims against us in connection with the implementation of our exit from underperforming leases or undesirable management agreements, which could harm our reputation and impede our ability to enter into lease and management agreements in the future. One such claim has been made by La Compagnie des Grands Hotels d'Afrique ("CGHA") for approximately £50 million (at the current exchange rates and including accrued interest) in the Company Voluntary Arrangement ("CVA"). While we intend to vigorously contest the Group's potential liability to CGHA, an adverse judgment or settlement may adversely affect our business, profitability, cash flows and reputation. Any significant adverse litigation judgments or settlements would reduce our cash flow and harm our financial position and could limit our ability to operate our business. See "*Business—Legal Proceedings and Disputes*."

Our business could be negatively impacted by difficulties with our franchise business.

We currently have a franchisee operating 12 hotels in Ireland. See "*Business—Principal Business Activities—Franchise Model*." We may expand our franchise in Ireland, Spain or other markets in the future. The terms of new franchise agreements or of renewals of our existing master franchise agreement may not be as favorable as the current master franchise agreement we use in Ireland. Under our franchise agreement, we may terminate the agreement under certain circumstances, such as a material breach of the agreement by the franchisee or a failure by the franchisee to keep to the terms of the agreement regarding opening hours, health and safety and certain other standards. The damages we may receive as a result of a violation of the franchise agreement may be less than the fees we would have received if the franchisee had fulfilled its contractual obligations, and we may have difficulty replacing our franchisees. Current or potential future franchisees could fail to maintain or act in accordance with our brand standards, or could otherwise adversely affect our image or reputation.

We may face community opposition to hotel locations, which may adversely affect our ability to obtain new contracts.

Our success in growing our development pipeline and opening new hotels sometimes depends, in part, upon our ability to locate sites that can be leased or acquired, on economically favorable terms, by us or other entities working with us. Some locations may be in or near populous areas and, therefore, may generate opposition from residents in areas surrounding prospective development locations. When we select the intended development location, we attempt to conduct business in communities where local leaders and residents generally support the project. However, future efforts to find suitable locations may incur costs in evaluating the feasibility. Furthermore, we may face delays

in completing our existing development plans or we might not be granted permission to start new development projects due to community opposition which may have negative impact on our ability to expand our hotel portfolio.

Risks Relating to the Notes and Notes Guarantees

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Notes Guarantees.

We are highly leveraged. As of December 31, 2016, on a pro forma basis after giving effect to the Refinancing and the application of the proceeds therefrom, we would have had total third-party debt of £457.8 million (excluding letters of credit but including finance leases). The terms of the Indenture will permit the Parent Guarantor and its restricted subsidiaries (including the Issuer) to incur substantial additional indebtedness, including in respect of committed borrowings of up to £50.0 million under the Revolving Credit Facility and up to £30.0 million under the Letter of Credit Facility (together, the "Senior Facilities").

The degree to which we will be leveraged following the issuance of the Notes could have important consequences to holders of the Notes in this Offering, including:

- making it difficult for us to satisfy our obligations with respect to the Notes and the Notes Guarantees;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures, product research and development or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors, to the extent that they are not as highly leveraged;
- negatively impacting credit terms with our creditors;
- restricting us from pursuing strategic acquisitions, joint ventures, expansion projects or exploiting certain business opportunities; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes and the Notes Guarantees.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including our obligations in respect of the Notes and the Notes Guarantees. In the worst case, an actual or impending inability by us or our subsidiaries to pay debts as they become due and payable could result in our insolvency.

Despite our current level of indebtedness, we may still be able to incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

We may incur substantial additional debt in the future. Any debt that our subsidiaries incur could be structurally senior to the Notes, and other debt could be secured or could mature prior to the Notes. In addition to the Revolving Credit Facility, the Letter of Credit Facility and certain hedging obligations, we may incur additional indebtedness that is permitted to share in proceeds from enforcement of the Collateral on a super priority basis. Although the Senior Facilities Agreement and the Indenture will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we now face would increase. In addition, the Senior Facilities Agreement and the Indenture will not prevent us from incurring obligations or entering into other arrangements that do not constitute indebtedness under those agreements.

Following the Offering, we will be exposed to interest rate risks and shifts in such rates may adversely affect our debt service obligations.

Borrowings under the Notes will bear interest at a variable rate (LIBOR plus an applicable margin) and we will be exposed to the risk of fluctuations in interest rates. These interest rates could rise significantly in the future, increasing our interest expense associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. The Indenture will not contain a covenant requiring us to hedge all or any portion of our floating rate debt.

We will be subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture will and the Existing Indenture does, among other things, restrict our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investment loans to others or acquisitions or participate in joint ventures;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to the Issuer or any restricted subsidiary;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- consolidate or merge with other entities or sell all or substantially all of our assets; and
- impair security interests for the benefit of the holders of the Notes.

In addition, we are subject to the affirmative covenants contained in the Senior Facilities Agreement. In particular, the Senior Facilities Agreement requires us to comply with a financial covenant. See "*Description of Certain Indebtedness—Senior Facilities Agreement—Financial Covenant*." Our ability to meet this financial covenant can be affected by events beyond our control, and we cannot assure you that we will meet them.

A breach of any of those covenants, ratios, tests or restrictions could result in an event of default under the Senior Facilities Agreement although a breach of the financial covenant will only result in a drawstop, not a default or an event of default under the Senior Facilities Agreement. Upon the occurrence of any event of default under the Senior Facilities Agreement, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the facilities and elect to declare all amounts outstanding under the Senior Facilities Agreement, together with accrued interest, immediately due and payable. In addition, any default under the Senior Facilities Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. If our creditors, including the creditors under the Senior Facilities Agreement, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. All of these limitations are subject to significant exceptions and qualifications. For a description of the restrictions that are included in the Indenture, see "*Description of the Notes*." For a description of the restrictions that are included in the Senior Facilities Agreement, see "*Description of Certain Indebtedness—Senior Facilities Agreement*."

We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate or raise.

Our ability to make principal or interest payments when due on our indebtedness, including the Existing Senior Secured Fixed Rate Notes, the Senior Facilities, the Letter of Credit Facility and our

obligations under the Notes, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*," many of which are beyond our control. The Notes will mature in 2023. At the maturity of the Notes and any other debt which we incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, or we are otherwise restricted from doing so due to corporate, tax or contractual limitations, we may be required to refinance our indebtedness. The type, timing and terms of any future financing will depend on our cash needs and the conditions prevailing in the financial markets. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to reduce or delay our business activities or capital expenditures or sell assets or raise additional debt or equity financing in amounts that could be substantial restructure all or a portion of our debt, including the Notes, on or before maturity. The terms of our Senior Facilities Agreement, the Indenture and any future debt may limit our ability to pursue any of these measures.

Drawings under the Senior Facilities Agreement and any future variable interest rate debt we incur will bear interest at floating rates that could rise significantly, thereby increasing our costs and reducing our cash flow.

Drawings under the Senior Facilities Agreement will bear interest at floating rates of interest per annum equal to LIBOR (or another benchmark rate), in each case as adjusted periodically, plus a spread. These interest rates could rise significantly in the future. To the extent that interest rates or any drawings were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow available to repay our obligations under the Notes and the Notes Guarantees. There can be no assurance that hedging will be available on commercially reasonable terms or at all, or that we will enter into any interest rate hedging. Hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements, that hedges might not be available for the full amount or term of the borrowings, that break clauses might be required or that hedges will limit any benefit that we might otherwise receive from favorable movements in interest rates. Neither our Senior Facilities Agreement nor the Indenture will contain a covenant requiring us to hedge all or any portion of our floating rate debt.

The manner of calculating LIBOR is under review by European regulators and others. There can be no assurance that LIBOR will continue to be calculated as it has been historically, if at all.

Certain creditors, including the creditors under the Senior Facilities and certain hedging obligations are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes, and the claims of the holders of the Notes effectively will be subordinated to the rights of our existing and future secured creditors to the extent of the value of the assets securing such creditors which do not also secure the Notes.

The obligations under the Notes and the Notes Guarantees are secured on a contractually senior basis with security interests over the Collateral that also secures the obligations under the Existing Senior Secured Fixed Rate Notes, the Senior Facilities Agreement and certain hedging obligation. The Indenture also permits the Collateral to be pledged to secure additional indebtedness, including on a contractually senior basis in accordance with the terms thereof and the Intercreditor Agreement. The Security Agent will act on behalf of the lenders under the Senior Facilities Agreement, the holders of the Existing Senior Secured Fixed Rate Notes, certain hedge counterparties, the Trustee, the Paying Agent, the Transfer Agent, the Registrar and the holders of the Notes.

Under the terms of the Intercreditor Agreement, the proceeds from enforcement of the Collateral will be applied first to repay amounts due under the Senior Facilities and certain hedging obligation, as well as any additional indebtedness that is permitted by the Indenture to be incurred and secured in priority to the Notes and the Notes Guarantees. Any remaining amounts will then be applied, *pari passu* and pro rata, to amounts due under the Notes and certain other *pari passu* additional indebtedness of the Issuer and the Guarantors. See "*Description of Certain Indebtedness—Intercreditor Agreement*." If you (or the Trustee on your behalf) receive any proceeds from enforcement of the Collateral prior to the satisfaction of the Notes and the Notes Guarantees, you (or the Trustee on your behalf) will be required to turn over such proceeds until claims under such other indebtedness are satisfied and until ratable claims are equally satisfied. As a result, the claims of the holders of the Notes will be effectively subordinated to the rights of the existing and future secured

creditors of the Issuer and the Guarantors who have priority in respect of proceeds from enforcement of the liens over assets that constitute Collateral to the extent of the value of such assets. Hence, you may recover less from the proceeds of an enforcement action than you otherwise would have. As a result of these and other provisions in the Intercreditor Agreement, you may not be able to recover any amounts under the Notes or the Notes Guarantees in the event of a default on the Notes.

The Issuer and Guarantors will be permitted to borrow additional indebtedness in the future under the terms of the Indenture, and will in some cases be permitted to secure such indebtedness, including in certain cases, on a super priority basis. Furthermore, claims of our secured creditors that are secured by assets that do not also secure the Notes will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness.

The Issuer is a wholly owned finance subsidiary that has no revenue generating operations of its own and depends on cash from operating companies to be able to make payments on the Notes.

The Issuer is a wholly owned finance subsidiary of the Parent Guarantor with no business operations or significant assets, other than its receivables under the Proceeds Loan Agreements. The Issuer is dependent upon the cash flow from our operating companies to meet its obligations under the Notes. We have, and we intend to continue to, provide funds to the Issuer in order for the Issuer to meet its obligations under the Notes principally through payments under the Proceeds Loans. We intend to provide funds to service the payments under the Proceeds Loans principally through the provision of intercompany loans and dividends and other distributions. If our subsidiaries do not fulfill their obligations under any such intercompany loans and do not otherwise distribute sufficient cash to enable the Issuer to make scheduled payments on the Notes, the Issuer will not have any other source of funds that would allow it to continue to make payments to the holders of the Notes. The amount of cash available to the Issuer depends on the profitability and cash flows of our operating companies and the ability of those companies to transfer funds under applicable law. Our operating companies, however, may not be able to, or may not be permitted under applicable law to, make distributions or advance loans, directly or indirectly, to the Issuer in order for the Issuer to make payments in respect of the Notes. Applicable tax laws may subject such payments to additional taxation. Various agreements governing our debt may restrict, and in some cases, may prevent our ability to transfer funds within the Group. In addition, our subsidiaries that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

The Notes will be secured only to the extent of the value of the Collateral that has been granted as security for the Notes. In addition, there may not be sufficient Collateral to pay all or any of the Notes and such Collateral may be reduced or diluted under certain circumstances.

No appraisal of the fair market value of the Collateral has been made in connection with the Offering and the book value of the Collateral should not be relied on as a measure of realizable value for such assets. The value of the Collateral in the event of an enforcement of the security interests created over the Collateral, or a liquidation of the entities holding the Collateral, is subject to fluctuations and will depend on regulatory approval, market and economic conditions, our ability to successfully implement our business strategy, competition, the availability of buyers and other factors. Such factors include, among others, conditions in our industry, the ability to sell Collateral in an orderly sale, the condition of the economies in which the Collateral is located, the jurisdiction in which the enforcement action or sale is completed, the condition of the Collateral and exchange rates, the liquidity of the Collateral, whether the business is sold as a going concern and similar factors.

In addition, the value of the Collateral may decline over time. By its nature, the Collateral may be intangible or illiquid and may have no readily ascertainable market value. For example, the shares and other Collateral that are pledged or assigned or transferred for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of these shares or other assets may not be liquid and their value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be saleable or, even if saleable, that there will not be substantial delays in the liquidation thereof. Furthermore, any shares pledged to secure the Notes and the Notes Guarantees may have limited value in the event of a bankruptcy, insolvency or other similar proceedings because all of the obligations (subject to the release mechanism in the Intercreditor Agreement) of the entity whose shares have been pledged must first be satisfied, potentially leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the

shares of these entities may not recover anything of value in the case of an enforcement sale. See "*—The Notes Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*." In addition, the Intercreditor Agreement provides that, in the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the lenders under the Senior Facilities, counterparties to certain hedging agreements and other super senior liabilities have been repaid in full.

Moreover, the value of the Collateral may be diluted. The Indenture will permit the granting of certain liens over the Collateral to certain parties in addition to the holders of the Notes. To the extent that holders of other secured indebtedness or third parties enjoy liens, including statutory liens, whether or not permitted by the Indenture or the Security Documents, such holders or third parties may have rights and remedies with respect to the Collateral that, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. Similarly, if we issue additional Notes under the Indenture or the Existing Indenture, holders of such additional Notes would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral.

In the future, the obligations to provide additional guarantees and grant additional security over assets, or a particular type or class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries, the designation of a previously unrestricted subsidiary as a restricted subsidiary or otherwise, is subject to the Agreed Security Principles (as defined in "*Description of the Notes*") and the Intercreditor Agreement. The Agreed Security Principles set out a number of limitations on the rights of the holders of the Notes to require granting of, or payment or enforcement under, a guarantee or security in certain circumstances. The operation of the Agreed Security Principles may result in, among other things, the amount recoverable under any guarantee or security provided by any subsidiary being limited or security not being granted over a particular type or class of assets. Accordingly, the Agreed Security Principles may affect the value of the Notes Guarantees and Collateral provided by us and our subsidiaries. The validity and enforceability of the Notes Guarantees and Collateral may also be affected by local law limitations. See "*—The Notes Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*."

As a result of the foregoing, liquidating the Collateral may not produce proceeds in an amount sufficient to pay any amounts due on the Notes and the Notes Guarantees. We cannot assure you of the value of the Collateral or that the net proceeds received upon a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding would be sufficient to repay any amounts due on the Notes and the Notes Guarantees. If the proceeds of the Collateral were not sufficient to repay amounts outstanding under the Notes and the Notes Guarantees, then holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would only have an unsecured claim against the remaining assets of the Issuer and the Guarantors, the assets of which will be limited. There is no requirement to provide funds to enhance the value of the Collateral if it is insufficient. The Intercreditor Agreement will provide for detailed enforcement mechanisms with respect to the Collateral. See "*Description of Certain Indebtedness—Intercreditor Agreement*."

The Issuer and the Guarantors have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes. Subject to the Security Documents, so long as no default or event of default under the Indenture or a continuing acceleration event under the Senior Facilities Agreement would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness.

Holders of the Notes may not control certain decisions regarding the Collateral.

The Notes will be secured by the Collateral which will also secure the obligations under the Existing Notes, the Senior Facilities and certain hedging liabilities. In addition, under the terms of the Indenture, we will be permitted to incur significant additional *pari passu* indebtedness and other obligations that may be secured by the same Collateral.

The Intercreditor Agreement will provide that a common security agent, who will serve as the Security Agent for the secured parties with respect to the Collateral, will act only as provided for in the Intercreditor Agreement. The Security Agent may refrain from enforcing the Collateral unless otherwise instructed by the Instructing Group for the purpose of enforcement. See "*Description of Certain Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security*."

It may be difficult to realize the value of the Collateral securing the Notes and the Notes Guarantees.

The Collateral will be subject to any and all restrictions under applicable law and exceptions, defects, encumbrances, liens, loss of legal perfection and other imperfections permitted under the Indenture and Intercreditor Agreement and accepted by other creditors that have the benefit of security interests in the Collateral from time to time, whether on or after the date the Notes are issued. The existence of any such restrictions, exceptions, defects, encumbrances, liens, loss of legal perfection and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among other things, the timely satisfaction of perfection requirements, statutory liens or re-characterization under the laws of certain jurisdictions. The Initial Purchasers have neither analyzed the effect of, or participated in any negotiations relating to, such exceptions, defects, encumbrances, liens, loss of legal perfection and other imperfections.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in collateral. The Security Agent may also need to obtain the consent of a third-party to enforce a security interest. We cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Furthermore, the enforcement of a security interest by the Security Agent may require the completion of judicial proceedings in the jurisdiction in which the security interest will be released. There is no assurance that the Security Agent will successfully complete such judicial proceedings in a timely manner or that other practical problems relating to the foreclosure of Collateral will be overcome by the Security Agent at all or without a material delay. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

In addition, our business requires a variety of permits and licenses. Our business is subject to regulations and requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or if changes in applicable regulations or requirements occur.

Furthermore, our leases generally provide that the leases may not be assigned to third parties without the landlord's consent such consent not to be unreasonably withheld or delayed and that the landlord may terminate (forfeit) the leases upon an insolvency event affecting us, thereby affecting the charges over certain of our leases included in the Collateral. The landlord's ability to effect such termination (forfeiture) rights upon the occurrence of an insolvency event would require the approval of the court or an administrator (as applicable) and would be subject to the tenant's statutory right to apply to the courts for relief from forfeiture, such relief usually being granted where the breach is remedied (if remediable) or compensation is paid and where the court is satisfied that the tenant will perform its obligations in the future; however, there is no assurance that our leases would not be terminated in any enforcement action by holders of the Notes or otherwise.

The Collateral will consist of fixed and floating charges over substantially all assets and a significant number of contracts of the Issuer and the Guarantors (including the share capital of Full Moon Holdco 4 Limited, Full Moon Holdco 5 Limited, Full Moon Holdco 6 Limited, Full Moon Holdco 7 Limited and Travelodge Hotels Limited) but will exclude any contract which contains a prohibition on granting security by way of fixed or floating charges, whether that prohibition is conditional or unconditional, and will exclude any contract in which the contract counterparty would have a termination right if security were granted over such contract. Therefore, the majority of our leases will be excluded from the Collateral. If the number of leases that are not part of the Collateral represents a significant part of our assets at the time of an enforcement, then this may affect your ability to appoint an out-of-court administrator (rather than a court-appointed administrator) if you seek to enforce your rights under the Collateral.

The security interests over the Collateral will not be granted directly to the holders of the Notes and the holders of the Notes will have limited rights to enforce remedies under the Security Documents.

The security interests over the Collateral that will secure the obligations of the Issuer and the Guarantors will not be granted directly to the holders of the Notes, but will be granted only in favor of the Security Agent. The Trustee will enter into the Intercreditor Agreement with, among others, the Security Agent and representatives of the other indebtedness secured by the Collateral, including the Existing Notes and the Senior Facilities. Other creditors may become parties to the Intercreditor Agreement in the future. Among other things, the Intercreditor Agreement will govern the enforcement of the Security Documents, the sharing in any recoveries from such enforcement and the release of the Collateral by the Security Agent. The Indenture and the Intercreditor Agreement will provide that only the Security Agent has the right to enforce the Security Documents. As a consequence, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral, except through the Trustee for the Notes, who will provide instructions to the Security Agent in accordance with the Intercreditor Agreement. Holders of the Notes will also bear risks associated with a possible insolvency or bankruptcy of the Security Agent. The Trustee and the Security Agent will not be under any obligation to exercise any rights or powers conferred under the Indenture, any Intercreditor Agreement or any of the Security Documents for the benefit of the holders of the Notes unless such holders have offered to the Trustee and the Security Agent indemnity, security and/or pre-funding reasonably satisfactory to the Trustee and the Security Agent against any loss, liability or expense. If satisfactory indemnities, security or pre-funding are not provided in a timely manner by the holders of the Notes, any recovery under the Indenture, the Notes, the Notes Guarantees or the Security Documents may be adversely affected.

The Notes Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.

The Notes will be guaranteed by the Guarantors, which are incorporated under the laws of England and Wales, and secured by security interests over the Collateral, which will be governed by the laws of England and Wales and Jersey. Each Notes Guarantee will provide holders of the Notes with a direct claim against the relevant Guarantor. However, the Indenture and Notes Guarantees will provide that certain Notes Guarantees, and the Indenture and the relevant Security Documents will provide that certain security interests, will be limited to the maximum amount that can be guaranteed or in respect of which security interests may be granted by the relevant Guarantor or security provider, as applicable, without rendering the relevant Notes Guarantee or security interest, as it relates to that Guarantor or security provider, voidable or otherwise ineffective or limited under applicable law, or causing the directors or officers of the Guarantor or security provider to incur personal civil or criminal liability. Each security interest granted under a Security Document will be limited in scope to the value of the relevant assets expressed to be subject to that security interest.

In addition, enforcement of any of the Notes Guarantees against any Guarantor or security interests against any security provider will be subject to certain defenses available to Guarantors or security providers in the relevant jurisdiction. Although laws differ among these jurisdictions, these laws and defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance, set-off counter-claim and prescription (time bar) or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a Guarantor or security provider may have no liability or decreased liability under its Notes Guarantee or security interest, as applicable, depending on the amount of its other obligations and applicable law.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) subordinate or void all or part of a Notes Guarantee or any security interest, (ii) direct that the holders of the Notes return any amounts paid under a Notes Guarantee or realized from enforcing a security interest to the relevant Guarantor or security provider, or to a fund for the benefit of the Guarantor's or security provider's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the Notes Guarantee or security interest was granted with actual intent to give preference to one creditor over another or to hinder, delay or defraud creditors or shareholders of the

Guarantor or the security provider or, in certain jurisdictions, even when the recipient was merely aware that the Guarantor or the security provider was insolvent when it granted the relevant Notes Guarantee or security interest;

- the Guarantor or security provider did not receive fair consideration or reasonably equivalent value for the granting of the Notes Guarantee or security interest and the Guarantor or security provider: (i) was insolvent or was rendered insolvent as a result of having granted the relevant Notes Guarantee or security interest; (ii) was under-capitalized or became under-capitalized because of the relevant Notes Guarantee or security interest; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Notes Guarantee or security interest was not validly established or authorized or otherwise contravenes the relevant Guarantor's or security provider's articles of association or similar organizational documents;
- the granting of the relevant Notes Guarantee or security interest was held not to be in the best interests or not to be for the corporate benefit of the Guarantor or security provider or was held to exceed the corporate objects of the Guarantor or security provider; or
- the aggregate amounts paid or payable under the relevant Notes Guarantee or realized from enforcing the relevant security interest were in excess of the maximum amount permitted under applicable law.

These or similar laws may also apply to any future Notes Guarantee granted by any of our subsidiaries pursuant to the Indenture.

We cannot assure you which standard a court would apply in determining whether a Guarantor or security provider was "insolvent" at the relevant time or that, regardless of the method of valuation, a court would not determine that a Guarantor or security provider was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor or security provider was insolvent on the date its Notes Guarantee was issued or security interest was granted, that payments to holders of the Notes constituted preferences, transactions at an undervalue, fraudulent transfers or conveyances on other grounds.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon applicable governing law. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair value of all its assets;
- the present fair saleable value of its assets was less than the amount required to pay the probable liability on its existing debts and liabilities, including contingent liabilities, as they became due; or
- it could not pay its debts as they became due.

The liability of each Guarantor under its Notes Guarantee, or security provider under the relevant Security Document, will be limited to the amount that will result in such Notes Guarantee or security interest not constituting a fraudulent preference or conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor or security provider. There is a possibility that the entire Notes Guarantee or security interest may be set aside, in which case the entire liability may be extinguished.

If a court were to find that the granting of a Notes Guarantee or the security interest in the Collateral was a fraudulent preference or conveyance or unenforceable for any other reason, the court could hold that the payment obligations under such Notes Guarantee or Security Document are ineffective, could void the security over the Collateral, or could require the holders of the relevant Notes to repay any amounts received with respect to such Notes Guarantee or any enforcement proceeds received from enforcement of the security interest. In the event of a finding that a fraudulent preference or conveyance occurred, you may cease to have any claim in respect of the relevant Guarantor or security provider and would be a creditor solely of the Issuer and, if applicable, any other Guarantor or security provider under any Notes Guarantees or Security Documents that have not been declared void. If any Notes Guarantee or Security Document is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Notes Guarantee or Security Document obligations apply, the

Notes would be effectively subordinated to all liabilities of the applicable Guarantor or security provider that do not benefit from the Notes Guarantee and/or the Security Document that have been rendered invalid or unenforceable and excluding any liabilities under any Proceeds Loan and Subordinated Shareholder Loan (if applicable).

Additionally, any future pledge or charge of Collateral in favor of the Security Agent, including pursuant to Security Documents delivered after the date of the Indenture, might be avoidable by the security provider (as debtor-in-possession) or by its trustee in bankruptcy (or similar officer) if certain events or circumstances exist or occur, including, among others, if the security provider is insolvent at the time of the pledge or charge, the pledge or charge permits the holders of the Notes to receive a greater recovery than if the pledge or charge had not been given and a bankruptcy proceeding in respect of the security provider is commenced within three months following the pledge or charge, or in certain circumstances, a longer period.

The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.

The Parent Guarantor and some, but not all, of its subsidiaries will guarantee the Notes. In the year ended December 31, 2016, the Guarantors generated 99.4% of our EBITDA and 98.3% of our consolidated revenues and as of December 31, 2016 held 99.3% of our consolidated total assets (excluding brand intangible assets and deferred tax assets). Unless a subsidiary is a Guarantor, such subsidiary will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and
- creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes, each Notes Guarantee and the Proceeds Loans will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries. As of December 31, 2016, our non-Guarantor subsidiaries had no debt outstanding.

There are circumstances other than repayment or discharge of the Notes under which the Collateral will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Notes Guarantees will be released and under various other circumstances, the Issuer and the Guarantors will be entitled to instruct the Security Agent to release the security interests in respect of the Collateral. See "*Description of the Notes—Notes Guarantees—Notes Guarantees Release*" and "*—Security—Release of Liens*."

In addition, the Notes Guarantees and the security interests in respect of the Collateral will be subject to release as contemplated under the Intercreditor Agreement. Certain key provisions of the Intercreditor Agreement, including order of priority, subordination, enforcement of transaction security and application of proceeds may be amended without the consent of the holders of the Notes or other relevant creditors provided that such amendment does not materially and adversely affect the rights, ranking, immunities or protections of the relevant creditors.

Furthermore, we will be permitted to require the release and/or re-taking of any lien on any Collateral to the extent permitted by the terms of the Indenture, the Security Documents, the Intercreditor Agreement or any additional intercreditor agreement. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity or enforceability of the grant of the Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of the Collateral and thus reduce your recovery under the Notes. See "*Description of Certain Indebtedness—Intercreditor Agreement*."

Enforcing your rights as a holder of the Notes may prove difficult, and insolvency laws of Jersey and England and Wales may not be as favorable to you as U.S. and other insolvency laws with which you may be more familiar and may preclude holders of the Notes from recovering payments due on the Notes, the Notes Guarantees or under the Security Documents.

The Issuer is incorporated under the laws of Jersey. In addition, each of the Guarantors is incorporated under the laws of England and Wales. The Intercreditor Agreement and the Proceeds Loan Agreements are governed by the laws of England and Wales, the Security Documents will be governed by the laws of England and Wales and Jersey, and the Notes, the Notes Guarantees and the Indenture will be governed by the laws of the State of New York.

Accordingly, insolvency proceedings with respect to the Issuer and the Guarantors would be likely to proceed under, and be governed by, English or Jersey insolvency law, as applicable or the laws of other jurisdictions where the relevant company's assets are located in the future. English or Jersey insolvency law as applicable may not be as favorable to your interests as the insolvency laws of the United States or other jurisdictions with which you are familiar, particularly with respect to the rights of creditors, priority of governmental and other creditors, the ability to raise post-petition interest and the duration of the insolvency proceedings. In the event that any one or more of the Issuer or any Guarantor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

In the event a bankruptcy, insolvency or other similar proceeding is initiated in England and Wales, Jersey or other jurisdictions where the relevant company's assets are located, or any combination thereof, your rights under the Notes, the Notes Guarantees or the Security Documents may be subject to the laws of multiple jurisdictions, and there can be no assurance that you will be able to effectively enforce your rights in such multiple bankruptcy, insolvency or other similar proceedings. In addition, any conflict between them could call into question whether, and to what extent, the laws of any particular jurisdiction should apply and there can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another. Further, the multi-jurisdictional nature of enforcement over the Collateral may limit the realizable value of the Collateral. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*."

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral, and the granting of the security interests in the Collateral may be subject to hardening periods for such security interests in accordance with law.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we or the Security Agent fails or is unable to take the actions we are required to take to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, and certain proceeds, only be perfected at or promptly following the time such property and rights are acquired and identified.

The granting of Notes Guarantees and security interests to secure the Notes and the Notes Guarantees may create hardening or voidance periods for such Notes Guarantees and security interests in certain jurisdictions. The granting of security interests to secure future permitted debt may restart or reopen such hardening or voidance periods in particular, as the Indenture permits the release and retaking of security granted in favor of the Notes in certain circumstances including in connection with the incurrence of future debt. The applicable hardening or voidance period for these new security interests can run from the moment each new security interest has been granted or perfected. At each time, if the security interest granted or recreated were to be enforced before the end of the respective hardening or voidance period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*."

Investors may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and the Guarantors and their subsidiaries are organized or incorporated outside the United States, and our business is conducted entirely outside the United States. The directors and

executive officers of the Issuer and the Guarantors are non-residents of, and all of their assets are located outside of, the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, as all of the assets of the Issuer and the Guarantors and their subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States.

Additionally, there is uncertainty as to whether the courts of foreign jurisdictions would enforce (i) judgments of United States courts obtained against the Issuer, the Guarantors and the directors and executive officers who are not residents of the United States predicated upon the civil liability provisions of the United States federal and state securities laws or (ii) in original actions brought in such foreign jurisdictions against us or such persons predicated upon the United States federal and state securities laws.

The United States are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters, with Jersey. A judgment in civil and commercial matters of a US federal or state court would not automatically be recognized or enforceable in Jersey. To enforce any such U.S. judgment in Jersey, proceedings must first be initiated before a court of competent jurisdiction in Jersey and recognition and enforcement of a U.S. judgment by the courts of Jersey in such an action is conditional upon (among other things) the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court that pronounced it and being for a debt for a definite sum of money. For further information see "*Enforceability of Judgments*."

The Issuer may not be able to repurchase the Notes upon a change of control. In addition, under certain circumstances, the Issuer may have the right to purchase all outstanding Notes in connection with a tender offer, even if certain holders do not consent to the tender.

If a change of control (as defined in the Indenture) occurs, the Issuer will be required to make an offer to purchase all the outstanding Notes at a price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest and additional amounts, if any, to the date of purchase. In such a situation, the Issuer may not have enough funds to pay for all of the Notes that are tendered under any such offer. In addition, the Senior Facilities Agreement, the Intercreditor Agreement and other then-existing contractual restrictions may prohibit us from purchasing the Notes upon a change of control without first repaying the Senior Facilities in full. If a significant principal amount of Notes is tendered, the Issuer will likely have to obtain financing to pay for the tendered Notes. However, the Issuer may not be able to obtain such financing on acceptable terms, if at all. A change of control may also result in a mandatory prepayment under the Existing Indenture, the Senior Facilities and agreements governing any future indebtedness and may result in the acceleration of such indebtedness. Any failure by the Issuer to offer to purchase the Notes upon a change of control would constitute a default under the Indenture, which would, in turn, constitute a default under the Senior Facilities Agreement and the Existing Indenture.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganizations, restructurings, mergers, recapitalizations or other similar transactions involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a change of control as defined in the Indenture. The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. Additionally, events which constitute a change of control under the Indenture may not require an offer to repurchase the Notes if our consolidated leverage ratio is below certain levels specified in the Indenture. Except as described under "*Description of the Notes—Change of Control*," the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

In addition, in connection with certain tender offers for the Notes, if holders of not less than 90% in aggregate principal amount of the applicable outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right to redeem the Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes. See "*Description of the Notes—Optional Redemption—General*."

The term "all or substantially all" in the context of a change of control has no clearly established meaning under relevant law and is subject to judicial interpretation such that it may not be certain that a change of control has occurred or will occur.

Upon the occurrence of a transaction that constitutes a change of control under the Indenture, the Issuer will be required to make an offer to repurchase all outstanding Notes tendered. There are certain exceptions to the definition of "Change of Control" in the Indenture, which limit the Issuer's obligation to make a change of control offer to the holders of the Notes; see "*—The Issuer may not be able to repurchase the Notes upon a change of control. In addition, under certain circumstances, the Issuer may have the right to purchase all outstanding Notes in connection with a tender offer, even if certain holders do not consent to the tender*." The definition of "change of control" in the Indenture will include (with certain exceptions) a disposition of all or substantially all of the assets of the Issuer or the restricted subsidiaries (taken as a whole), to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," it has no clearly-established meaning under relevant law, varies according to the facts and circumstances of the subject transaction and is subject to judicial interpretation. Accordingly, in certain circumstances, there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of a person, and therefore it may be unclear whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

There are significant restrictions on your ability to transfer or resell your Notes.

The Notes are being offered and sold pursuant to an exemption from the registration requirements under United States and applicable U.S. state securities laws. The Notes have not been registered under the Securities Act, any U.S. state securities laws or the securities laws of any jurisdiction, and we do not intend to register the Notes under the Securities Act, any U.S. state securities laws or the securities laws of any jurisdiction after the Offering. Therefore, you may transfer or resell the Notes in the United States only pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States and applicable state securities laws, and therefore you may be required to bear the risk of your investment for an indefinite period of time. The risk may be exacerbated by the absence of registration rights for the holders of the Notes. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than £100,000. It is your obligation to ensure that your offers and sales of Notes comply with these transfer restrictions and applicable law. See "*Transfer Restrictions*" for further information.

Your ability to transfer the Notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the Notes.

The Notes are a new issue of securities for which there is currently no market. We do not intend to have the Notes listed on a national securities exchange (as defined in the Exchange Act) or to arrange for quotation on any automated dealer quotation systems. The Initial Purchasers have advised us that they intend to make a market in the Notes, as permitted by applicable laws and regulations; however, none of the Initial Purchasers is obligated to make a market in the Notes and the Initial Purchasers may discontinue their market making activities at any time without notice. Therefore, we cannot assure you as to the development or liquidity of any trading market for the Notes. The liquidity of any market for the Notes will depend on a number of factors, including, but not limited to:

- the number of holders of Notes;
- our operating performance and financial condition;
- the market for similar securities;
- third-party recommendations;

- the interest of securities dealers in making a market in the Notes; and
- prevailing interest rates.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. We cannot assure you that the market, if any, for the Notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which you may sell your Notes. Therefore, we cannot assure you that you will be able to sell your Notes at a particular time or price, if at all.

Application will be made to The Channel Islands Securities Exchange Authority Limited (trading as The International Stock Exchange Authority) (the "Exchange") for the listing of and permission to deal in the Notes on the Official List of the Exchange. However, there can be no assurance that the Notes will become or remain listed. If the Issuer cannot maintain the listing on the Exchange and the admission to dealing on the Official List thereof, or if it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Exchange. Listing of any of the Notes on the Exchange does not imply that a public offering of any of the Notes in the Channel Islands has been authorized. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Exchange or another recognized listing exchange for comparable issuers, failure to be approved for listing or the delisting of the Notes from the Official List of the Exchange or another listing exchange may have an adverse effect on a holder's ability to resell Notes in the secondary market and may give rise to withholding tax (in the event the Notes are not listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007).

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

We expect that one or more independent credit rating agencies will assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Certain covenants and events of default will be suspended if we receive investment grade ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive an investment grade rating of Baa3 or better by Moody's and BBB- or better by S&P, and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time as the Notes are no longer rated investment grade by either ratings agency, certain covenants will cease to be applicable to the Notes. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status.*"

At any time when these covenants are suspended, we will be able to, among other things, incur additional indebtedness, pay cash dividends and redeem subordinated indebtedness without restriction, each of which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating if achieved will be maintained.

The Notes will be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing system to exercise any rights and remedies.

The Notes will be issued in registered global form. The Regulation S Global Notes and the Rule 144A Global Notes (each as defined herein) will be deposited, on the Issue Date, with a common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the common depositary.

Ownership of beneficial interests in the Global Notes (the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through

such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. Owners of beneficial interests in the Global Notes will not be entitled to receive definitive Notes in registered form, except under the limited circumstances described in "*Book-Entry, Delivery and Form—Definitive Registered Notes*." So long as the Notes are held in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of the Notes. The nominee of the common depositary for Euroclear and Clearstream will be considered the sole holder of the Global Notes. Accordingly, if you hold a Book-Entry Interest, you must rely on the procedures of Euroclear or Clearstream, as applicable, and on the procedures of the participant through which you hold your interest to exercise any rights and obligations of a holder of Notes under the Indenture governing the Notes.

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and additional amounts, if any) will be made by the Issuer to the paying agent for the Notes (the "Paying Agent"). The Paying Agent will, in turn, make such payments to the common depositary (or its nominee) for Euroclear and Clearstream. After payment to the common depositary or its nominee for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the holders of Book-Entry Interests.

Unlike the holders of the Notes themselves, holders of Book-Entry Interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you hold a Book-Entry Interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream, as applicable. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture governing the Notes, unless and until Definitive Registered Notes are issued in respect of all Book-Entry Interests, if you hold a Book-Entry Interest, you will be restricted to acting through Euroclear or Clearstream. The procedures to be implemented through Euroclear or Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

You may face currency exchange risks by investing in the Notes.

The Notes are denominated and payable in Pounds. If you measure your investment returns by reference to a currency other than Pounds, investment in such Notes entails currency exchange related risks due to, among other factors, possible significant changes in the value of the Pound relative to the currency you use to measure your investment returns, caused by economic, political and other factors which affect exchange rates and over which we have no control. Depreciation of the Pound against the currency by reference to which you measure your investment returns would cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any currency exchange gains or losses resulting from your investment in the Notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the Notes.

Investors in the Notes may have limited recourse against the independent auditors.

The consolidated financial statements of the Parent Guarantor as at and for the years ended December 31, 2014, 2015 and 2016 included in this offering memorandum have been audited by PricewaterhouseCoopers LLP, independent auditor, as stated in their reports appearing herein. PricewaterhouseCoopers LLP is a member of The Institute of Chartered Accountants in England and Wales.

In accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, each of the independent auditor's reports of PricewaterhouseCoopers LLP states: "this report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the UK Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing."

The independent auditors report for the audited consolidated financial statements of the Parent Guarantor as at and for the year ended December 31, 2014 is included on pages F-60 and F-61, the

independent auditor's report for the audited consolidated financial statements of the Parent Guarantor as at and for the year ended December 31, 2015 is included on pages F-33 and F-34 and the independent auditor's report for the audited consolidated financial statements of the Parent Guarantor as at and for the year ended December 31, 2016 is included on pages F-3 and F-4 of this offering memorandum.

You should understand that in making these statements, the independent auditor confirmed that it does not accept or assume any liability to parties (including the Initial Purchasers of the Notes and you) other than to the respective company and its members as a body, with respect to such reports and to the independent auditor's audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that you may have against the independent auditor based on its reports or the consolidated financial statements to which they relate could be limited.

The interests of our shareholders may conflict with the interests of the holders of the Notes.

Our shareholders have and will continue to have, directly or indirectly, the power to affect our legal and capital structure, as well as the ability to elect and change our management and to approve other changes to our operations and to control the outcome of matters requiring action by shareholders. Our shareholders have entered into an investors agreement that provides for the governance rules of Anchor Holdings S.C.A. The investors agreement permits each sponsor to appoint directors and observers to group boards, and sets forth certain corporate actions that may be taken only with the consent of the representatives of the Sponsors. Some of these matters require the consent of each Sponsor, thereby giving each Sponsor the right to veto certain corporate governance decisions. As a result, even where your interests are aligned with the interests of one or more of the Sponsors, another Sponsor may disagree and be entitled to veto against a decision that would be in your interest. The interests of our shareholders may conflict with the interests of holders of the Notes. Our Sponsors and investment funds advised by them are in the business of making investments in companies and may have an interest in pursuing acquisitions, divestitures, financings, joint ventures or other transactions that, in their judgment, could enhance their equity investment or cause us to make dividend payments (subject to limitations in the Indenture) or other distributions or payments to them as shareholders, even though such transactions might involve risks to you as holders of the Notes. Conversely, our shareholders may have an interest in not pursuing acquisitions, divestitures, joint ventures and other transactions that could enhance our cash flow and be beneficial to you. Moreover, our Sponsors and investment funds advised by them may, from time to time, acquire and hold interests in businesses that compete directly, or indirectly, with us. Furthermore, our shareholders may sell all or any part of their shareholding at any time or may look to reduce their holding by means of a sale to a strategic investor, an equity offering or otherwise. Our largest landlord, accounting for 88 of our leasehold properties as at December 31, 2016, is Grove Finco S.à r.l., which is controlled by the Sponsors. Our Sponsors may take actions through this entity which are adverse to the holders of the Notes.

USE OF PROCEEDS

On the Issue Date, the Issuer will issue the Notes offered hereby and use the gross proceeds of the Offering, together with cash on hand, to (i) fund the Existing Notes Redemption (which is conditional on completion of the Offering), (ii) make certain payments to our shareholders in an amount of up to £35.0 million, which may be effected through a payment on the Subordinated Shareholder Loan, the distribution of a dividend or otherwise and (iii) pay related fees and expenses.

For descriptions of our current and anticipated indebtedness and certain financing arrangements, see "*Capitalization*," "*Description of Certain Indebtedness*" and "*Description of the Notes*." The Existing Notes Redemption is conditional on the completion of the Offering.

The following table illustrates the estimated sources and uses of the proceeds from the Offering. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses, the actual date on which the Existing Notes Redemption occurs and outstanding amounts upon repayment.

Sources of Funds		**Uses of Funds**	
	(£ million)		**(£ million)**
Notes offered hereby[(1)]	165.0	Existing Notes Redemption[(2)]	131.2
Cash on balance sheet	3.8	Distribution to shareholders[(3)]	35.0
		Transaction costs[(4)]	2.6
Total sources	**168.8**	**Total uses**	**168.8**

(1) Represents the aggregate principal amount of the Notes offered hereby, assuming issuance at par.

(2) Represents (i) the outstanding aggregate principal amount of the Existing Senior Secured Floating Rate Notes which will be redeemed in full on or about the Issue Date, (ii) 10% of the outstanding aggregate principal amount of the Existing Senior Secured Fixed Rate Notes which will be redeemed on or about the Issue Date and (iii) prepayment premiums payable in connection with the Existing Notes Redemption, assuming the date of redemption will be April 28, 2017 and excluding accrued and unpaid interest of £2.7 million. The Existing Notes Redemption is conditional on completion of the Offering.

(3) Represents certain payments to our shareholders in an amount of up to £35.0 million, which may be effected through a payment on the Subordinated Shareholder Loan, the distribution of a dividend or otherwise. If we distribute less than £35.0 million of the proceeds from the offering of the Notes to our shareholders, any residual amount will be used for general corporate purposes.

(4) Represents estimated fees and expenses associated with the Refinancing, including commitment, placement, financial advisory and other transaction costs and professional fees. Actual fees and expenses may vary.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization of the Parent Guarantor as of December 31, 2016 on a historical basis and as adjusted to give effect to the Refinancing, including the application of the proceeds of the Offering as described in "*Use of Proceeds*," as if these events had occurred on December 31, 2016. The historical consolidated financial information has been derived from our consolidated financial statements as at December 31, 2016 included elsewhere in this offering memorandum.

You should read this table in conjunction with "*Summary—The Refinancing*," "*Use of Proceeds*," "*Selected Consolidated Historical Financial Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Indebtedness*," "*Description of the Notes*" and our financial statements included elsewhere in this offering memorandum.

	As at December 31, 2016	
	Actual	**As Adjusted**
	(£ million)	
Cash and cash equivalents[(1)]	73.9	70.1
Indebtedness:		
Revolving Credit Facility[(2)]	—	—
Existing Senior Secured Fixed Rate Notes[(3)]	290.0	261.0
Existing Senior Secured Floating Rate Notes[(4)]	100.0	—
Notes offered hereby[(5)]	—	165.0
Total senior secured indebtedness	**390.0**	**426.0**
Finance Leases[(6)]	31.8	31.8
Total third party indebtedness	**421.8**	**457.8**
Subordinated Shareholder Loan[(7)]	138.1	138.1
Shareholders' Equity[(8)]	(78.4)	(78.4)
Total capitalization[(9)]	**481.5**	**517.5**

(1) As adjusted amount gives effect to the use of £3.8 million of cash on hand as described in "*Use of Proceeds*." As of March 29, 2017, we had £107.3 million of cash and cash equivalents.

(2) The Senior Facilities Agreement provides for the £50.0 million Revolving Credit Facility and £30.0 million Letter of Credit Facility. While the Revolving Credit Facility is not currently expected to be drawn as of the Issue Date, we will have issued letters of credit in an aggregate amount of approximately £16 million under the Letter of Credit Facility as of the Issue Date. Actual borrowings under the Revolving Credit Facility and the Letter of Credit Facility will depend on our working capital requirements.

(3) Represents the outstanding aggregate principal amount of the Existing Senior Secured Fixed Rate Notes, excluding accrued and unpaid interest and deferred debt issuance costs. As adjusted amount represents the aggregate principal amount of the Existing Senior Secured Fixed Rate Notes remaining after giving effect to the Existing Notes Redemption.

(4) Represents the outstanding aggregate principal amount of the Existing Senior Secured Floating Rate Notes, excluding accrued and unpaid interest and deferred debt issuance costs.

(5) Represents the aggregate principal amount of the Notes offered hereby.

(6) Represents amounts payable under finance leases incurred in connection with five properties having an average lease term of 48 years as of December 31, 2016.

(7) Represents the total outstanding debt under our Subordinated Shareholder Loan. See "*Description of Certain Indebtedness—Subordinated Shareholder Loan*." The Subordinated Shareholder Loan has been included in non-current liabilities in our audited consolidated financial statements as at and for the year ended December 31, 2016. A portion of the proceeds of the Offering may be used to make a payment on the Subordinated Shareholder Loan for which no adjustment is presented. See "*Use of Proceeds*."

(8) Represents the sum of share capital, foreign exchange reserves, hedge reserves and accumulated losses as per our audited consolidated financial statements as at and for the year ended December 31, 2016. A portion of the proceeds of the Offering may be used to distribute a dividend for which no adjustment is presented. See "*Use of Proceeds*."

(9) Represents the sum of total third party indebtedness, subordinated shareholder loan and shareholders' equity.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA

The following tables summarize certain of the historical financial data of the Parent Guarantor for the periods ended on and as at the dates indicated below. We have derived the historical consolidated financial data as at and for the years ended December 31, 2014, 2015 and 2016 from the audited consolidated financial statements of the Parent Guarantor as at and for the years ended December 31, 2014, 2015 and 2016, which are included elsewhere in this offering memorandum.

The consolidated financial statements included in this offering memorandum have been prepared in accordance with IFRS and have been presented in pounds sterling. The historical results for any prior period are not necessarily indicative of results expected in any future period.

The following selected consolidated financial data is only a summary and should be read in conjunction with, and is qualified in its entirety by reference to, the sections of this offering memorandum entitled "*Presentation of Financial Information*," "*Capitalization*," "M*anagement's Discussion and Analysis of Financial Condition and Results of Operations*" and the consolidated financial statements and the related notes included elsewhere in this offering memorandum.

Selected Consolidated Income Statement

	Year Ended December 31,		
	2014	**2015**	**2016**
	(in £ million)		
Revenue	497.2	559.6	597.8
Operating expenses[(a)]	(281.5)	(306.4)	(316.0)
Rent	(155.8)	(160.7)	(175.4)
Depreciation/amortization	(35.0)	(37.6)	(51.7)
Operating profit	**24.9**	**54.9**	54.7
Finance costs	(50.6)	(49.5)	(57.5)
Finance income	0.2	0.5	1.1
(Loss)/profit before tax	**(25.5)**	**5.9**	(1.7)
Income tax	(5.5)	(3.8)	(0.9)
(Loss)/profit for the year	**(31.0)**	**2.1**	**(2.6)**

Selected Consolidated Balance Sheet

	As of December 31,		
	2014	2015	2016
	(in £ million)		
Assets			
Intangible assets	410.2	402.5	389.6
Property, plant and equipment	102.2	123.9	121.3
Financial derivative asset	—	—	0.6
Deferred tax assets	72.5	59.4	52.2
Non-current assets	**584.9**	**585.8**	**563.7**
Inventory	1.3	1.4	1.4
Trade and other receivables	52.0	43.3	47.1
Cash and cash equivalents[(a)]	38.9	76.9	73.9
Current assets	**92.2**	**121.6**	**122.4**
Total assets	**677.1**	**707.4**	**686.1**
Liabilities			
Trade and other payables	(85.1)	(116.5)	(115.5)
Current liabilities	**(85.1)**	**(116.5)**	**(115.5)**
Bank loans	(394.3)	(384.3)	—
Bond related debt	—	—	(379.9)
Investor loan	(127.0)	(143.1)	(138.1)
Obligations under finance leases	(30.5)	(31.1)	(31.8)
Deferred tax liability	(82.0)	(72.5)	(66.2)
Deferred income	(5.3)	(7.1)	(9.8)
Provisions	(31.0)	(28.6)	(23.2)
Non-current liabilities	**(670.1)**	**(666.7)**	**(649.0)**
Total liabilities	**(755.2)**	**(783.2)**	**(764.5)**
Net liabilities	**(78.1)**	**(75.8)**	**(78.4)**
Equity			
Share capital	—	—	—
Foreign exchange reserve	0.2	0.4	(0.2)
Hedge reserve	—	—	0.6
Accumulated losses	(78.3)	(76.2)	(78.8)
Total equity	**(78.1)**	**(75.8)**	**(78.4)**

(a) As of December 31, 2016 includes cash in transit and excludes £0.2 million of cash held in a restricted account in Malta relating to regulated insurance activities that require us to hold funds to cover potential claims. Our rental payments for our hotels are generally paid every quarter in advance, generally at the end of March, June, September and December and as a result our cash at period end is generally significantly lower than our average cash balances during the period.

Selected Consolidated Cash Flow Statement

	Year ended December 31,		
	2014	2015	2016
	(in £ million)		
Net cash generated from operating activities	**67.9**	**118.1**	**106.3**
Investing activities			
Interest received	0.2	0.4	1.1
Purchases of property, plant and equipment and other intangible assets	(52.3)	(51.1)	(37.4)
Net cash used in investing activities	**(52.1)**	**(50.7)**	**(36.3)**
Financing activities			
Finance fees paid (including exceptional items)	(1.3)	(0.4)	(4.4)
Interest element of finance lease rental payments[(a)]	(3.9)	(4.2)	(4.5)
Interest paid	(9.2)	(14.8)	(38.8)
Repayment of Flare facility	—	(10.0)	(12.9)
Issue of fixed and floating rate bonds	—	—	390.0
Redemption of bank debt	—	—	(371.3)
Finance issue transaction costs	—	—	(11.1)
Repayment of Investor loan	—	—	(20.0)
Net cash used in financing activities	**(14.4)**	**(29.4)**	**(73.0)**
Net increase/(decrease) in aggregate cash and cash equivalents	**1.4**	**38.0**	**(3.0)**
Cash and cash equivalents at beginning of the year[(b)]	37.5	38.9	76.9
Cash and cash equivalents at end of the year[(b)]	**38.9**	**76.9**	**73.9**

(a) The interest element of finance lease rental payments for the year ended December 31, 2014 has been reclassified from net cash used in operating activities to net cash used in financing activities in our audited consolidated financial statements as at and for the year ended December 31, 2015, to conform with the changes to the classification between net cash used in operating activities and net cash used in financing activities in 2015.

(b) As of December 31, 2016 includes cash in transit and excludes £0.2 million of cash held in a restricted account in Malta relating to regulated insurance activities that require us to hold funds to cover potential claims. Our rental payments for our hotels are generally paid every quarter in advance, generally at the end of March, June, September and December and as a result our cash at period end is generally significantly lower than our average cash balances during the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain information in the discussion and analysis set forth below and elsewhere in this offering memorandum includes forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in the forward-looking statements contained in this offering memorandum. This discussion and analysis should also be read in conjunction with the financial statements described above and appearing elsewhere in this offering memorandum, including the notes thereto, the "Selected Consolidated Historical Financial Data" and "Summary—Summary Consolidated Historical and Other Financial Data."

Overview

Founded in 1985, Travelodge is the second largest hotel brand in the United Kingdom based on number of hotels and number of rooms operated. We lease, franchise, manage and own more than 540 hotels and more than 40,000 rooms throughout the United Kingdom, Spain and Ireland. We operate in the attractive midscale and economy ("MS&E") sector of the hotel market (as defined by STR) and are positioned as a low-cost operator, offering standardized, modern guest rooms at affordable prices to both business and leisure customers. As at March 2017, we had brand recognition of more than 90% among the UK population (as measured by a YouGov brand tracking survey), driven by our long-standing market presence, wide geographic network and effective national marketing initiatives. We estimate that we attracted approximately 18 million customers in 2016 and approximately 90% of our bookings were made through our direct channels in the year ended December 31, 2016. We employ approximately 10,500 people across our hotels and support offices, the majority of whom work in our hotels on hourly paid contracts with flexible hours of work.

As of December 31, 2016, we operated 40,847 rooms in 543 hotels under the Travelodge brand. Within our largest market, the United Kingdom (representing 98% of our total revenue in 2016), we operated 39,327 rooms (or 96% of total rooms) in 526 hotels, with 8,628 rooms (or 22% of UK rooms) in 66 hotels located in London and 30,699 rooms (or 78% of UK rooms) in 460 hotels located in regional areas across the United Kingdom. As of December 31, 2016, 513 of our hotels representing 98% of our rooms in the United Kingdom were leasehold. In addition, we had 621 rooms in five leasehold hotels in Spain and operated a further 899 rooms in twelve hotels under franchise in Ireland and Northern Ireland. The following map indicates the number of rooms that we operated by region in the mainland United Kingdom as of December 31, 2016:

Our hotels benefit from favorable hotel market dynamics in the United Kingdom. The United Kingdom has one of the largest and most resilient hotel markets in the world, with revenue per available room ("RevPAR") growing at a CAGR of 2.5% over the last ten years despite a recessionary period between 2007 and 2009. Historically, RevPAR has also closely correlated with gross domestic product ("GDP"), and as UK GDP has increased in the last six years, we have seen our RevPAR grow accordingly. The value branded sector of the hotel market in the United Kingdom accounted for approximately 19% of the overall market in 2015 compared to approximately 36% in the United States and 24% in France (based on data produced by Melvin Gold Consulting). Accordingly, we believe there are opportunities to grow the value branded sector's share of the UK market and, having traditionally accounted for most of the growth in the industry together with our main competitor, Premier Inn, we expect to maintain a significant share of the pipeline for new hotel rooms in 2017.

We have made significant investments in our business in recent years aimed at enhancing our brand and improving customer satisfaction. In December 2015, we completed our Modernization Program, consisting of an investment of approximately £100 million, to improve the quality and consistency of our hotels within the United Kingdom. Since the program commenced in 2013, we have modernized approximately 35,000 rooms (almost 99% of our UK hotel rooms have been either refurbished or opened since 2013). The program included the installation of a new king-size Travelodge "Dreamer" bed, manufactured by Royal Warrant Holders Sleepezee, in most of our UK guest rooms, the redecoration of our guest rooms in our new modern look and feel and the renovation or replacement of furniture and other equipment, as appropriate. As a result, our UK guest rooms now offer a consistent, higher quality experience to our customers. Our operational performance has been strengthened with the use of detailed customer surveys to pinpoint areas for operational focus, standardized work practices and new training programs and we have sought to increase bookings by implementing an integrated advertising campaign, using national television advertising and an

extensive digital campaign. In addition, we have invested in an automated yield management system (IDeaS) that optimizes our pricing by using extensive analytical measures to set room rates according to demand and projected value of business.

Since we implemented these and other measures, our customer satisfaction has improved significantly. As of December 31, 2016, our UK hotels averaged four out of five stars on TripAdvisor (compared to 3.3 out of five stars as of December 31, 2013) and in 2016 we received 203 TripAdvisor Certificates of Excellence, more than triple the number received in 2014. The combination of improved quality assets, stronger operations, more effective advertising and yield management, together with growth in customer satisfaction, has helped our UK RevPAR growth to outperform the MS&E sector and the UK hotel market as a whole. In the year ended December 31, 2016, our UK like-for-like RevPAR increased by 2.5%, while RevPAR in the MS&E sector increased by 1.4% and the overall UK hotel market grew by 1.3%.

In the year ended December 31, 2016, we generated revenue of £597.8 million and EBITDA of £110.1 million. More than 90% of our revenue for the year ended December 31, 2016 was generated from accommodation, with the remainder from food and beverage and retail and other sales. Our hotels have a low-cost operating model and use standardized processes to improve efficiency. Of our 514 UK leased or owned hotels, all but 8 hotels open for more than twelve months generated positive EBITDA (before central cost allocations and onerous lease provision releases) in the year ended December 31, 2016. We also benefit from diversified sources of revenue, with only 18 of our UK hotels individually accounting for more than £1 million of EBITDA (before central cost allocations) in 2016.

Factors Affecting Our Results of Operations

We consider the following factors, which are discussed further below, as the key factors affecting our results of operations:

- general economic conditions and growth in our sector of the hotel market;
- seasonality and weather;
- our Modernization Program;
- improvements in our yield management process;
- occupancy, ADR and RevPAR;
- rent expense;
- expenses (other than rent);
- brand awareness and marketing; and
- new hotel openings.

General Economic Conditions and Growth in Our Sector of the Hotel Market

As the second largest hotel brand in the United Kingdom, our business depends on customer demand for our rooms and the related services that we provide, which are in turn dependent on the general state of the hotel and travel industry, primarily in the United Kingdom, where we had 513 leasehold hotels and one owned hotel as at December 31, 2016. Our UK hotels (including fees received under management contracts relating to 12 hotels we operate and the Irish franchise) accounted for £587.7 million, or 98%, of our revenue for the year ended December 31, 2016. In addition, we have five leased hotels in Spain, which accounted for £10.0 million, or 2%, of our revenue for the year ended December 31, 2016. Performance in the hotel industry in the locations where we operate is closely linked to global, European and UK economic growth. In particular, UK hotel market performance is linked to economic growth and growth of RevPAR is generally closely aligned with GDP growth.

The United Kingdom has seen record levels of international tourism in recent years. Globally, despite external shocks and economic downturns there has been an upward trajectory in tourism numbers and this is forecast to continue by the United Nations World Tourism Organization (UNWTO). The hotel industry in the United Kingdom has recovered following the global economic downturn of 2008, with increased demand in the London market initially leading the way to recovery, followed more recently by other regions in the United Kingdom, as economic conditions have improved. In 2016, the UK hotel market continued to benefit from generally positive economic conditions. The regional

market grew strongly while the London market was weaker than in previous years, partly reflecting the consequences of slower inbound tourism demand, particularly during the first quarter of the year, following terrorist incidents that took place in Europe towards the end of 2015 and the more normal autumn trading compared to the higher demand seen during the autumn of 2015 as a result of the Rugby World Cup.

We operate in the MS&E sector, which comprised approximately 220,000 rooms in the United Kingdom in 2016, according to STR. The proportion varies between cities and regions, for example, in London value hotels are somewhat underrepresented compared to the north and center of the United Kingdom. The largest operators in the MS&E sector are us and our main competitor, Premier Inn.

According to STR data, the MS&E sector, which includes value brands such as Travelodge and Premier Inn, has outperformed the Upscale and Upper Midscale and Luxury and Upper Upscale hotel markets between 2013 and 2016 in terms of RevPAR growth, with MS&E hotels growing at a CAGR of 6.8% as compared to a CAGR of 4.8% for Upscale and Upper Midscale and 3.1% for Luxury and Upper Upscale. In addition, budget operators have historically shown stronger resilience than the wider industry across the hotel cycle. Taking Premier Inn as a proxy for a well-invested MS&E operator, MS&E operator RevPAR has shown stronger resilience than the RevPAR of the overall hotel market in the UK since 2002. According to Euromonitor, total sales for the MS&E sector are expected to continue to grow strongly.

We believe that our strategic investments in property modernization, strengthening our operations and driving effective marketing and yield campaigns and pursuing yield management have caused our UK RevPAR growth to outperform the MS&E sector and the UK hotel market as a whole. In the year ended December 31, 2016, our UK like-for-like RevPAR increased by 2.5%, while RevPAR in the MS&E sector increased by 1.4% and the overall UK hotel market grew by 1.3%.

Seasonality and Weather

Our business is seasonal in nature. We have high occupancies on weekends and in the summer, but tend to perform strongest of all when there is both strong business and leisure demand. Our Occupancy is lowest, and we may incur a loss, during the first quarter of each year, where there is less general business demand and lower levels of leisure demand, especially in seasonal resorts. Our first quarter revenue is also negatively affected when Easter occurs in the first quarter of the year due to fewer business travelers, though this is partially offset by an increase in leisure travelers. An early Easter also generally sees less leisure demand than one later in the second quarter. The second, third and fourth quarters of 2014, 2015 and 2016, generally made positive contributions to our full-year EBITDA.

Our results are also affected by periods of abnormal, severe or unseasonal weather conditions, including natural disasters such as floods and other adverse weather and climate conditions. Mild weather may increase Occupancy levels in leisure destinations, particularly during peak travel season. Weather also typically affects our energy costs, which increase when there is abnormally severe or prolonged cold or hot weather.

Our Modernization Program

In December 2015, we completed our Modernization Program to improve the quality and consistency of our hotels within the United Kingdom. Since the program commenced in 2013, we have modernized approximately 35,000 rooms within our UK portfolio (almost 98% of our UK hotel rooms have been refurbished or opened since 2013) by redecorating and installing our new Travelodge "Dreamer" beds and upgrading other furnishings and fittings as appropriate. In addition to refitting our leased hotels, the 12 hotels that we operate under management contracts were also refitted. Collectively, these investments have provided us with a well maintained hotel portfolio, and will allow us to transition to a longer-term refurbishment and maintenance program expected to run over a seven or eight year cycle.

We believe that the Modernization Program has been a marked success. Since we implemented our Modernization Program and certain other measures, our RevPAR outperformed the MS&E sector and grew by 2.5% in the year ended December 31, 2016, compared to growth of 1.4% for the MS&E sector and 1.3% for the UK hotel sector as a whole. Customer satisfaction, as measured by our ratings on consumer review websites, such as TripAdvisor, has also improved significantly since 2014. As of December 31, 2016, our UK hotels averaged four out of five stars on TripAdvisor (as compared to 3.3

out of five stars as of December 31, 2013) and we received 203 TripAdvisor Certificates of Excellence, more than triple the number received in 2014 which totaled 65. We will seek to build on these improving customer satisfaction ratings to grow sales and capitalize on our position as a leading value branded hotel in the United Kingdom.

Improvements in Our Yield Management Process

Our results of operations are affected by operational improvements. Since our new strategy was introduced in 2013, we have improved our yield management process, which is intended to grow RevPAR through optimizing pricing and Occupancy. To that end, we have implemented a yield management system (IDeaS) that uses extensive analytic measures to set room rates according to demand and projected value of business. We also invested in our Revenue and Analytics teams by hiring a Revenue Director and other supporting revenue and analytics staff. We believe that optimized revenue management, through better integration of the above measures, will contribute to continued outperformance.

Occupancy, ADR and RevPAR

Revenue from our existing hotels is primarily affected by Occupancy and ADR. Both Occupancy and ADR are strongly correlated to general economic conditions, the strength of the travel industry and the supply of and demand for hotel accommodation in a specific market. We believe that the strength of our brand, the geographic distribution of our hotel portfolio and the different arrangements under which we operate our hotels allow us to diversify risks related to specific hotels in our portfolio. In order to react appropriately to developments in our local markets, we regularly monitor Occupancy, ADR and RevPAR of our hotels.

Occupancy

Occupancy is the quotient of the total number of Room Nights sold during a specified period divided by the total number of rooms available for each day during that period. Occupancy measures the utilization of our hotels' available room capacity. We use Occupancy to measure demand at a specific hotel or group of hotels in a given period at the rates charged. Demand is principally driven by the need for general business travel, leisure travel including the propensity of people to visit friends and relatives, special events such as sporting events, concerts and conferences, as well as other events in the hotel's proximity. Occupancy is affected by the rate strategy we deploy, which sets prices, and by the supply of hotel rooms in the area surrounding each of our hotels, and increases in hotel room supply, which can increase competition and make it more difficult to achieve high Occupancy.

Average Daily Rate (ADR)

Average Daily Rate is the quotient of total room revenues for a specified period divided by total Room Nights sold during that period. ADR trends indicate how much customers are willing to pay for accommodation in a particular region and a specific hotel. It also provides insights regarding the nature of the customer base of a hotel or group of hotels. ADR is a commonly used performance measure in the industry. We use ADR to assess the pricing levels that we are able to generate by customer group, as changes in rates have a different effect on overall revenues and incremental profitability than changes in Occupancy, as described above.

RevPAR

RevPAR is the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period. RevPAR does not include non-room revenues, which consist of ancillary revenues generated by a hotel property, such as food and beverage, as well as wifi, parking and other guest services. We use RevPAR to identify trend information with respect to room revenues of comparable properties and to evaluate hotel performance on a regional basis. RevPAR is a commonly used performance measure in the hotel industry.

We believe that a change in RevPAR is a reliable indicator of a change in revenue from our hotels because RevPAR takes into account both ADR and Occupancy. However, RevPAR changes that are driven predominately by changes in Occupancy have different implications for overall revenue levels and incremental profitability than do changes that are driven predominately by changes in ADR. For example, assuming the same room rates and variable operating costs, including housekeeping services, utilities and room amenity costs, increases in Occupancy at a hotel would lead to increases in room revenues compared to lower levels of Occupancy and such increased Occupancy may also

result in increased ancillary revenues, including food and beverage. In contrast, changes in ADR typically have a greater effect on margins and profitability, because rates increase while variable operating costs remain relatively stable.

Rent Expense

A significant portion of our other operating expenses is rent expense, which is primarily determined by our ability to negotiate favorable terms under new lease agreements, the rental prices in the region in which our hotels are located and the predominantly RPI related growth rates applied to our existing leases. We rent our hotels under 25 to 35 year triple net operating leases with various landlords. Typically new leases have a six month initial rent free period and an upwards only rent review every five years, most commonly linked to RPI growth. We also receive rental income on some sites where we sublet space to third parties. A small portion of our rent expense results from a variable rent component under our leases which is tied to the revenue level we generate at the relevant leased hotel. In recent years, we have renegotiated the terms of our lease payments and other terms and conditions of the leases for certain of our hotels directly with the landlord, primarily for hotels with negative EBITDA, which has reduced our long-term costs. However, we cannot generally terminate or cancel our leases before their expiry.

Prior to the implementation of the CVA in 2012, which provided for an operational and financial restructuring of our business, our operating performance was negatively affected by onerous lease provisions and high rental expenses. Under the CVA, we categorized our leases based on commercial viability, keeping commercially viable leases while exiting commercially unviable leases (after paying landlords monthly reduced rent for six months). The CVA provided for three different lease categories. Category 1 leases were considered commercially viable; category 3 leases were deemed commercially unviable and exited; and those leases that would only be commercially viable if we reduced the rent payable thereunder were classified as category 2 leases.

The CVA empowered us to reduce our rent obligations for three years by 25% under category 2 leases and terminate category 3 leases, which allowed us to successfully restructure our business operations. However, the CVA provided for a rental review tied to hotel performance in category 2 leases which commenced in the fourth quarter of 2015 and led to increased rents in these properties from that time with an annual impact of £3.3 million.

Under the CVA, we were required to establish a Compromised Lease Fund to compensate compromised landlords. The CVA Compromised Lease Fund comprises a minimum £2.5 million payment with additional amounts above this being based upon the annual performance of our UK trading entity, Travelodge Hotels Limited, for the years ended December 31, 2013 through December 31, 2015, up to a maximum additional amount in each financial year of £2.5 million. We did not achieve the EBITDA targets for the years ended December 31, 2013 (£76.0 million) and December 31, 2014 (£84.0 million), and as a result are not required to make any contributions to the CVA Compromised Lease Fund in respect of these years. In 2015, we achieved the EBITDA target (£96.9 million) and therefore triggered an additional contribution of £1.4 million to the CVA Compromised Lease Fund. As of December 31, 2015, we had provided for a payment of £3.9 million to be paid to the CVA scheme administrator and made this payment in April 2016. This was the ultimate performance related payment that we were required to make under the CVA and the CVA was formally completed in October 2016.

Operating Expenses (other than rent, depreciation/amortization and exceptional items)

In parallel with significant investments to improve the quality of our rooms (through our comprehensive Modernization Program), we have also made key investments since 2013 aimed at streamlining operational delivery, improving the quality of service and in turn the overall customer experience. Operating expenses (excluding rent, depreciation/amortization and exceptional items), have increased principally due to new hotel openings, employee costs (including the impact of insourcing the cleaning teams over that period), cost of goods sold, revenue related expenses such as credit card charges and commission and maintenance costs.

One of the largest components of our operating expenses is employee costs and our financial results are impacted by our ability to manage these costs. For the year ended December 31, 2016, we employed 5,363 average fulltime equivalent employees in our UK operations and 59 in our international operations. The large majority of our employees work in our hotels.

We estimate that more than 85% of our employees are paid hourly, with almost all of these employees receiving the National Living Wage. The National Living Wage in April 2016 rose from £6.70 to

£7.20 per hour for all workers over 25 years old and was subsequently increased to £7.50 in April 2017. We have implemented these increases for all of our employees that receive the National Living Wage, and not just those over the age of 25. By 2020, the National Living Wage is expected to increase to £9.00 per hour. We expect to continue to closely manage our employee costs. In response to the increased National Living Wage we intend to focus on ways to improve our efficiency, including more effective rostering and greater use of an appropriate full-time/part time mix in each hotel, and in common with many other hotel businesses, to seek to pass on elements of the cost increase to customers in the form of higher charges. We seek to control our employee costs by forecasting our needs based upon anticipated business volume, including Occupancy, and food and beverage sales. Recently, employee costs have been increasing due to our efforts to improve our central office operations and the service quality in our hotels. At our hotels, we have invested in extra bar café staff hours, additional training and increased staff hours in some hotels to improve quality, while, at our central office, we have grown our sales, digital, marketing, revenue management and operational support teams.

Other key expenses affecting our financial results include increases for travel management companies' commissions due to the change in customer mix toward more affluent and business customers, increased credit card charges due to sales growth, and expenses incurred in connection with the equipment of certain of our rooms with new duvets and pillows, fans, carpet cleaners and soap dispensers.

Brand Awareness and Marketing

Our business benefits from strong brand recognition in the United Kingdom, our primary market. Notwithstanding the strong presence of our brand in the marketplace, we are currently continuing to reposition our brand as a leading value branded hotel in the United Kingdom. We completed our Modernization Program in December 2015 and are now focused on investing in marketing and brand awareness and expanding our operations in strategic markets, primarily London.

We also continue to invest in marketing to our customers. In May 2014, we took a new marketing approach and advertised on television for the first time since 2010. While we believe that the initial message from the television campaign has been received well in the market, we expect more significant impact over the longer term and improved brand awareness.

We also conduct our marketing efforts through digital, online "pay-per-click" advertising and search engine optimization in order to appeal to customers who are searching for and comparing hotel options online. We plan to continue to focus on developing our web offer and driving conversion through better user experience, with an emphasis on attracting business customers and repeat stays.

We expect to continue to adopt a balanced marketing approach, using traditional, digital and direct marketing as appropriate.

New Hotel Openings

Our future growth depends in part on our ability to expand our hotel portfolio by opening new hotels. We base our decision to open new hotels on the expected financial performance of the hotel, using a detailed appraisal of the local market characteristics, local competition and an analysis of historic performance of comparable hotels within our network.

We do not typically build our own hotels and therefore we do not typically take on direct development or planning risk. Instead, we partner with a wide range of developers, including large scale developers and regional companies, who build our hotels and then transfer them to us in the manner of a leasehold obligation. We agree a rental period and fee and oversee progress on development to ensure the site meets our specifications. The majority of the capital spent is for the account of the developer, and our rent obligations usually only begin once a hotel is successfully handed over to us. Development costs vary according to location and building configuration, but the range is generally £45,000 to £65,000 per room excluding land. Assets usually take two to three years from entering our pipeline to opening, with the first year or so being primarily planning and the second year or so consisting of construction and fit-out. Newly opened hotels usually breakeven within the first year and take around two years to fully mature, affecting our profitability during this initial ramp-up period.

Between January 1, 2014 and December 31, 2016, we opened 36 new hotels. As of March 7, 2017, we had entered into agreements to lease 48 hotels with 4,306 rooms (our "*secured pipeline*"). We currently expect to spend approximately £9 million in development costs in 2017 related to new hotel openings. We believe that our secured pipeline is strong, and that our management team has a

proven track record of delivering new hotels on time and on budget. New openings could be delayed due to unforeseen events, including weather and labor issues and resource constraints in the construction industry. See "*Risk Factors—Risks Relating to Our Business and Industry—We have a number of hotels in our development pipeline, which may not be successful or may not realize the anticipated benefits*."

Description of Key Income Statement Line Items

Set forth below is a brief description of the key line items of our income statement data.

Revenue

Our revenues are mainly derived from providing hotel accommodation. In 2016, for example, hotel accommodation accounted for more than 90% of our revenue. Revenue is measured at fair value of the consideration received or receivable and represents the amount receivable for goods and services supplied to customers in the normal course of business, net of trade discounts and VAT. A portion of our revenue from providing accommodation is derived through prepaid room bookings, all revenue from accommodation is recognized when customers check-in at our hotels, over the period of stay. We also derive revenue from food and beverage sales, car parking, cancellation insurance, Wi-Fi and vending machines.

Operating Expenses

Operating expenses consist of cost of goods sold, employee costs, audit fees and other operating expenses. Cost of goods sold includes laundry and linen, consumables in rooms, the cost of food and beverages sold and the costs associated with retail and other income, such as wifi, vending and car parking. These typically increase in line with occupancy levels and price inflation. Employee costs comprises wages, salaries and benefits. Other operating expenses includes property costs such as utilities, business rates, service charges and insurance; marketing costs such as our television and digital advertising; and maintenance and other operating costs.

Net External Rent Payable

Net rent, as reported in our financial statements, consists of net external rent payable and IFRS rent charge. Net external rent payable represents rent payments to third party landlords for operating leases (mainly for our leased hotels), net of rent we receive as landlords. IFRS rent charge represents a non-cash adjustment relating to the initial rent-free period that we receive on many of our leases. Under IFRS, the benefit of this rent free period is held as an asset on our balance sheet and is recognized in our income statement as a deduction to actual rent expense paid in each period. Initially, the amount of the related deduction is calculated on a straight line basis over the period until the first rent review, which typically corresponds to a period of five years. The deduction is then recalculated on the basis of straight line depreciation over the full life of the lease which is typically 25 years with the difference being reflected as the IFRS rent adjustment. As a result, our IFRS rent expense does not reflect our cash payments of rent in any period.

Depreciation/Amortization

Depreciation/amortization is applied to our (i) lease premiums, which are amortized on a straight line basis over the length of each lease; (ii) IT software, which is amortized on a straight line basis over its expected useful life ("*UEL*") of three years; (iii) brand (goodwill), which is reviewed annually for impairment; (iv) freehold buildings, which are depreciated to their estimated residual values ("*ERV*") over a period of up to 50 years; (v) leasehold buildings, which are depreciated to their ERV over 50 years, or where shorter, their remaining lease periods; (vi) fixtures and fittings, which are depreciated on a straight line basis between three to five years; and (vii) finance lease assets, which are depreciated over their UEL or, where shorter, the term of the relevant lease.

Finance Costs

Finance costs include interest on our bank loans, finance fees, interest on obligations under finance leases and unwinding of discount on provisions. It also includes the interest on our investor loan, which is rolled up into the principal and not due for payment until the loans expire or terminate.

Finance Income

Finance income includes interest on our bank deposits.

Income Tax

Income tax includes taxes paid on our earnings to various governmental authorities. Our tax rates are affected by many factors, including our mix of earnings in various locations where we operate, legislation, acquisitions, dispositions and tax characteristics of our income. Our tax rates are also affected by tax incentives introduced in the United Kingdom and other countries to encourage and support certain types of activity. Our tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our tax provisions.

Exceptional Items

Exceptional items represents material, non-recurring items which our management considers not representative of the continuing performance of our business. Exceptional items are identified on a case-by-case basis for each financial period. In the periods under discussion, exceptional items primarily included: impairment of fixed assets in Aberdeen, Scotland due to changes in local market demand; financing costs relating to restructuring of our debt; a net provision reassessment; costs relating to the issuance of the Existing Notes, the Senior Facilities and the refinancing of our debt; charges resulting from the achievement of our EBITDA target under the CVA, which required us to make additional contributions to the CVA Compromised Lease Fund; charges related to a detailed property review; charges related to write-offs in connection with the refurbishment of our hotels; costs of financial due diligence and other advisory fees in respect of corporate strategy; credits and charges relating to reassessment of various provisions; charges relating to the impairment of intangible assets; provisions for rent liabilities at hotels where it is considered improbable that trading profits will be generated; and charges relating to hotel closures.

Results of Operations

Year Ended December 31, 2016 Compared with the Year Ended December 31, 2015

The table below sets forth certain line items from our income statement for the year ended December 31, 2015 and 2016.

	Year Ended December 31,			
	2015	**2016**	**Increase/ (decrease)**	**Percent change**
			(in £ million)	
Revenue by geographical region				
Revenue	**559.6**	**597.8**	**38.2**	**6.8%**
Revenue UK	552.1	587.7	35.6	6.4%
Revenue International	7.5	10.1	2.6	34.7%
Key income statement items				
Revenue	**559.6**	**597.8**	**38.2**	**6.8%**
Operating expenses	(298.0)	(316.0)	(18.0)	(6.0)%
Of which cost of goods sold	*(35.8)*	*(37.5)*	*(1.7)*	*(4.7)%*
Of which employee costs	*(118.7)*	*(136.2)*	*(17.5)*	*(14.7)%*
Of which other operating expenses	*(143.5)*	*(142.3)*	*1.2*	*0.8%*
Net external rent payable	(156.5)	(171.7)	(15.2)	(9.7)%
EBITDA	**105.1**	**110.1**	**5.0**	**4.8%**
IFRS rent charge[1]	(4.6)	(3.4)	1.2	26.1%
Depreciation	(22.4)	(29.9)	(7.5)	(33.5)%
Amortization	(15.2)	(15.8)	(0.6)	(3.9)%
Operating profit (before exceptional items)	**62.9**	**61.0**	**(1.9)**	**(3.0)%**
Finance costs	(49.5)	(53.3)	(3.8)	(7.7)%
Finance income	0.5	1.1	0.6	—
Income tax	(3.8)	(0.9)	2.9	76.3%
Profit/(loss) for the year (before exceptional items)	**10.1**	**7.9**	**(2.2)**	**(21.8)%**
Exceptional items	(8.0)	(10.5)	(2.5)	(30.6)%
Profit/(loss) for the year	**2.1**	**(2.6)**	**(4.7)**	—

(1) In many of our leases we receive a rent-free period at the beginning of the lease term. Under IFRS, the benefit of this rent free period is held as an asset on our balance sheet and is recognized in our income statement as a deduction to actual rent expense paid in each period, on a straight line basis over the full life of the lease. As a result, our IFRS rent expense does not reflect our cash payments of rent in any period. EBITDA in each period recognizes the portion of the credit attributable to such period as if such credit were applied on a straight line basis until the next rent review, normally five years. See "*—Description of Key Income Statement Line Items—Net External Rent Payable*" and "*Summary—Summary Consolidated Historical and Other Financial Data—Summary Consolidated Statement of Income*."

Revenue

Revenue increased by £38.2 million, or 6.8%, from £559.6 million for the year ended December 31, 2015 to £597.8 million for the year ended December 31, 2016. This increase was primarily due to like-for-like UK RevPAR growth of 2.5%, the annualization and maturity of the 12 new hotels added in the 2015 and the opening of 19 new hotels in the year. Like-for-like growth outperformed the MS&E segment growth of 1.4% for the period benefitting from improved conversion rates from our upgraded website and continued growth from business customer sales, supported by effective yield management.

Operating Expenses

Operating expenses increased by £18.0 million, or 6.0%, from £298.0 million for the year ended December 31, 2015 to £316.0 million for the year ended December 31, 2016. This increase was primarily due to increased employee costs.

Employee cost increases were largely driven by the additional staff employed in our new hotels, wage inflation (including the impact of the National Living Wage), together with investment in the sales and marketing team to increase our share of business customers and our online presence. Employee costs were also impacted by insourcing our previously outsourced cleaning teams, where these costs would have previously been included in other operating costs.

Other operating expenses include marketing costs which were lower year on year owing to changes in our marketing mix and tactical investments.

Net External Rent Payable

Net external rent payable increased by £15.2 million, or 9.7%, from £156.5 million for the year ended December 31, 2015 to £171.7 million for the year ended December 31, 2016. This increase was primarily due to 19 new hotel openings during the period, the annualization and maturity of 12 new hotels added in 2015, upwards only rent reviews predominantly linked to RPI and the CVA category 2 rent review with an impact of £2.6 million for the full year.

Depreciation/Amortization

Depreciation/amortization increased by £8.1 million from £37.6 million for the year ended December 31, 2015 to £45.7 million for the year ended December 31, 2016. This increase was primarily due to the higher asset values in the period resulting from the completion of the modernization program in December 2015.

Finance Costs

Finance costs increased by £3.8 million, or 7.7%, from £49.5 million for the year ended December 31, 2015 to £53.3 million for the year ended December 31, 2016, of which £15.0 million represented non-cash paid interest on the Subordinated Shareholder Loan. The increase was primarily due to higher costs associated with the issuance of the Existing Notes in May 2016 which increased our level of debt and interest payments.

Finance Income

Finance income increased by £0.6 million from £0.5 million for the year ended December 31, 2015 to £1.1 million for the year ended December 31, 2016. This increase was primarily due to additional interest in respect of a loan to our previous Irish franchisee partner which was settled during the fourth quarter of 2016.

Income Tax

Income tax is recognized based on management's best estimate of the income tax rate expected for the financial year. Income tax decreased by £2.9 million, or 76.3%, from £3.8 million for the year ended December 31, 2015 to £0.9 million for the year ended December 31, 2016. This movement was non-cash and related entirely to changes in deferred tax on intangible assets, tax losses and differences between accounting depreciation and capital allowances.

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

The table below sets forth certain line items from our income statement for the year ended December 31, 2014 and 2015.

	Year Ended December 31,		Increase/ (decrease)	Percent change
	2014	2015	(in £ million)	
Revenue by geographical region				
Revenue	**497.2**	**559.6**	62.4	12.6%
Revenue UK	489.9	552.1	62.2	12.7%
Revenue International	7.3	7.5	0.2	2.7%
Key income statement items				
Revenue	**497.2**	**559.6**	62.4	12.6%
Operating expenses	(282.1)	(298.0)	(15.9)	5.6%
Of which cost of goods sold(1)	*(35.0)*	*(35.8)*	*(0.8)*	*2.3%*
Of which employee costs	*(99.7)*	*(118.7)*	*(19.0)*	*19.1%*
Of which other operating expenses(1)	*(147.4)*	*(143.5)*	*3.9*	*(2.6)%*
Net external rent payable	(148.9)	(156.5)	(7.6)	5.1%
EBITDA	**66.2**	**105.1**	**38.9**	58.8%
IFRS rent charge(2)	(5.6)	(4.6)	(1.0)	(17.9)%
Depreciation	(14.3)	(22.4)	(8.1)	56.6%
Amortization	(16.0)	(15.2)	0.8	(5.0)%
Operating profit (before exceptional items)	**30.3**	**62.9**	32.6	107.6%
Finance costs	(50.6)	(49.5)	1.1	(2.2)%
Finance income	0.2	0.5	0.3	150.0%
Income tax	(5.5)	(3.8)	1.7	(30.9)%
Profit/(loss) for the year (before exceptional items)	**(25.6)**	**10.1**	35.7	(139.5)%
Exceptional items	(5.4)	(8.0)	(2.6)	48.1%
Profit/(loss) for the year	**(31.0)**	**2.1**	33.1	(106.8)%

(1) Cost of goods sold and other operating expenses for the year ended December 31, 2014 has been reclassified in the notes to the audited consolidated financial statements as at and for the year ended December 31, 2015 in order to conform with changes to the classification between cost of goods sold and other operating expenses in 2015. These reclassifications have no impact on EBITDA or operating profit.

(2) In many of our leases we receive a rent-free period at the beginning of the lease term. Under IFRS, the benefit of this rent free period is held as an asset on our balance sheet and is recognized in our income statement as a deduction to actual rent expense paid in each period, on a straight line basis over the full life of the lease. As a result, our IFRS rent expense does not reflect our cash payments of rent in any period. EBITDA in each period recognizes the portion of the credit attributable to such period as if such credit were applied on a straight line basis until the next rent review, normally five years. See "*—Description of Key Income Statement Line Items—Net External Rent Payable*" and "*Summary—Summary Consolidated Historical and Other Financial Data—Summary Consolidated Statement of Income*."

Revenue

Revenue increased by £62.4 million, or 12.6%, from £497.2 million for the year ended December 31, 2014 to £559.6 million for the year ended December 31, 2015. This increase was primarily due to

like-for-like UK RevPAR growth of 11.7%, the annualization and maturity of the five new hotels added in 2014 and the opening of 12 new hotels in 2015. Like-for-like growth outperformed the MS&E segment growth of 7.2% for the year benefitting from the Modernization Program, advertising campaign, strong growth from business customers, improvements in our yield management process and operational improvements driving customer satisfaction. There was strong growth in both London and the Regions.

Operating Expenses

Operating expenses increased by £15.9 million, or 5.6%, from £282.1 million for the year ended December 31, 2014 to £298.0 million for the year ended December 31, 2015. This increase was primarily due to increased employee costs.

Employee cost increases were largely driven by the additional staff employed in our new hotels, wage inflation (with a significant proportion of employees receiving the National Minimum Wage), with investment in the sales and marketing team to increase our share of business customers and our online presence as well as other operational improvements. Employee costs were also impacted by insourcing our previously outsourced cleaning teams because these costs would previously have been included in other operating costs.

The underlying increase in other operating costs relates mainly to revenue driven increases in credit card charges and travel agent's commissions in line with the growth in business customers, as well as additional maintenance costs and increased utilities costs.

Cost of sales increases reflect volumes for laundry and food and beverage and price inflation.

Net External Rent Payable

Net external rent payable increased by £7.6 million, or 5.1%, from £148.9 million for the year ended December 31, 2014 to £156.5 million for the year ended December 31, 2015. This increase was primarily due to the opening of 12 new hotels, the annualization of five new hotels added in 2014, upwards only rent reviews predominantly linked to RPI and the CVA category 2 rent review for the fourth quarter of 2015 with an annualized impact of £3.3 million.

Depreciation/Amortization

Depreciation/amortization increased by £7.3 million from £30.3 million for the year ended December 31, 2014 to £37.6 million for the year ended December 31, 2015. This increase was primarily due to higher asset values in the year ended December 31, 2015 resulting from the completion of the Modernization Program.

Finance Costs

Finance costs decreased by £1.1 million, or 2.2%, from £50.6 million for the year ended December 31, 2014 to £49.5 million for the year ended December 31, 2015. This decrease was primarily due to the relative charges for unwinding of discount on provisions. Underlying bank interest was consistent year on year.

Finance Income

Finance income increased by £0.3 million from £0.2 million for the year ended December 31, 2014 to £0.5 million for the year ended December 31, 2015. This increase was primarily due to higher interest bearing cash balances during the period as a result of improved performance.

Income Tax

Income tax decreased by £1.7 million, or 30.9%, from £5.5 million for the year ended December 31, 2014 to £3.8 million for the year ended December 31, 2015. This decrease was primarily due to the effect of the change in tax rate on the deferred tax balances.

Liquidity

Our principal sources of liquidity have been cash generated from our operating activities and short and long-term borrowings. Following the Issue Date, we expect that our principal sources of liquidity will be our existing cash and cash equivalents, cash generated from operations, and our £50.0 million Revolving Credit Facility and our £30.0 million Letter of Credit Facility, which will be available for drawing following completion of the Offering.

Our financial condition and liquidity have been, and are expected to continue to be, influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness, and the interest we are obligated to pay on such indebtedness, which affect our finance costs;
- our ability to continue to borrow funds from banks;
- our rent expenses;
- our capital expenditure requirements; and
- our level of acquisition and development activity.

Our principal uses of funds are expected to consist mainly of funding capital expenditures and acquisitions or development activity, servicing indebtedness and financing working capital. As at the date of this offering memorandum, after taking into account our current cash and cash equivalents and our anticipated cash flow from operating and financing activities, we believe that we have sufficient liquidity for our present requirements for at least the next 12 months.

We had £107.3 million of cash and cash equivalents as of March 29, 2017.

Cash Flow

As at December 31, 2016, we had cash of £73.9 million, an increase of £3.0 million compared to £76.9 million as at December 31, 2015. The year-end cash balance was beneficially impacted by the timing of certain rent and creditor payments which we made shortly after the end of the 2016 fiscal year. Our cash cycle reflects the monthly payment of creditors and staff and fluctuates throughout the quarter with rent paid quarterly in advance around the end of each quarter. As a result, our quarterly cash position is generally at a low point immediately after the end of March, June, September and December following payment of the quarterly rent bill, monthly creditor payments and payroll.

The table below sets forth certain line items from our consolidated cash flow statement for the years ended December 31, 2014, 2015 and 2016.

	For the year ended December 31,		
	2014	**2015**	**2016**
	(in £ million)		
Net cash generated from operating activities	67.9	118.1	106.3
Net cash used in investing activities	(52.1)	(50.7)	(36.3)
Net cash used in financing activities[(a)]	(14.4)	(29.4)	(73.0)
Net increase in aggregate cash and cash equivalents	**1.4**	**38.0**	**(3.0)**
Cash and cash equivalents at the beginning of the period	37.5	38.9	76.9
Cash and cash equivalents at the end of the period	**38.9**	**76.9**	**73.9**

(a) The interest element of finance lease rental payments for the year ended December 31, 2014 has been reclassified from net cash used in operating activities to net cash used in financing activities in our audited consolidated financial statements as at and for the year ended December 31, 2015, to conform with the changes to the classification between net cash used in operating activities and net cash used in financing activities in 2015.

Net Cash Generated from Operating Activities

Net cash generated from operating activities for the year ended December 31, 2016 decreased by £11.8 million, or 10.0%, from £118.1 million for the year ended December 31, 2015 to £106.3 million for the year ended December 31, 2016. This was due to a decrease of £25.7 million in working capital driven predominantly by timing differences with respect to rent payments and other payments to creditors, and additional exceptional items, including the CVA fund and costs associated with our strategic review and debt restructuring, partially offset by higher EBITDA after exceptional items of £12.7 million.

Net cash generated from operating activities for the year ended December 31, 2015 increased by £50.2 million, or 73.9%, from £67.9 million for the year ended December 31, 2014 to £118.1 million for the year ended December 31, 2015, primarily as a result of the growth in EBITDA and improvements in working capital management.

Net Cash Used in Investing Activities

Net cash used in investing activities for the year ended December 31, 2016 decreased by £14.4 million, or 28.4%, primarily due to the completion of our Modernization Program in December 2015, from £50.7 million for the year ended December 31, 2015 to £36.3 million for the year ended December 31, 2016, comprising the purchase of intangible and tangible fixed assets for consideration of £37.4 million, offset by interest received of £1.1 million.

Net cash used in investing activities for the year ended December 31, 2015 decreased by £1.4 million, or 2.7%, from £52.1 million for the year ended December 31, 2014 to £50.7 million for the year ended December 31, 2015, primarily as a result of a small decrease in capital expenditure as a result of the phasing of the Modernization Program.

Net Cash Used in Financing Activities

Net cash used by financing activities for the year ended December 31, 2016 was £73.0 million, primarily due to bank interest payments of £38.8 million, partial repayment of the Subordinated Shareholder Loan in an amount of £20.0 million, repayments of term debt during the first three months of the year in an amount of £12.9 million, finance issue transaction costs of £11.1 million relating to the issuance of the Existing Notes and refinancing of our debt, finance lease interest paid of £4.5 million and finance fees paid (including exceptional items) of £4.4 million, partially offset by net refinancing proceeds of £18.7 million.

Net cash used by financing activities for the year ended December 31, 2015 was £29.4 million, primarily due to interest paid on our indebtedness which became fully cash paid from January 1, 2015 and was paid in July 2015 and January 2016, finance fees, finance lease interest and the repayment of £10 million of debt.

Net cash used by financing activities for the year ended December 31, 2014 was £14.4 million, primarily due to interest paid on our indebtedness, finance fees and finance lease interest.

Capital Expenditures

Our capital expenditure in the year ended December 31, 2016 primarily related to on-going maintenance, as well as investment in IT systems and amounts relating to development of our pipeline. The year on year decrease of £13.7 million is mainly due to expenditure on our Modernization Program which completed in December 2015. In 2017, we commenced our standard refit cycle and expect to refit our entire estate over approximately the next seven years, with interim works as appropriate in the heavier use hotels.

Our capital expenditure relating to development of the pipeline for the years ended December 2014, 2015 and 2016 was £2.1 million, £2.5 million and £3.4 million, respectively. Our growth capital expenditures are limited since the hotels we operate are built by developers and we take a lease once they are complete. Our expenses during the development stage are limited to legal costs, fees of estate agents, planning consultants and project managers, loose fixtures and fittings and stamp duty land tax for the long-term leases of the newly developed hotels. At the time of practical completion of the newly developed hotels, we receive rebates from the developers to cover loose fixtures and fittings and legal costs.

We intend to finance our capital expenditures mainly from the cash generated by our operating activities and cash on balance sheet.

Working Capital Requirements

Our trade and other receivables primarily consist of rent prepayments, as we pay quarterly in advance. We have very low trade receivables, as most of our customers pay at the time of booking. Inventories primarily includes catering products sold through our bars and restaurants. Our liabilities to our trade and other creditors include prepaid room purchases from customers. Our other current liabilities include normal trade creditors, accrued wages and salaries, other current debts and taxes.

The following table sets forth changes to our working capital for the periods indicated.

	For the year ended December 31,		
	2014	2015	2016
	(in £ million)		
(Increase)/reduction in inventory	—	(0.1)	—
(Increase)/reduction in receivables	(4.5)	7.7	(3.5)
Increase/(reduction) in payables	16.5	17.3	14.6
Increase/(reduction) in provisions	(3.6)	(4.0)	(6.9)
Total working capital movement (before exceptional items)	**8.4**	**20.9**	**4.2**
Exceptional items	**(0.4)**	**4.7**	**(4.3)**
Total working capital movement	**8.0**	**25.6**	**(0.1)**

We have historically funded our working capital requirements through funds generated from our operations and from borrowings under our Senior Facilities and other indebtedness.

As is typical for a hotel business, we have a negative reported net working capital position, which fluctuates seasonally, primarily due to the timing of the payment of customer deposits and prepaid rents. Customers typically pay on booking or at check-in, resulting in low trade debtor days, while we typically pay our rent quarterly in advance around the end of March, June, September and December. Additionally, we generally pay vendors as well as staff once at the end of every calendar month in arrears, although weekly paid staff are on a 4-weekly payment cycle. As a result, our working capital position peaks at the end of March, June, September and December and is not indicative of our working capital requirements throughout the year.

Our working capital decreased by £0.1 million for the year ended December 31, 2016 primarily due to exceptional items, including the contribution to the CVA fund and costs associated with the strategic review and debt restructuring, as well as the timing of creditor payments and rent payments over the year-ends.

Our working capital increased by £25.6 million for the year ended December 31, 2015 primarily due to the growth of the business, with increased prepaid room purchases, creditors and accruals as well as favorable timing of payments around the year end, including interest payments.

Our working capital increased by £8.0 million for the year ended December 31, 2014 primarily due to growth in the business resulting in increased prepaid room purchases, creditors and accruals. The schedule of payments around the year end resulted in an increase in rent prepayments and lower trade creditors, which was largely offset by an accrual for unbilled utilities built up from September 2014.

Contractual Obligations

	Less than 1 year	2-5 years	More than 5 years	Total
		(in £ million)		
Debt Obligations:				
Notes offered hereby	—	—	165.0	165.0
Existing Senior Secured Fixed Rate Notes	—	—	261.0	261.0
Finance leases[1]	4.6	18.9	351.8	375.3
Other Contractual Obligations:				
Operating leases[2]	186.3	755.6	2,974.1	3,916.0
Purchase obligations[3]	6.4	—	—	6.4
Total	**197.3**	**774.5**	**3,751.9**	**4,723.7**

(1) Represents minimum lease payments to the end of the current term of the lease not including renewal rights at the end of the lease. Five of our properties have been classified as finance leases with an average lease term of 48 years as of December 31, 2016.

(2) Represents undiscounted minimum lease payments to the end of the current term of the lease not including renewal rights at the end of the lease.

(3) Represents the contractual commitments in relation to the hotels under construction. See "*—Off-Balance Sheet Arrangements*."

Off-Balance Sheet Arrangements

We have the following off-balance sheet arrangements.

Operating Lease Agreements

The total future minimum commitments under our operating leases, undiscounted, amounted to £3,916.0 million as at December 31, 2016. The following table sets forth our contractual obligations under our operating leases owed to third parties, as at December 31, 2016.

	For the year ended December 31, 2014			For the year ended December 31, 2015			For the year ended December 31, 2016		
	UK	International	Total	UK	International	Total	UK	International	Total
	(in £ million)								
Due within one year	158.9	4.1	163.0	170.3	3.6	173.9	182.2	4.1	186.3
Due between two and five years	641.6	16.3	657.9	700.4	14.4	714.8	739.3	16.3	755.6
Due beyond five years	2,842.4	59.6	2,902.0	2,933.6	46.8	2,980.4	2,924.8	49.3	2,974.1
Total	**3,642.9**	**80.0**	**3,722.9**	**3,804.3**	**64.8**	**3,869.1**	3,846.3	69.7	3,916.0

The following table sets forth the average lease term remaining under our operating leases, as at December 31, 2016.

	For the year ended December 31, 2014			For the year ended December 31, 2015			For the year ended December 31, 2016		
(in years)	UK	International	Total	UK	International	Total	UK	International	Total
Average lease term remaining	19.9	16.9	19.9	19.3	15.9	19.3	18.5	14.9	18.3

Capital Commitments Relating to Hotels Under Construction

As at December 31, 2016, we had contractual obligations owed to third parties with respect to expenditures on fees and stamp duty land tax on hotels under construction, subject to the satisfactory completion of the hotel. As at December 31, 2016, such contractual obligations amounted to £6.4 million.

Contingent Liabilities

We also have contingent liabilities under a number of leases that we assigned to various third parties. In certain circumstances, should the current lessee default on its obligations under the assigned lease agreement (including the payment of rent), the landlord may have recourse to us. Should the landlord make a claim against us for unpaid rent by the current lessee, we would be required to pay such outstanding rent, following which we could seize the unit subject to the claim, after petitioning the relevant court. As at December 31, 2016, the estimated annual contingent rental liability was £81,000, represented by seven units with an average rental cost per unit of £12,000 and an average lease term remaining of 33 years.

Quantitative and Qualitative Disclosure About Market Risk

Our activities expose us to a variety of financial risks, including credit risk, interest rate risk, foreign currency exchange risk, liquidity risk and market risks. Our risk management policy, which is managed centrally by our senior management, focuses on minimizing the potential adverse effects on our financial performance. The following section discusses the significant financial risks to which we are exposed. This discussion does not address other risks that we are exposed to in the normal course of business, such as operational risks. See "*Risk Factors*."

Credit Risk

We have adopted risk management procedures to both reduce and monitor credit risk. Our main financial assets include cash and cash equivalents, as well as trade and other accounts receivables.

We have no significant concentration of third-party credit risk due to the diversification of our financial investments, as well as to the distribution of trade risks with short collection periods among a large number of customers. Due to the nature of our operations, our trade receivables are relatively low and principally relate to monies owed from corporate accounts and travel agents, since individual customers typically pay in advance.

We evaluate our bad debt provision on a regular basis for each debtor. We record a provision for any trade and other accounts receivable overdue more than 120 days. We recorded a provision for non-recoverable bad debt in an amount of £0.1 million for the year ended December 31, 2016, compared to £0.1 million for the year ended December 31, 2015. Credit risk relating to cash and cash equivalents arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds as a result of the insolvency. To mitigate this risk, we seek to transact and deposit funds with financial institutions we deem credit worthy, and we monitor transaction volumes in order to reduce the risk of concentration of our transactions with any single party.

Interest Rate Risk

Following the offering of the Notes, we will have significant levels of floating rate borrowings, and thus we will be exposed to risks related to fluctuations in the levels of interest rates. We will not be required to hedge interest rate exposure under the Notes, but we may choose to do so in the future.

Foreign Currency Exchange Risk

We are exposed to exchange rate fluctuations. This exposure mainly arises from investment in foreign countries and transactions by entities operating in countries whose currency is not the pound sterling, such as Ireland and Spain. However, our exposure is limited due to the scale of these entities.

Liquidity Risk

Liquidity risk is the risk of not being able to fulfil present or future obligations if we do not have sufficient funds available to meet such obligations. Liquidity risk arises mostly in relation to cash flows generated and used in financing activities, and particularly by servicing our debt, in terms of both interest and capital, and our payment obligations relating to our ordinary business activities. We believe that the potential risks to our liquidity include:

- a reduction in operating cash flows due to a lowering of income from our operations, which could be due to downturns in our performance or the industry as a whole;
- adverse working capital developments;
- exposure to increased interest rates in relation to our borrowings that bear interest at a variable rate; and
- higher capital expenditures, including in connection with our brand repositioning initiative.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- reduce or delay our planned acquisitions;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

Critical Accounting Estimates and Judgments

The preparation of our consolidated financial statements requires that management apply accounting standards and methods which, under certain circumstances, are based upon difficult subjective measurements and estimates based upon past experience and on assumptions considered, at various times, to be reasonable and realistic in terms of the respective circumstances. The use of such estimates and assumptions affects the amounts reported in the consolidated financial statements as at and for each of the years ended December 31, 2014, 2015 and 2016 as well as the information disclosed. Actual results for those areas requiring management judgment or estimates may differ from those recorded in the financial statements due to the occurrence of events and the uncertainties which characterize the assumptions and conditions on which the estimates are based.

The primary areas applicable to us that require greater subjectivity of management in making estimates and where a change in the conditions underlying the assumptions could have a significant impact on our consolidated financial statements include:

Brand

We have assigned a fair market value to the Travelodge brand name, acquired through the acquisition of the Travelodge business. Impairment testing is performed annually by comparing the present value of the expected future cash flows from the business with the carrying amount of our net assets, including attributable intangible assets.

The brand name acquired through the acquisition of the Travelodge business was assigned a fair market value at the date of acquisition. The value of the brand name is reviewed annually for impairment. This is derived by estimating the amount of royalty income that could be generated from the brand name if it was owned by an independent third party using a royalty of 4% on forecast future revenues, which is considered to be the market value that could be achieved. The sales forecast is based on a sales forecast for the period 2016—2018 and a long term growth rate that broadly follows the Retail Price Index for subsequent years. This is discounted at the weighted average cost of capital for us of 10.0%. We consider the value of the brand name, which was first introduced into the UK in 1985, will be maintained almost indefinitely and is therefore not amortized. The model can be sensitized to reduce the royalty rate to 1.3% and the discount factor rate would need to increase to 23.9% before an impairment is triggered.

Intangible Assets—Lease Premiums

Significant judgment is involved in the process of identifying and evaluating intangible assets. Intangible assets with a finite life are reviewed for impairment when an impairment trigger is identified. Calculating any subsequent impairment, principally in the estimation of the future cash flows of the cash generating units and the discount rate applied to each cash generating unit involves judgment. We prepare cash flow forecasts derived from the most recent financial budgets and financial plans approved by our management and extrapolate cash flows beyond this time based on an estimated long term growth rate of 2.5%. The key assumptions are consistent with past experience and with external sources of information. The resulting cash flows are discounted back at our pre-tax weighted average cost of capital, adjusted appropriately to reflect the property yields implicit in the leases to give a rate of 7.5%. Reviews are performed on a site by site basis over the length of the lease. The directors of the Parent Guarantor have considered our financial projections and the assumptions which underpin those projections including future growth of the value hotel sector, brand demand and occupancy, the new hotel opening profile and development pipeline opportunities. For the purposes of testing for intangible asset impairment, growth rates are assumed to broadly follow the Retail Price Index beyond the life of the financial plan. After considering the sensitivity of the principal assumptions, we do not believe any further impairment is required in 2016.

Onerous Lease Provisions

We have provided for operating lease rentals where these were above the market rate or where we have subsequently vacated the property and the rental income is less than the rental expense, or where it is probable that a previously sublet unit will revert back to us. The element of the rental which is above market or above any rental cost paid relating to vacated properties is charged against the provision. Provisions are also made for the rates that we are liable for on empty sites. The key estimation judgment in determining the onerous amount is the period over the remaining lease term that the property will remain either rented or vacant. The directors of the Parent Guarantor have estimated these periods after considering both the quality and the location of each of the units provided for. The cash flows are discounted at 4% representing a risk free rate of return adjusted for property risk.

Depreciation and Residual Values

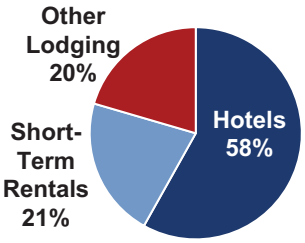
The directors of the Parent Guarantor have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

Overview

UK Lodging Industry

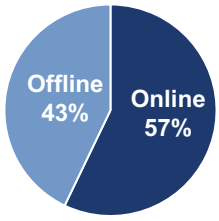
The UK lodging sector is a large and growing sector comprised of numerous modes of accommodation including hotels, private rentals, campsites, self-catering apartments and hostels. According to Euromonitor, hotels are by far the largest segment representing approximately 58% of sector sales in 2015 but the short-term rentals segment, which represented approximately 21% of sector sales in 2015, is the fastest growing. UK lodging sales can be broken down by type of accommodation and distribution channel as follows:

UK Lodging Sales by Type of Accommodation (2015)



Source: © Euromonitor International 2016

UK Lodging Revenue by Distribution Channel (2015)



Source: © Euromonitor International 2016

UK Hotel Industry

Overview and Key Metrics

The UK hotel industry generated approximately £14 billion in room revenue in 2016, with approximately 8,400 hotels and 550,000 hotel rooms as of December 2016, according to STR data. According to BDO, approximately 63% of UK hotels are branded and 37% are independent. UK hotel room revenues have increased at a CAGR of 4.3% over the last 10 years as compared to 1.1% for real UK GDP (Source: Office for National Statistics ("ONS")).

Hotel market performance generally is measured by three metrics: (1) average daily rate ("ADR"); (2) occupancy; and (3) revenue per available room ("RevPAR"). ADR represents hotel room revenue divided by total number of rooms sold in a given period, measuring average room price attained by a hotel. Occupancy represents the total number of rooms sold divided by the total number of rooms available at a hotel or group of hotels, measuring the utilization of hotels' available capacity. RevPAR is calculated by dividing hotel room revenue by Room Nights available to guests for the period. Because RevPAR combines two key drivers of operations at hotels, ADR and occupancy, it is commonly used to measure performance over comparable periods.

Business Models

Hotel companies conduct business using four main models which are characterized by ownership of the underlying assets, operating leverage and maintenance requirements, among others.

- *Owned*: The hotel asset is fully owned and operated by the hotel brand. The owner/operator has full responsibility for all expenses and costs.
- *Leased*: The hotel asset is leased by a hotel brand on a long-term contract. The hotel brand pays rent for the "walls," operates all aspects of the business and is responsible for all major expenses and costs. In this model, the underlying property is typically owned by institutional investors such as pension funds or by wealthy individuals. We operate the majority of our business using the leased model.
- *Franchised*: The hotel asset is owned and/or operated by a third-party and the hotel brand acts as a franchisor, granting a license to distribute goods or services using their trademarks, trade names, trade styles and business systems. The hotel brand (franchisor) typically earns fees on a room revenue basis and provides assistance with site selection, personnel training, business set-up, advertising, and product supply.
- *Managed*: The hotel asset is typically owned by a third party and managed by the hotel brand which collects fees based on top and bottom line performance of the hotel. In a management agreement, the hotel brand basically provides the same services as a franchise agreement,

such as brand and reservation system, but also operates the hotel. In this model the owner is ultimately responsible for the costs and expenses related to operating the hotel.

Overview of Typical Roles and Responsibilities Under Different Models

	Leased/Operator	Management	Franchisor
Services Provided	All management services, reservations system & purchasing	All management services, reservations system & purchasing	Brand, sales & marketing support, reservation system and purchasing
Operating Company Employees	Belongs to operator Belong to operator	Belongs to third party Belong to third party	Belongs to third party Belong to third party
Financial Commitments	Rent – fixed, variable or combined	Limited / none	None
Consideration Received	Net profits of operating company	Management, marketing, incentive, royalty & reservation fees	Royalty, marketing & reservation fees
Operating Financial Exposure	Unlimited	Some	None
Property Taxes & Insurance	Subject to negotiations	Obligation of third party	Obligation of third party
FF&E1 Maintenance	Operator's obligation	Obligation of third party	Obligation of third party
Structural Maintenance	Normally lessor's obligation	Obligation of third party	Obligation of third party

(1) Furniture, Fixtures & Equipment.

Market Segmentation

STR gathers benchmark data for a sample of hotels. It classifies the hotel market in three broad categories.

Luxury and Upper Upscale: Luxury and Upper Upscale hotels offer the highest room rates and typically offer a broader range of products and services to customers, including meeting room facilities, multiple dining options and spa/wellness facilities. The clientele for Luxury and Upper Upscale hotels is mixed, including both business travelers and more affluent leisure guests. Certain of these hotels may be located in seaside or other vacation destinations and may be tailored to vacation and leisure travelers. According to STR data, in 2016 Luxury and Upper Upscale hotels saw occupancy and ADR of 77.2% and £153.58, respectively. This translated into RevPAR of £118.58, up 1.3% over 2015. Luxury and Upper Upscale hotels accounted for approximately 24% of total UK hotel rooms in 2016. Key market participants in the Luxury and Upper Upscale segment are Four Seasons, Hilton and Marriott.

Upscale and Upper Midscale: Upscale and Upper Midscale hotels typically offer room rates that are in the middle of the price spectrum and provide food and beverage services beyond breakfast but typically do not offer the full spectrum of services that Luxury and Upper Upscale hotels offer. According to STR data, in 2016 Upscale and Upper Midscale hotels saw occupancy and ADR of 76.5% and £82.49, respectively. This translated into RevPAR of £63.14, up 2.2% over 2015. Upscale and Upper Midscale hotels accounted for approximately 41% of total UK hotel rooms in 2016. Key market participants in the Upscale and Upper Midscale segment are Holiday Inn, Novotel and Britannia Hotels.

Midscale and Economy ("MS&E"): The MS&E sector typically offers the lowest rates per room and usually offer limited additional services, or offer services such as food and beverage at an additional cost. According to STR data, in 2016 the MS&E sector saw occupancy and ADR of 77.8% and £57.91, respectively. This translated into RevPAR of £45.06, up 1.6% over 2015. MS&E hotels accounted for approximately 36% of total UK hotel rooms in 2016. Key market participants in the UK MS&E sector are the branded value hotels Travelodge and Premier Inn, which together comprise the majority of the segment according to management estimates. We believe that the MS&E sector is more resilient during times of economic hardship than other segments, in part, because cost conscious business and leisure customers trade down during those periods. According to STR data, during the financial crisis of 2008, RevPAR for the MS&E segment fell at a CAGR of 3.2% between 2007 and 2009 as compared to an annual decline of 4.8% for the overall UK market during the same time period.

Market Performance and Key Drivers

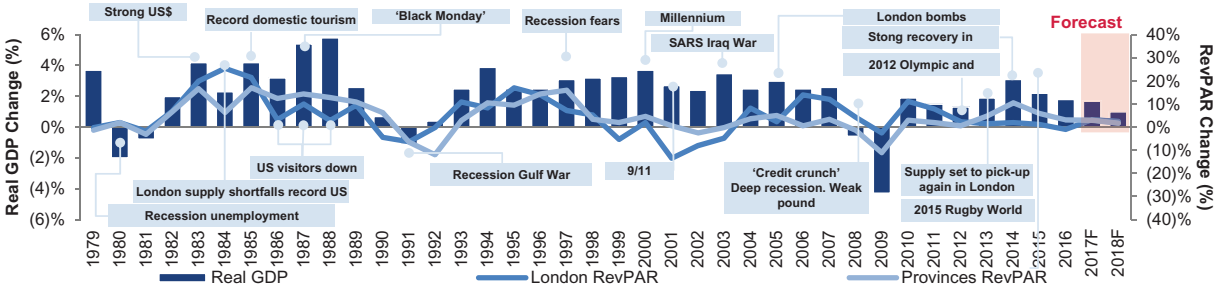
Historically, the performance of the UK hotel industry has been closely correlated to the strength of the UK economy generally, and of the local economies where hotels are situated. Industry performance is also affected by the level of salaries and wages in the UK and the strength of the pound sterling compared to other currencies. There is a close and well-documented correlation between RevPAR and GDP, especially in the provincial UK hospitality market. The London market is

also affected by a number of external factors, including inbound tourism trends or foreign exchange rates versus the euro and the dollar, making the correlation between RevPAR and GDP less strong in this market.

Hotel market performance over the past 15 years falls broadly into three phases, in parallel with UK GDP: (i) strong growth between 2000 and 2007; (ii) a recessionary period between 2007 and 2009; and (iii) an initially slow recovery in 2010 to 2012, followed by a more rapid period of growth thereafter.

The chart below outlines the long-term relationship between the change in real GDP growth and UK hotel RevPAR:

Change in Real GDP Growth and UK Hotel RevPAR

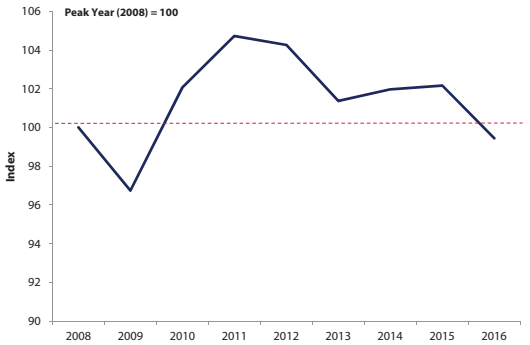


Source: PwC Research, ONS, STR

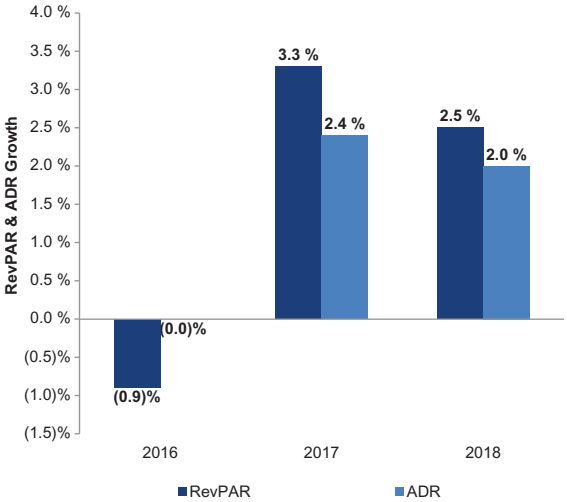
London Performance

Between 2007 and 2009, London hotel RevPAR declined by a CAGR of 0.3%, due in part to the financial crisis. London hotel RevPAR bounced back strongly between 2009 and 2015 growing at a CAGR of 4.2%. According to STR data, RevPAR growth decreased in 2016, down by 0.9%, given a combination of weak demand (in part due to the Paris and Brussels attacks in Q1) combined with an increase in supply. However, according to PwC data the last two months of 2016 saw a significant rebound, with December seeing London's highest year-on-year RevPAR growth since the 2012 Olympic Games.

London Actual LTM RevPAR Indexed vs. "Real" RevPAR adj. for inflation[1]



London RevPAR and ADR Actual and Forecasts[2]



Source: PwC Research, ONS, STR

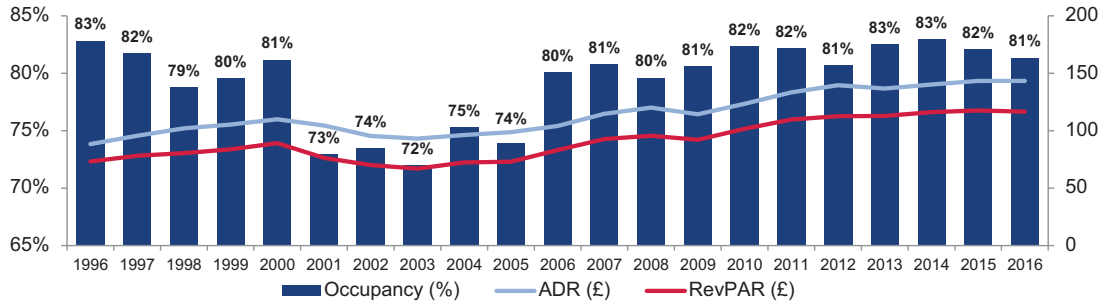
1 Annual RevPAR data per STR. "Real" RevPAR assumes growth in line with RPI from assumed pre-recession peak RevPAR in 2008. RPI data per the Office for National Statistics. Real RevPAR indexed to 100.

2 2016 actual RevPAR and ADR from STR, 2017 and 2018 forecasted RevPAR and ADR from PwC Research.

As of December 2015, the index of actual LTM RevPAR to what LTM RevPAR would be if it had grown at RPI from the pre-crisis peak in 2008 was above 100, indicating strength of the market. However London RevPAR decreased relative to RPI in 2016, bringing the index below 100. Despite a difficult

2016, according to PwC Research, London hotel RevPAR growth is expected to rebound strongly driven by the strength of the economy and continued weakness of the pound. PWC is expecting RevPAR to grow 3.3% and 2.5% in 2017 and 2018, respectively.

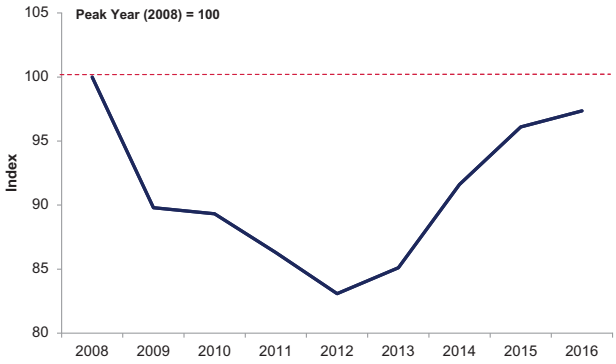
London ADR and RevPAR trends from 1996 to 2016



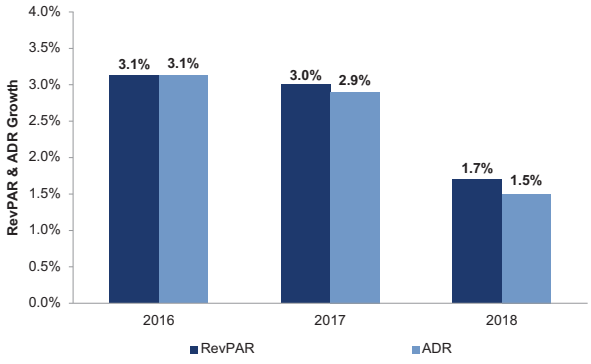
Provincial UK Performance

Between 2007 and 2009, RevPAR in provincial regions declined by a CAGR of 6.4% reflecting the economic downturn in the UK. RevPAR bounced back strongly between 2009 and 2015 growing at a CAGR of 4.4% driven by occupancy gains and rate growth, particularly in 2014. In 2016, RevPAR grew for the fourth consecutive year, up by 3.1%, although growth slowed compared to the 6% growth in 2015, a strong year that was supported by the Rugby World Cup.

Provincial Actual LTM RevPAR Indexed vs. "Real" RevPAR adj. for inflation[1]



Provincial RevPAR and ADR Actual Forecasts[2]



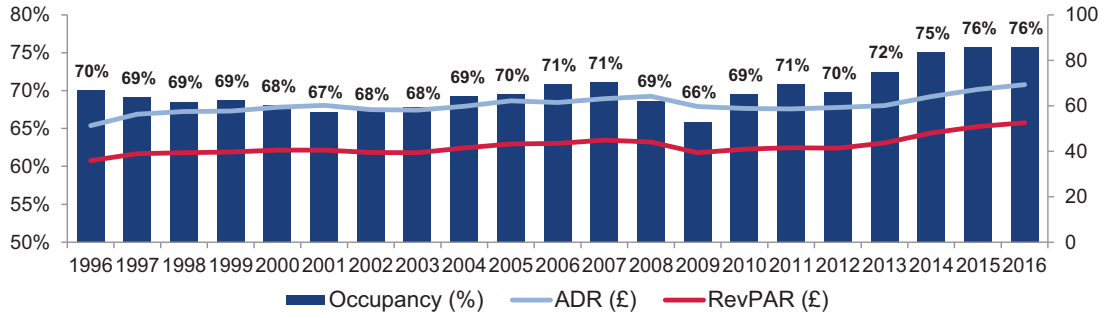
Source: PwC Research, ONS, STR

1 Annual RevPAR data per STR. "Real" RevPAR assumes growth in line with RPI from assumed pre-recession peak RevPAR in 2008. RPI data per the Office for National Statistics. Real RevPAR indexed to 100.

2 2016 actual RevPAR and ADR from STR, 2017 and 2018 forecasted RevPAR and ADR from PwC Research.

The index of actual LTM RevPAR to what LTM RevPAR would be if it had grown at RPI from the pre-crisis peak in August 2008 has increased greatly since 2013 but remains below 100 suggesting there is still room to grow. According to PwC Research, Provinces hotel RevPAR is expected to grow 3.0% and 1.7% in 2017 and 2018, respectively.

Provincial ADR and RevPAR trends from 1996 to 2016



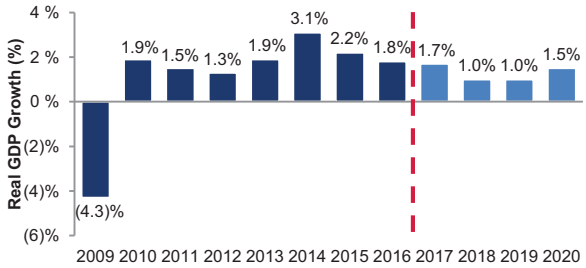
Source: STR

Outlook for Key Demand Drivers

Industry experts consider macro-economic factors (in particular GDP growth), travel and tourism activity and population growth to be among the key demand drivers for hotels.

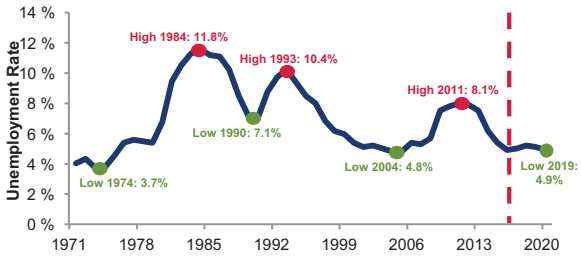
Macroeconomic Environment

UK GDP Growth Forecast to Remain Positive



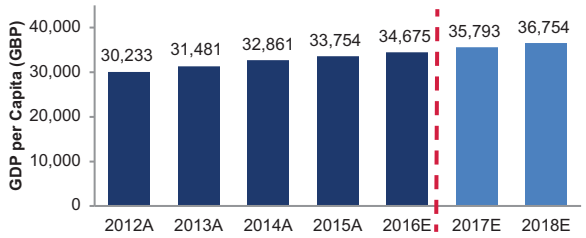
Source: ONS for historical numbers and EIU for forecasts

UK Unemployment Towards Historic Lows



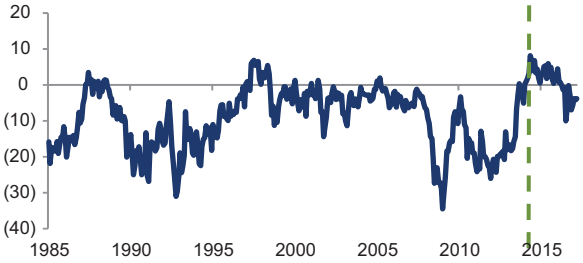
Source: ONS for historical numbers and EIU for forecasts

Rising Consumer Spending Power



Source: EIU

Positive Consumer Confidence



Source: Eurostat

Note: Data originally in USD converted to GBP at a GBP/USD exchange rate as at 31-03-2016 of $1:£0.6942.

Travel and Tourism

We believe that the UK is likely to continue to remain an attractive destination for international tourist arrivals, driven by international business travelers, vacationers and international travelers visiting friends and relatives. According to Visit Britain, in 2016 there are expected 36.7 million overseas visitors to the UK, up 1.5% on 2015. Visit Britain's forecast for 2017 is positive with an expectation for 38.1 million visits, an increase of 4.0% on 2016.

According to WTTC, the direct contribution of tourism is significantly impacted by the money spent by foreign visitors to a country (or visitor exports). In 2016 approximately £27 billion was generated in the UK in visitor exports. This is expected to increase to approximately £42 billion by 2027, with estimated tourist arrivals forecasted at 54.4 million.

Owing to positive economic growth prospects, we expect business travel to the UK to increase or remain stable.

Geopolitical events such as the bombings in Paris in November 2015 and Brussels in March 2016 and the Westminster terrorist attack in March 2017 can have a negative effect on tourism generally as people may delay or cancel travel in the short term for safety concerns. Changes in the occurrence and timing of major events can also have an effect on tourism, for example the presence or absence of major events such as the Olympics and Rugby World Cup.

Population

According to ONS, the UK population is projected to increase by 4.4 million over 10 years from an estimated 64.6 million in mid-2014 to 69.0 million in mid-2024. Approximately 51% of the projected increase in population by mid-2039 is assumed to come from natural increase (more births than deaths) and 49% from net migration.

Outlook for Supply

PwC Research estimates total UK room supply to have increased by approximately 3.0% in London and approximately 1.4% in Provinces in 2016.

London: room supply is expected to increase by 5.8% or approximately 8,430 rooms in 2017. There are currently approximately 5,000 rooms set to open for 2018.

Provinces: room supply is expected to increase by 2.4% or approximately 11,590 rooms in 2017. There are currently over 5,000 rooms in the pipeline for 2018. Growth varies by region with significant development in cities such as Edinburgh and Glasgow.

Although there is moderate supply growth projected for the value segment, we believe there is room to grow in the branded value segment in which we operate as this sector of the hotel market in the United Kingdom accounted for approximately 19% of the overall market in 2015 compared to approximately 36% in the United States and 24% in France (based on data produced by Melvin Gold Consulting in September 2016).

Competitive Landscape

In the UK, local hotel operators generally compete with a variety of local and international hotel operators. Some international hotel operators operate under well-known international brand names, while others have established a long-standing presence in certain regions or cities. In mid-size urban areas and suburbs of large cities, branded hotel operators primarily compete with local and international chains, as well as independently owned and managed hotels.

Depending upon the class of the hotel, competition is focused primarily upon price, including discounted and promotional pricing, quality of facilities and services offered, physical location within a particular market and the ability to earn and redeem customer loyalty program points. Hotel owners and operators are required to modernize, refurbish and maintain their hotels on a regular basis in order to compete effectively with other hotels. Today, significant participants are Premier Inn, Travelodge, IHG, Hilton, Marriott and Accor.

Hotel Brand	Number of Rooms	Number of Hotels
Premier Inn	62,018	714
Travelodge	37,988	513
Holiday Inn (IHG)	20,392	138
Hilton	16,690	72
Holiday Inn Express (IHG)	15,848	134
Britannia Hotels Ltd	9,455	52
Marriott	9,258	50
Mercure (Accor)	8,576	79
Ibis Hotels (Accor)	8,405	59
Jurys Inn	7,516	33
Doubletree (Hilton)	6,429	31
Radisson	6,262	28
Bespoke Hotels	6,112	98
Novotel (Accor)	5,758	33
Crowne Plaza (IHG)	5,074	25

Source: Data produced by Melvin Gold Consulting (as of year end 2015)

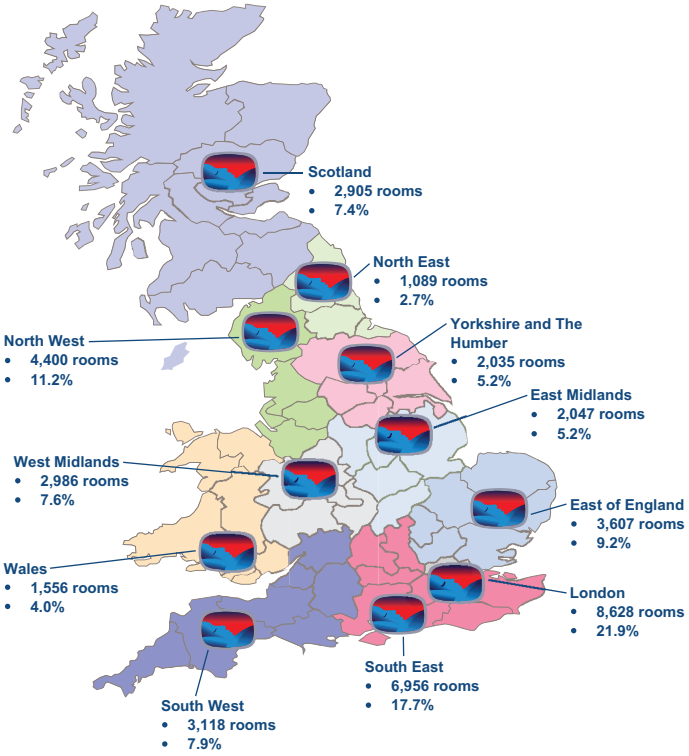
Travelodge is the second largest hotel brand in the UK based on number of rooms and number of hotels and, alongside Premier Inn, is one of two operators with genuine nationwide scale and coverage. We believe this confers significant advantages on Travelodge, including brand recognition and above-average direct sales distribution via our own websites and call centre.

Our main competitors for hotel stays are other midscale and value international and local chains. We primarily compete with Premier Inn, the largest hotel operator in the UK based on number of rooms and number of hotels. We also compete with other value brands such as Holiday Inn Express, Ibis Hotel, and Comfort Inn. We compete with other hotel brands, travel agents and online distributors such as booking.com for hotel bookings, as well as other shared economy providers, for example Airbnb, and meta-search providers such as Kayak or Trivago.

Our Business

Founded in 1985, Travelodge is the second largest hotel brand in the United Kingdom based on number of hotels and number of rooms operated. We lease, franchise, manage and own more than 540 hotels and more than 40,000 rooms throughout the United Kingdom, Spain and Ireland. We operate in the attractive midscale and economy ("MS&E") sector of the hotel market (as defined by STR) and are positioned as a low-cost operator, offering standardized, modern guest rooms at affordable prices to both business and leisure customers. As at March 2017, we had brand recognition of more than 90% among the UK population (as measured by a YouGov brand tracking survey), driven by our long-standing market presence, wide geographic network and effective national marketing initiatives. We estimate that we attracted approximately 18 million customers in 2016 and approximately 90% of our bookings were made through our direct channels in the year ended December 31, 2016. We employ approximately 10,500 people across our hotels and support offices, the majority of whom work in our hotels on hourly paid contracts with flexible hours of work.

As of December 31, 2016, we operated 40,847 rooms in 543 hotels under the Travelodge brand. Within our largest market, the United Kingdom (representing 98% of our total revenue in 2016), we operated 39,327 rooms (or 96% of total rooms) in 526 hotels, with 8,628 rooms (or 22% of UK rooms) in 66 hotels located in London and 30,699 rooms (or 78% of UK rooms) in 460 hotels located in regional areas across the United Kingdom. As of December 31, 2016, 513 of our hotels representing 98% of our rooms in the United Kingdom were leasehold. In addition, we had 621 rooms in five leasehold hotels in Spain and operated a further 899 rooms in twelve hotels under franchise in Ireland and Northern Ireland. The following map indicates the number of rooms that we operated by region in the mainland United Kingdom as of December 31, 2016:



Our hotels benefit from favorable hotel market dynamics in the United Kingdom. The United Kingdom has one of the largest and most resilient hotel markets in the world, with revenue per available room ("RevPAR") growing at a CAGR of 2.5% over the last ten years despite a recessionary period between 2007 and 2009. Historically, RevPAR has also closely correlated with gross domestic product ("GDP"), and as UK GDP has increased in the last six years, we have seen our RevPAR grow accordingly. The value branded sector of the hotel market in the United Kingdom accounted for approximately 19% of the overall market in 2015 compared to approximately 36% in the United States and 24% in France (based on data produced by Melvin Gold Consulting). Accordingly, we believe there are opportunities to grow the value branded sector's share of the UK market and, having traditionally accounted for most of the growth in the industry together with our main competitor, Premier Inn, we expect to maintain a significant share of the pipeline for new hotel rooms in 2017.

We have made significant investments in our business in recent years aimed at enhancing our brand and improving customer satisfaction. In December 2015, we completed our Modernization Program, consisting of an investment of approximately £100 million, to improve the quality and consistency of our hotels within the United Kingdom. Since the program commenced in 2013, we have modernized approximately 35,000 rooms (almost 99% of our UK hotel rooms have been either refurbished or opened since 2013). The program included the installation of a new king-size Travelodge "Dreamer" bed, manufactured by Royal Warrant Holders Sleepezee, in most of our UK guest rooms, the redecoration of our guest rooms in our new modern look and feel and the renovation or replacement of furniture and other equipment, as appropriate. As a result, our UK guest rooms now offer a consistent, higher quality experience to our customers. Our operational performance has been strengthened with the use of detailed customer surveys to pinpoint areas for operational focus, standardized work practices and new training programs and we have sought to increase bookings by implementing an integrated advertising campaign, using national television advertising and an extensive digital campaign. In addition, we have invested in an automated yield management system (IDeaS) that optimizes our pricing by using extensive analytical measures to set room rates according to demand and projected value of business.

Since we implemented these and other measures, our customer satisfaction has improved significantly. As of December 31, 2016, our UK hotels averaged four out of five stars on TripAdvisor (compared to 3.3 out of five stars as of December 31, 2013) and in 2016 we received 203 TripAdvisor Certificates of Excellence, more than triple the number received in 2014. The combination of improved quality assets, stronger operations, more effective advertising and yield management, together with growth in customer satisfaction, has helped our UK RevPAR growth to outperform the MS&E sector and the UK hotel market as a whole. In the year ended December 31, 2016, our UK like-for-like RevPAR increased by 2.5%, while RevPAR in the MS&E sector increased by 1.4% and the overall UK hotel market grew by 1.3%.

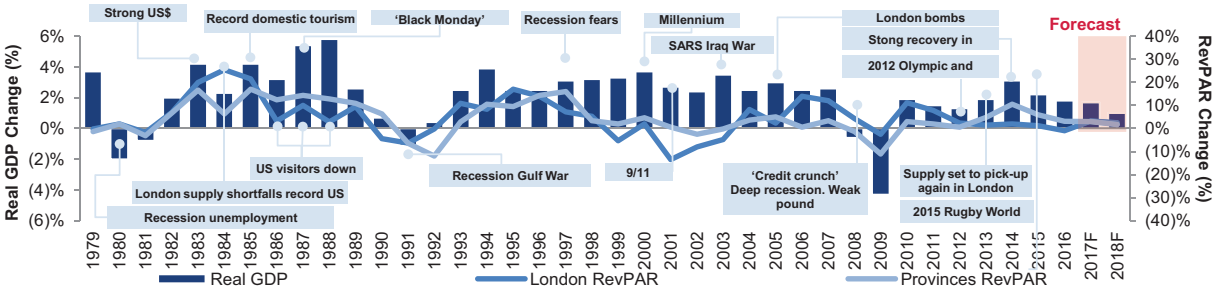
In the year ended December 31, 2016, we generated revenue of £597.8 million and EBITDA of £110.1 million. More than 90% of our revenue for the year ended December 31, 2016 was generated from accommodation, with the remainder from food and beverage and retail and other sales. Our hotels have a low-cost operating model and use standardized processes to improve efficiency. Of our 514 UK leased or owned hotels, all but 8 hotels open for more than twelve months generated positive EBITDA (before central cost allocations and onerous lease provision releases) in the year ended December 31, 2016. We also benefit from diversified sources of revenue, with only 18 of our UK hotels individually accounting for more than £1 million of EBITDA (before central cost allocations) in 2016.

Our Strengths

Our key credit strengths include the following:

Good Market Dynamics for Growth in Value Hotel Sector

The United Kingdom has one of the world's strongest hotel markets. Historically, the performance of the UK hotel industry has correlated with the strength of the UK economy generally, leading to growth in RevPAR of 2.5% over the last 10 years despite a recessionary period between 2007 and 2009. The chart below shows the long-term relationship between the change in real GDP growth and UK hotel RevPAR:



Source: *PwC Research, ONS, STR*

Other macro-economic factors also influence the demand for hotel accommodation from domestic travelers, particularly employment levels, wages, consumer spending and consumer confidence. The macro-economic environment in the United Kingdom has been favorable. Unemployment in the

United Kingdom is approaching historic lows, and GDP per capita has increased in all of the last six years. Furthermore, the UK economy has continued to perform strongly following the referendum decision to leave the EU, with the Bank of England twice upgrading its 2017 growth forecast following an initial downgrade following the referendum result. The performance of the UK hotel industry is also affected by the number of travelers coming to the United Kingdom from other countries. Historically, a greater number of travelers have visited the United Kingdom when the Pound is weaker against other currencies and when the United Kingdom is hosting large events, such as the Olympic Games in 2012 and the Rugby World Cup in 2015.

Within the UK hotel market, the value branded sector is the largest and has demonstrated strong growth and resilience. According to data produced by Melvin Gold Consulting, the top two hotel brands by number of hotels and number of rooms in the United Kingdom, Premier Inn and Travelodge, are positioned in the value sector, and there are four value brands in the top 15 hotel brands. According to STR data, the MS&E sector, which includes value brands such as Travelodge and Premier Inn, has outperformed the Upscale and Upper Midscale and Luxury and Upper Upscale hotel markets between 2013 and 2016 in terms of RevPAR growth, with MS&E hotels growing at a CAGR of 6.8% as compared to a CAGR of 4.8% for Upscale and Upper Midscale and 3.1% for Luxury and Upper Upscale. According to Euromonitor, the budget segment is expected to outperform other UK hotel segments in terms of total sales for the period from 2015 to 2019. The budget segment is expected to grow at a CAGR of 3.2% while the Luxury and Mid-Market segments are expected to grow at 2.1% and 0.4% respectively, with overall hotels sales (including luxury, mid-market, budget and unrated hotels) expected to grow at 0.6%, according to Euromonitor International 2016. In addition, budget operators have historically shown stronger resilience than the wider industry across the hotel cycle. Taking Premier Inn as a proxy for a well-invested MS&E operator, MS&E operator RevPAR has shown stronger resilience than the RevPAR of the overall hotel market in the United Kingdom since 2002.

Alongside further like-for-like RevPAR growth potential, we also believe there is further opportunity to increase the penetration of branded value hotels in the United Kingdom. The value branded sector of the UK hotel market accounted for approximately 19% of the overall market in 2015 compared to approximately 36% in the United States and 24% in France (based on data produced by Melvin Gold Consulting). As a result, we believe there are significant opportunities to grow the share of branded value rooms in the United Kingdom.

Strong Market Position with High Brand Recognition, Scale and Extensive, Diversified Network of Hotels

We enjoy a strong market position. We were the first value hotel brand to launch in the United Kingdom and we had brand recognition of more than 90% among the UK population as at March 2017, as measured by a YouGov brand tracking survey. We also have significant scale in the United Kingdom. We are the second largest hotel brand in the United Kingdom based on number of hotels and number of rooms operated. Our network is highly diversified, with a strong presence in London (approximately 30% of our revenue in 2016) and in other regional areas in the United Kingdom (approximately 70% of our revenue in 2016). The revenue (in £ million) and RevPAR (in £) for the years ended December 31, 2014, 2015 and 2016 and the number of rooms and number of hotels as at December 31, 2014, 2015 and 2016 are shown in the table below:

	Year ended December 31,											
	2014				2015				2016			
	Hotels	Rooms	RevPAR	Revenue	Hotels	Rooms	RevPAR	Revenue	Hotels	Rooms	RevPAR	Revenue
London	58	7,889	48.09	149.7	62	8,258	51.90	165.0	66	8,628	50.08	168.5
Regional	424	28,082	30.53	334.2	432	28,666	34.57	381.3	448	30,133	36.17	415.8

(1) Values adjusted to exclude management contracts and category 3 leases exited pursuant to the CVA.

We are not reliant on any one hotel within our network and only 18 of our hotels contributed EBITDA (before central cost allocations) of more than £1 million in the year ended December 31, 2016. Our strong presence in regional markets allowed us to take advantage of increase in RevPAR in 2016, which was driven by our strategic investments in property modernization, strengthening our operations and driving effective marketing campaigns and more effective pricing management, as well as improvements in the regional markets.

Well-invested Portfolio with Good Quality Levels

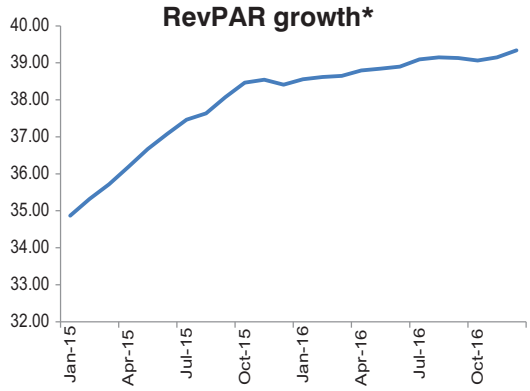
Following the completion of our Modernization Program in December 2015, we now have a well invested UK estate of 526 hotels, of which 525 were renovated or newly opened in the last four years. The remaining hotel, in King's Cross, London, which is one of our largest properties, is expected to be fully refurbished in 2018, with some initial works being carried out in 2017. Under our Modernization Program, we invested approximately £100 million and refurbished almost 35,000 UK rooms, including a full refit of more than 15,200 rooms and a refresh of more than 19,500 rooms. As a result, almost 99% of our UK hotel rooms have been refurbished or opened since 2013.

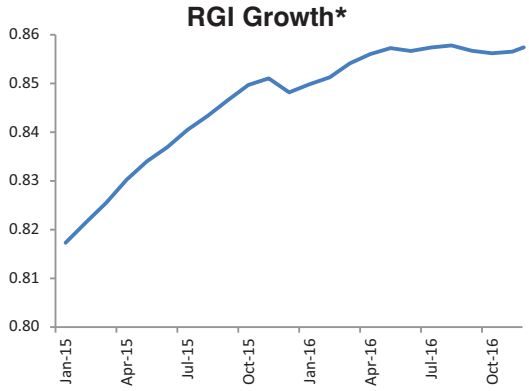
Our rooms are now designed with simplicity and cleanliness in mind, with upgraded facilities, such as our Travelodge "Dreamer" bed, quality furnishings and fittings and flat screen televisions. We believe that our strategic investments, particularly our Modernization Program, have driven increased customer satisfaction, as shown by our TripAdvisor cumulative average satisfaction score, which has grown from an average of 3.3 out of five stars as of December 31, 2013 to an average of four out of five stars as of December 31, 2016. In 2016, we received 203 TripAdvisor Certificates of Excellence, more than triple the number received in 2014, which totaled 65.

Operational Improvements and Powerful Direct Distribution Model Drive Strong Financial Performance

Our financial performance has strengthened in recent years as a result of our Modernization Program, marketing campaigns, operational improvements and yield management. These have helped drive our RevPAR, revenue generation index (which is the index of our UK RevPAR to the RevPAR of the MS&E sector) and EBITDA, to grow significantly and thereby increase the amount of cash generated by our business.

Our UK like-for-like RevPAR growth outperformed the MS&E sector, growing by 2.5% in the year ended December 31, 2016, compared to growth of 1.4% for the MS&E sector and 1.3% for the UK hotel sector as a whole. Our RGI grew from 0.77 in January 2014 to 0.86 in December 2016, which indicates that our growth outpaced the growth of the market during this period. Our EBITDA increased at a compound annual growth rate of 29% between 2014 and 2016, increasing from £66.2 million in the year ended December 31, 2014, to £105.1 million in the year ended December 31, 2015 and to £110.1 million in the year ended December 31, 2016. The following graphs illustrate our UK RevPAR and RGI growth in the last two years:





* Presented on a last twelve month like-for-like basis.

Our distribution model has also had a positive impact on our financial performance by driving direct sales and reducing our reliance on third party brokers and online travel agencies. In 2016, almost 90% of our UK hotel room booking revenue was generated directly from our customers through our websites, mobile phone application, voice reservations and direct salesforce, which targets key corporate accounts. We believe that large numbers of customers book directly with us due to our large-scale brand recognition and geographic presence. Our primary website receives more than one million visits on average every week. We launched our mobile application in April 2015 and as of December 31, 2016 it had been downloaded more than 330,000 times. We believe that our predominantly direct distribution model gives us greater access to our customers and more control over the booking process, while reducing our overall commission costs.

Tight Cost Control and Low Upfront Capex Leasehold Model Drive Good Profitability and Cashflows

We operate a lean, low-cost operating model, with a relatively small support office, a high proportion of hourly paid staff and flexible marketing costs. In the United Kingdom, excluding rent, depreciation and amortization 35% of our operating costs were spent on hotel wages, 12% were spent on cost of goods sold, including laundry and food and beverages, and 53% were spent on other operating expenses (including 18% on property, 8% on central costs, 6% on marketing costs, 6% on commissions and credit card charges, 4% on maintenance costs and 11% on other costs) in the year ended December 31, 2016. We have implemented various measures to control our costs, such as optimizing our combination of full time and part time hotel staff to maximize efficiency, operating a standardized cleaning process using an internal workforce to minimize payroll hours and reduce staff turnover, using our internal team of tradesmen to reduce maintenance costs, and centralizing our procurement function, which reviews and supervises all significant contracts, tenders and supplier management issues. We outsource certain services and functions where necessary to reduce costs further and have an outsourced call center which handles calls for complex bookings and corporate support. As a result of our tight cost control, EBITDAR margins have increased from 43.3% in the year ended December 31, 2014 to 47.1% in the year ended December 31, 2016.

We operate 518, or 95%, of our hotels under leases and we own one of our hotels. The rest of our hotels are operated under management or franchise agreements. We lease almost all of our hotels through long-term arrangements with landlords which allow us to expand our portfolio with low upfront capital expenditures, as the vast majority of the upfront construction costs of each hotel are funded by the freehold owner or developer. Development costs, which are incurred by our landlords, vary according to location and building configuration, but typically range between £45,000 and £65,000 per room excluding land. The average term of our leases is 25 years, although properties in city centers and London are occasionally operated on terms of 35 years or longer. Most of our leases are subject to standard five-yearly upwards-only rent reviews (some of which have upper and lower limits ("caps and collars") on the amount of rent that can be charged), and are indexed against the UK Retail Prices Index or the Consumer Price Index, which allows for relative predictability of rental expenses. The overall rent cover for operating leases has shown strong improvement from 1.44x in 2014 to 1.64x in 2016 as a result of our improved operating performance. As of December 31, 2016, the rent cover profile (excluding central cost allocations and before onerous provision releases) of our 487 UK hotels run under operating leases and open for twelve months was as follows: 8 hotels had rent cover of less than 1.0x, 48 hotels had rent cover of 1.0x to 1.5x, 211 hotels had rent cover of 1.5x to 2.0x, 86 hotels had rent cover of 2.0x to 2.5x, 67 hotels had rent cover of 2.5x to 3.0x and 67 hotels had rent cover of more than 3.0x. We opened 19 new hotels between 2014 and the first quarter of 2016, of which 18 achieved 1.0x rent cover within 12 months. The majority of our leases also have favorable extension rights and the average remaining term on our UK leases, excluding renewal rights, was 18.5 years as of December 31, 2016.

As a result of our tight cost control and low upfront capital expenditures on our leasehold properties, our cash conversion has improved from 21.0% in the year ended December 31, 2014 to 66.0% in the year ended December 31, 2016. Our EBITDA margins have also improved from 13.3% in 2014 to 18.4% in 2016. In addition, only 8 of our hotels in the United Kingdom which had been open for more than 12 months generated negative EBITDA (before central cost allocations and onerous provision releases) in the year ended December 31, 2016. Our net leverage ratio (defined as the ratio of total third party debt (minus cash and cash equivalents) to EBITDA) has also improved from 3.6x as of December 31, 2015 (as adjusted for the 2016 Refinancing) to 3.2x as of December 31, 2016. As adjusted for the Refinancing, our net leverage ratio will be 3.5x. See "*Summary Consolidated Historical And Other Financial Data—Other Financial and Pro Forma Data*."

Growing and High Quality Rooms Pipeline

We estimate that we currently have approximately 96 hotels and 8,500 new rooms in our development pipeline, compared to approximately 5,600 rooms in our development pipeline in December 2014. As of March 7, 2017, we had entered into agreements to lease 48 hotels with 4,306 rooms (our "secured pipeline"), including 17 hotels with 1,811 rooms where the developers have commenced construction works on-site. In addition, we have 32 hotels in the non-binding term sheet phase, where heads of terms have been agreed and appraisals are being made, and 16 hotels in the development phase, where we are having initial discussions with developers and finance providers to determine viability. Based on our current expansion plan, including our secured pipeline, our hotel portfolio would increase from 543 hotels as of December 31, 2016 to approximately 610 hotels by the end of 2019.

Experienced Management Team with a Track Record of Delivering Operational and Financial Improvements

Our chairman, Brian Wallace, Chief Executive Officer, Peter Gowers, Chief Financial Officer, Jo Boydell, and Property Managing Director, Paul Harvey, have significant experience in the hospitality sector. The majority of our management team has been in place since 2013 and has implemented the branding changes and cost efficiency measures that have reinvigorated our brand and driven growth in our EBITDA and RevPAR. We have strong functional teams in sales and marketing, revenue management, property and operations that are led by management members who have significant experience from working with major hospitality and other brands in the United Kingdom and other countries.

Our Strategy

Our brand proposition is based on the concept of "unbeatable value," with the aim of making Travelodge the "Travelodgical choice" for customers, offering them quality, standardized and comfortable accommodation in a broad range of locations at a reasonable price. Our long-term strategic aim is therefore to be the favorite hotel for value. We are pursuing the following strategies to achieve this goal:

Strengthen Our Brand Image for Quality and Value

Our Modernization Program and intensive advertising campaign have increased our customers' perception of us as a distinctive brand with a quality offering. We intend to continue to develop our brand image. We also recently started to implement a seven year reinvestment cycle to ensure that our rooms are refitted on a set schedule as they age, in order to stabilize and minimize ongoing capital expenditures and maintain our customer satisfaction scores.

In addition, we aim to continue our drive to improve the consistency of our customers' experience. Our central operations team uses regular guest feedback to identify priority areas for operational change and we develop standardized processes for key areas within the hotel that directly affect the customer experience, such as room cleaning and breakfast service. We are deploying a standard training program at each of our hotels which focuses on key processes, including noise control and problem resolution, and offer additional residential training for hotel managers in an effort to improve customer satisfaction.

Strengthen Our Presence in the Business Customer Segment

We have identified the business customer segment as a key driver of our future growth. In the year ended December 31, 2016, approximately half of our customers in our UK hotels were business customers. Business customers usually occupy rooms during the midweek period, tend to book later than leisure customers, and therefore do not benefit from early-bird discounting. Since 2014, we have sought to grow this segment by introducing measures to improve the booking process for business customers, such as our business membership program and our business account card. These measures also include a business website, dedicated reservation channels, enhanced and simplified booking procedures for small and medium enterprises and a third-party provided business account card that offers interest free credit. We have also established a dedicated business sales team to interact with key customers and introduced targeted pricing for large corporates and customized account management. As a result, after launching our business membership program in 2016, direct business sales increased by 29% in 2016 compared to 2015. In addition, we have aimed to improve the quality of business customers' stay at our hotels by providing dedicated business floors at many of our hotels (currently nearly 150) and introducing customized room allocation procedures. Initial results from the introduction of these measures have been positive, with significant increases in sales to business customers through these channels from 2014 to 2016.

Strengthen Our Online Presence

In the year ended December 31, 2016, approximately 75% of our bookings were made online through our websites. Digital sales channels are important to the growth of our business and we have already made significant changes to strengthen our presence. In April 2015, we launched a new mobile application that had been downloaded by more than 330,000 customers as of March 31, 2017. In 2016, we launched an upgraded website and have since made further enhancements to the website which led to improved conversion rates. We also plan to continue to strengthen our digital marketing activity, with targeted buying of key search terms, appropriate digital display advertising and presence in appropriate meta-search engines.

Optimize Pricing to Improve Yield

We intend to continue to use our centralized revenue management team and our yield management system (IDeaS) to optimize the average rate achieved in our hotels. We expect to continue to adjust pricing strategies in order to secure the optimal balance between discount and non-discount rates and between advance and last-minute bookings. We also intend to remain a price leader among branded value hotels with a wide geographic network. Our RGI grew from 0.77 in January 2014 to 0.86 in December 2016, which indicates that our growth outpaced the growth of the market during this period. As a result, we believe we have considerable room to grow our RevPAR while remaining attractively priced.

Grow our Development Pipeline

We have an in-house development team, supported by external third parties, that works with local developers and landlords to identify potential opportunities for new hotels. In addition, we have used an independent third party hotel consultant to identify future potential locations suitable for our hotels. We estimate that there may be at least 250 further such locations in the United Kingdom, including some locations where we are not already present and additional hotels in areas where we already have a presence but market demand suggests room for more capacity. As of March 7, 2017, we had a secured pipeline of 48 hotels. We are targeting approximately 20 new openings on average each year over the next three years and we intend to continue to explore opportunities to expand our hotel portfolio beyond our secured pipeline.

Our History

The Travelodge brand was launched in the United Kingdom in 1985 as a division of Forte Hotels. Initially, Travelodge hotels were partnered with Little Chef restaurants, with the two frequently located on the same site, and the brand was known as Forte Travelodge. The first Travelodge hotel was opened in Barton-under-Needwood in the United Kingdom in 1985. In 2003, we began our international expansion, opening our first hotel in Spain and creating our master franchise for Ireland. In 2012, we underwent a restructuring of our operations and financing through a scheme of arrangement, and were acquired by the Sponsors. By our 30th anniversary in 2015 we had approximately 18 million customers per year and had a portfolio of 525 hotels in the United Kingdom, Ireland and Spain.

Principal Business Activities

Overview

As the second largest hotel brand in the United Kingdom, we have a large portfolio of hotels offering quality, affordable guest rooms across the United Kingdom and in Ireland and Spain.

United Kingdom

Almost all of our portfolio is in the United Kingdom. As of December 31, 2016, we operated 526 hotels with 39,327 rooms in the United Kingdom.

Our hotels offer our customers standardized, comfortable en-suite guest rooms which provide a clean look and feel. Typically, our rooms are between 15 and 21 square meters in size and contain our king-size Travelodge “Dreamer” bed. Family rooms provide guests with one or two additional pull-out beds, depending on the size of the room. Each room has our brand curtains, artwork and bed runner and offers open hanging and shelf storage space. Additionally, rooms contain a flat screen TV. Our rooms are furnished with one or two chairs, depending on the room size, a desk and a panel heater or radiator. Each room is equipped with a shower, and many also have baths. Free shower gel and hand soap are provided.

Our customer base is well-diversified. As of December 31, 2016, we estimate that approximately half of our customers were business guests and half were leisure guests. Geographically, our hotels are well-distributed throughout the United Kingdom, with a concentration in high-density areas like London.

Hotel Clusters

The management, operational and pricing structures we use for each of our hotels vary according to the type of cluster to which the hotel belongs.

We categorize our hotels into five clusters:

- London: hotels located in Central London and Greater London.
- Provincial/regional: hotels in the United Kingdom outside of London.
- Spain: the hotels we operate in Spain.
- Ireland: hotels operated under our franchise model in Ireland.
- Management contracts: hotels owned by independent landlords but operated by us under management contracts.

Below is a discussion of our hotel portfolio by cluster.

London

As of December 31, 2016, we had 66 hotels with 8,628 rooms in London, representing 21.9% of our total hotel offering in the United Kingdom by number of rooms. Our London hotels are located throughout the city, with a high concentration in the city center and an even distribution throughout the suburbs of London. Generally, our London hotels have more than 100 rooms, with a bar café and limited or no parking facilities. Our London hotels generated £168.5 million of revenue (approximately 30% of our total revenue) and £47.1 million of EBITDA in the year ended December 31, 2016. The average occupancy rate in our London hotels over the year ended December 31, 2016 was 80.4%, and the average rate charged per room was £62.30, leading to RevPAR of £50.08.

Regional

As of December 31, 2016, we had 526 hotels with 30,699 rooms located outside of London and across the United Kingdom, representing 78% of our total hotel offering in the United Kingdom.

Our regional hotels, excluding those operated under management contract, generated £415.8 million of revenue (approximately 70% of total revenue) and £104.1 million of EBITDA in the year ended December 31, 2016. The average occupancy rate in our regional hotels over the year ended December 31, 2016 was 74.5%, and the average rate charged per room was £48.56, leading to RevPAR of £36.17.

Of the 460 hotels located in regional areas, we operated 12 under management contracts and owned one as of December 31, 2016. The remaining 447 hotels were operated under leases. See "*—Management Contracts*."

Spain

As of December 31, 2016, we operated five hotels with 621 rooms in Barcelona, Madrid and Valencia, Spain. We also have an office in Madrid which provides local operational support and financial control. Our Spanish hotels generated £10.0 million of revenue and £0.8 million of EBITDA in the year ended December 31, 2016. The average occupancy rate in our Spanish hotels over the year ended December 31, 2016 was 78.9%, and the average rate charged per room was €59.76, leading to RevPAR of €47.14.

Ireland

As of December 31, 2016, we had 12 Travelodge hotels with 899 rooms in operation in the Republic of Ireland and Northern Ireland pursuant to a franchise agreement with Smorgs ROI Management Limited, as franchisee ("Smorgs"), and guaranteed by a large hotel management company in Ireland. The franchise agreement was entered into in 2016 for a term to 2034. We receive income through monthly franchise fees from Smorgs, equal to 4% of revenue. An additional booking fee is payable for each customer. Five hotels with 448 rooms are located in Dublin. The rest of the hotels are in Belfast, Cork, Derry, Galway, Limerick and Waterford.

Management Contracts

As of December 31, 2016, we operated 12 hotels in the United Kingdom under management contracts pursuant to which we operate the hotels but do not hold a leasehold interest in the properties. These management agreements arose because the 12 sites in question were sites which we considered would not be commercially viable for us to operate on the basis of a full leasehold interest, but which could be successfully run using shorter-term, lower-cost management agreements. Eight of these

hotels are roadside sites which are operated under management agreements with Moto Hospitality Limited and are due to expire in 2023. The remaining four sites are operated under management agreements with various third parties, one of which has been converted to a lease in 2017 and three of which will expire between 2019 and 2022.

Food and Beverage

We have an onsite bar café at approximately 160 of our larger hotels in the United Kingdom. Our bar cafés serve breakfast at an affordable price and offer cooked and continental breakfasts. Our new breakfast offer supported significantly improved performance in this segment in 2016, with sales from food and beverage up 14% compared to the prior year. In our hotels that do not have a bar café, we serve pre-packed breakfast boxes to take away. Most of our bar cafés also serve lunch and dinner. Our menu offering includes popular dishes such as burgers and pizzas. We offer value-driven "meal deals" and a children's dinner menu.

Operating Models

Most of our Travelodge hotels are operated under two types of operating model. The vast majority of our United Kingdom and Spanish hotels are operated by us under a leasehold model, while our Irish hotels are operated under a franchise agreement with Tifco. In addition, we operate one hotel under a freehold model and 12 hotels under management contracts.

Leasehold Model

As of December 31, 2016, we held operating leases for 508 hotels in the United Kingdom and 5 hotels in Spain, as well as 5 UK finance leases. As of December 31, 2016, the average remaining term on our operating leases, excluding renewal rights, was 18.5 years in the United Kingdom and 14.9 years in Spain, with an average lease term of 48 years remaining on UK finance leases.

Most of our operating leases are standard triple net operating leases with typical commercial terms and an average term of 25 years (although properties in city centers and London are occasionally operated on terms of 35 years or longer). Most of our leases are subject to standard five-yearly upwards-only rent reviews, indexed against the RPI, RPIX or CPI. Some of these leases have caps and collars, usually at 1% and 4%, respectively. One of our leases has a fixed uplift of 2.5% per annum. Under most of these leases, we have a contractual or statutory right to renew beyond the initial term, usually for a further 25 years.

The CVA gave all landlords of category 1 and category 2 properties the right to require us to grant the landlord an option to take a reversionary lease of the property, whereby we can be required to extend our lease by a term equal to the amount of time that had expired under the original lease at the time the option was granted to the landlord. Of these, 294 options have been completed, there are also a further six properties where options were requested but not yet entered into. Five of these matters are inactive but we are continue to deal with one (Portsmouth).

By leasing our properties we avoid many of the high costs involved in acquiring and developing the land on which our properties are situated, and we incur lower upfront capital expenditure costs.

Franchise Model

All of our Irish hotels are operated under a master franchise agreement with Smorgs ROI Management Limited, as franchisee ("Smorgs"), and guaranteed by a large hotel management company in Ireland. The agreement expires in 2034 and requires Smorgs to pay a franchise fee, plus a booking fee per customer, and to comply with certain operational requirements. Smorgs receives brand, revenue management and operational guidance from us, and has the benefit of certain guarantees which we provide to landlords. As part of our strategy to expand our hotel portfolio, we may consider adapting this master franchise agreement to be used in new jurisdictions.

Price Management

We set the prices for all our hotels centrally, using a dedicated pricing and revenue management team. This team determines our pricing strategy by hotel according to product quality, demand and competition. Our pricing strategy is supported by the IDeaS pricing system, which uses data analysis to forecast occupancy, controls the opening and closing of rate points and monitors our rate of sale and our competitors' rates. Our regional trading team, consisting of more than 20 people, processes the information provided by IDeaS and adjusts the price points for each hotel individually to optimize

RevPAR. We rely on our dedicated events team to monitor key events, such as large attendance concerts, sports events and cultural events, to adjust and set event-specific pricing based on demand. We communicate the final price to our customers on a hotel-by-hotel basis.

Our RGI grew from 0.77 in January 2014 to 0.86 in December 2016, which indicates that our growth outpaced the growth of the market during this period. As a result, we believe we have considerable room to grow our RevPAR while remaining attractively priced.

Property

Overview

Since January 2014, we have opened 37 new hotels, largely consisting of new hotels built especially for Travelodge and existing buildings or hotels converted into Travelodge hotels. We use one of the following three strategies in developing new hotels:

- We enter into partnerships with a range of landlords and developers including major institutions and property companies as well as local developers and high net worth individuals who specialize in their local area. Travelodge determines the build specifications and we enter into an agreement for a lease with the landlord, which grants the lease once development works are completed. This is the most common type of acquisition that we carry out. Usually, the agreement for a lease is conditional upon factors such as site acquisition, financing, vacant possession, and the granting of planning permission. Under this type of development, the majority of the capital spend is for the account of the developer but internal costs, such as fees and stamp duty, are monitored and regularly reported upon by our finance team;
- We enter into a forward-funded development whereby Travelodge carries out the development works, funded by a third party. Only one such transaction has been carried out in the last three years; or
- We acquire hotels by purchasing going concerns. In these circumstances, the terms of the purchase varies greatly from deal to deal. However, in general, the transaction is structured so that we enter into an agreement with the estate owner and/or the landlord and any existing operator whereby we acquire certain of the business and assets of the existing operator and a leasehold interest in the hotel and subsequently re-brand and refurbish the hotel as a Travelodge hotel.

New Properties

Developed Properties

When deciding on new sites, we review the demographics, business and employment data of proposed locations. We also review existing and proposed transportation links, the importance of the proposed site for national and international tourism and the proximity to universities, hospitals and military bases. Based on this approach, we have identified a significant number of viable sites for further consideration, some of which are in our current pipeline.

Pipeline Developments

As of March 7, 2017, we had entered into agreements to operate 48 hotels with 4,306 rooms (our "secured pipeline"), of which we expect to open 15 hotels in 2017, 20-25 hotels in 2018 and the remainder by 2020. We currently expect to spend approximately £9 million in development costs in 2017 in respect of new hotel openings. We opened 19 new hotels between 2014 and the first quarter of 2016, of which 18 achieved 1.0x rent cover within 12 months and one achieved 1.0x rent cover within 14 months.

We develop our secured pipeline through a network of employed and freelance development managers who search for opportunities. Once an eligible project has been identified on the basis of our investment model, our development managers enter into initial discussions with the developers and begin to record and monitor the development project in our database. As the discussions advance, we enter into term sheets which set out the basic principles of a potential development and relevant committee approvals and planning permissions are sought. When certain conditions are satisfied, we execute a formal lease agreement and the property becomes part of our "secured pipeline." A few conditions remain until the project is classified unconditional. The developer then builds the property to our specification using its own funds. Our costs are typically limited to certain advisory and planning fees.

List of Newly-Opened Hotels

Below is a table showing the location, rooms and opening date of all hotels opened since January 1, 2016:

Hotel name	Location	Opening date
Birmingham Fort Dunlop	Birmingham	January 2016
Weston-super-Mare	Weston-super-Mare	February 2016
Bicester	Oxfordshire	April 2016
London Raynes Park	London	April 2016
Milton Keynes the Hub	Buckinghamshire	April 2016
Glasgow Queen Street	Glasgow	April 2016
London Belvedere	London	April 2016
Bristol Filton	Bristol	June 2016
Derby Cricket Ground	Derby	June 2016
Poole	Dorset	July 2016
London Finsbury Park	London	July 2016
Haverhill	Suffolk	July 2016
Birmingham Maypole	Birmingham	August 2016
Sale	Manchester	September 2016
Thetford	Norfolk	October 2016
London Finchley	London	November 2016
Kings Lynn	Norfolk	November 2016
Stockport	Manchester	December 2016
Andover	Hampshire	December 2016
Petershead	Aberdeenshire	March 2017

2012 Restructuring and CVA

In 2012, we entered into the CVA to implement an operational and financial restructuring of the Travelodge business which was conducted through a UK scheme of arrangement. As part of this operational restructuring, we evaluated and categorized all of our existing leases and development sites according to commercial viability, and sought rent reductions or cancelled our operations for certain categories.

Under the CVA, we were required to establish a Compromised Lease Fund to compensate compromised landlords. The CVA Compromised Lease Fund of £3.9 million was paid in May 2016 and distributed to creditors by the administrator in October 2016.

The formal notice of completion of the CVA was filed on October 17, 2016, confirming the CVA was fully implemented and complete and the Company's obligations and duties under the CVA had come to an end.

Property Maintenance

The majority of our maintenance jobs are completed in-house through our dedicated maintenance team, which was formed in 2011, and which consisted of more than 100 skilled tradesmen as of December 31, 2016. We continue to outsource specialist services, such as boiler and elevator maintenance and repair work.

Sales and Marketing

We conduct our sales through various channels. Almost 90% of our bookings are carried out through direct channels, including our websites for leisure and business customers, which accounted for 75% of bookings in the year ended December 31, 2016, and our outsourced call center, which accounted for 8.5% of our bookings in the year ended December 31, 2016. We have limited reliance on third party brokers and OTAs (which accounted for less than 2.5% of our UK room booking revenue in 2016). Since 2016, we have offered Travelodge business memberships to our business customers. Sales to our business customers have increased by approximately 29% since we introduced our business membership. Business membership is free of charge and allows customers to benefit from certain preferential services such as a dedicated account manager and discounts on flexible rate bookings.

Our Customers

Our customer base is diversified. As of December 31, 2016, we estimate that approximately half of our customers were business guests, including travelers staying at our hotels for meetings, conventions and other events held at our hotels, and half were leisure guests.

Environmental Regulation

We are subject to certain legal requirements and potential liabilities under various laws and regulations, including the regulations for environmental impact, hazardous waste and prevention and control for the contamination of water, air and soil. See "*Risk Factors—Risks Relating to Our Business and Industry—Failure to comply with environmental, health and safety laws and regulations may result in a material adverse effect on our business*."

We believe that we hold robust internal environmental management systems designed to ensure our hotels comply with current regulations and control potential hazards that could damage the environment.

Information Technology

The majority of our IT services are centralized, standard services provided by third parties (in either software as a service or similar outsourced models). Our websites and core internal Travelodge systems are hosted by third parties. We introduced a customer-facing mobile application in April 2015 which, as of March 31, 2017, has been downloaded more than 330,000 times. Our customers can use our mobile application to search for and book rooms.

Our IDeaS system sets the prices we charge for our rooms. IDeaS is an airline-style yield management system, which controls opening and closing rate points according to demand and price sensitivity. See "*—Price Management*." Our reservations are managed by our Opera reservation system. Opera provides a central database of room inventory, and allows us to centralize and standardize reservations, bookings and customer billing processes. The other IT services we use are generally standard package solutions with the exception of our website which is a combination of standard and bespoke technology.

Intellectual Property

We own the rights to the Travelodge name in more than 70 countries around the world, with rights pending or published in three additional countries. We have an EU-wide registration that covers all EU Member States. In addition, we own the right to the "sleeping face" logo in various territories, including in certain territories where we do not own the Travelodge name due to the name rights having been secured by other businesses.

We understand that there are three further operators of the Travelodge name who are not connected with our Group: one based in North America, which operates and owns the rights in the USA and Canada, one based in Australasia, which operates in Australia and New Zealand; and one based in Asia which owns the rights to the Travelodge name in a number of territories in Asia, including Hong Kong, Malaysia, Pakistan and Singapore.

Employees

Set forth below are the average number and total number of persons employed for year ended December 31, 2016:

	As of December 31, 2016
Average number of full time equivalent persons employed	5,422
thereof: UK	5,363
thereof: International	59
Total number of persons employed as at December 31, 2016	10,350
thereof: UK	10,294
thereof: International	56

Our total number of employees fluctuates during the year, as we adjust roles and hours according to the needs of the business and occupancy levels in the hotels. The majority of employees are employed on hourly contracts, with flexible working hours.

The majority of employees are employed within the hotels. We have a central support office that is the base for corporate support functions, our customer services team and serves as the home office for the direct salesforce.

We employ a limited number of agency staff to work in our head office and in our operations. We also employ a number of contractors from time-to-time to provide assistance on projects and interim specialist support.

As a result of the introduction of a mandatory National Living Wage in the United Kingdom, the hourly rate that we pay our employees has increased. Under the National Living Wage initiative, which has applied to employees over the age of 25 from April 1, 2016, the minimum wage has increased from £6.70 to £7.20 per hour across the United Kingdom and was subsequently increased to £7.50 in April 2017. We offer the increased minimum wage to all staff, and not just those over the age of 25. From April 6, 2017, we will be required to pay an apprenticeship levy of 0.5% on our wages bill to help fund training for apprenticeships in the United Kingdom.

We employ a limited number of agency staff to work in our head office and in our operations. We also employ a number of contractors to provide assistance on projects and interim specialist support.

We are subject to laws and regulations relating to discrimination and in particular to compliance with regulations affecting "protected categories" such as gender, race, religious affiliation and sexual orientation. See "*—Legal Proceedings and Disputes*" and "*Risk Factors—Risks Relating to Our Business and Industry—We are subject to laws governing our relationship with hotel employees, such as minimum wage requirements, overtime, working conditions and work permit regulations*."

In our Irish hotels, our franchisees employ their own staff and management.

Pensions

We have two pension schemes: a Scottish Widows Group pension plan for salaried staff who are paid monthly, and a NEST pension plan for staff who are paid by the hour on a four-weekly basis. Both are defined contribution schemes. Employees are automatically enrolled in one of these schemes at the start of the month following completion of two months' service. Other than increases in contributions required by law, we do not expect significant pension liabilities going forward.

Insurance

We maintain insurance against various risks related to our business, including property damage and business interruption policies. We have taken out directors' and officers' liability insurance for executives within our Group. We also maintain applicable compulsory workers' compensation and motor liability coverage.

We believe that our existing insurance policies are adequate, in terms of both amounts covered and conditions of coverage, to cover the major risks of our business, taking into account the cost of insurance coverage and potential risks to business operations. However, there can be no assurance that no losses will be incurred or that this coverage will be sufficient to cover the cost of defense or damages in the event of a significant claim.

Legal Proceedings and Disputes

We may become involved from time to time in various claims and lawsuits arising in the ordinary course of our business, such as disputes with our suppliers, trademark disputes and proceedings initiated by public authorities. The most significant actual or potential claims, lawsuits, investigations or proceedings of which we are currently aware are described below:

La Compagnie des Grands Hotels d'Afrique ("CGHA") filed a claim for approximately £38 million in the CVA. The sum claimed represents damages and costs awarded to CGHA in an International Chamber of Commerce arbitration award against a Moroccan company called Woodman Maroc sarl ("Woodman") that acted as a hotel management company for an asset belonging to CGHA.

CGHA contends that Travelodge Hotels Limited ("THL") guaranteed the obligations of Woodman under a hotel management agreement entered into by CGHA, Woodman and THL in 1989 at a time when Woodman and THL were members of the same group of companies (which subsequently ceased to be the case).

THL was originally included as a second respondent to CGHA's claim in the arbitration proceedings. However, THL contended that any claims against it are subject to the terms of the CVA, which

prescribes and limits the compensation payable to relevant creditors by THL, including establishing a compensation fund (the 'THL Compromised Lease Fund') into which THL makes certain limited payments and against which creditors' competing claims will abate *pari passu* in the event the fund is insufficient to satisfy all claims.

After THL threatened to apply to the High Court in London seeking a declaration to this effect and an anti-suit injunction restraining the arbitration claims against it, CGHA discontinued its claims against THL. In May 2015 CGHA demanded that THL pay the sums awarded against Woodman in the arbitration pursuant to the guarantee. THL responded reiterating its position that any potential liability of THL to CGHA was subject to the terms of the CVA and, accordingly, any claim should be made in the CVA.

On September 30, 2015 CGHA then lodged a formal claim in the CVA in the sum of the award but purported to file this claim 'without prejudice' to a stated position that it did not accept that it was an expired lease creditor under the CVA (a category of creditor whose claims were compromised by the CVA) and reserved its rights under the hotel management agreement and/or outside the CVA.

THL believes that any potential liability of THL to CGHA is subject to the terms of the CVA, in particular because CGHA was expressly named as an expired lease creditor in the CVA and because the terms of the CVA became legally binding on all THL creditors covered by the CVA, including CGHA, upon the approval of the CVA by a majority in excess of 75% in value of a quorum of THL's creditors in September 2012. Thus, CGHA is only entitled to seek recovery on its claim pursuant to the terms of the CVA, which prescribes and limits the compensation payable by THL and established the THL Compromised Lease Fund. THL is only obliged to fund the Compromised Lease Fund up to a defined and limited amount.

The supervisors of the CVA agreed with this view and dealt with the CGHA claim in accordance with the provisions of the CVA, making a distribution to them from the CVA Fund in October 2016. CGHA acknowledged receipt of the payment in December 2016 while continuing to reserve its rights to pursue a claim against THL for the full amount claimed less the amount paid to it under the CVA, which CGHA asserts now has a value of approximately €50 million (as a result of accrued interest and currency fluctuations). Under the terms of the CVA, an expired lease creditor cannot take or continue any legal process against THL or its assets in any jurisdiction whatsoever for the purpose of obtaining payment of the relevant liability or placing THL into liquidation or a similar proceeding (except for the purposes of enforcing its rights under the CVA, or where there has been non-payment of a sum due under the CVA) (the "moratorium"). Furthermore, when an expired lease creditor receives compensation under the CVA, our relevant liability to such creditor will be unconditionally and irrevocably released. Finally, we believe that the quantum of the claim by CGHA is exaggerated and that this in large part reflects the fact that Woodman ceased to be represented by counsel in the arbitration proceedings before the merits were heard and therefore did not vigorously contest the claims (including the quantum) made by CGHA. We intend to vigorously contest any assertion that the liability to CGHA is not subject to the terms of the CVA and the moratorium or that it has not been unconditionally and irrevocably released by the payment of the compensation prescribed by the CVA which has now been paid to CGHA.

As a large employer we receive a number of claims from employees. Typically these claims are for small amounts and we do not regard the aggregate value of such claims to be material. Claims can be brought against us in relation to alleged discrimination under certain "protected characteristics" set out in the UK Equality Act 2010 (such as race, sex and pregnancy) and these are not subject to a cap. As of March 28, 2017, we had 2 such claims at employment tribunal stage (one open case and one pending outcome) and one at an early conciliation stage with the Advisory, Conciliation and Arbitration Service ("Acas"). The outcome of such proceedings can be difficult to predict with certainty and we can offer no assurance in this regard. See "*Risk Factors—Risks Relating to Our Business and Industry—We are subject to laws governing our relationship with hotel employees, such as minimum wage requirements, overtime, working conditions and work permit regulations*."

Except for the above, to our knowledge, we are currently not involved in any legal proceedings which, either individually or in the aggregate, are expected to have a material adverse effect on our financial position or results of operations. We note, however, that the outcome of legal proceedings can be extremely difficult to predict, and we offer no assurances in this regard.

MANAGEMENT

The Issuer

The issuer is TVL Finance plc, which was incorporated as a public limited company under the laws of Jersey on April 15, 2016, with registered number 121092. The members of the board of directors of the Issuer, and their respective ages, are as follows:

Name	Age	Position
Brian Wallace	63	Director
Peter Gowers	44	Director
Joanna Boydell	48	Director
Paul Harvey	56	Director

The Issuer currently has a board of directors composed of four directors. The board is responsible for managing the affairs of the Issuer in accordance with applicable laws, constitutional documents and resolutions of its shareholder meeting. The address of the directors is Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, United Kingdom.

Set forth below is a short biography of each of the members of the board of directors of the Issuer:

Brian Wallace was appointed Chairman of Travelodge in 2013 and became a director of the Issuer upon its incorporation. Mr. Wallace is also Chairman of Softcat plc. His most recent executive position was Ladbrokes plc from 2007 to 2011, where he was Group Finance Director. Prior to that, Mr. Wallace was employed with Hilton Hotel Corporation in 2006 and Group Finance Director of Hilton Group plc (formerly Ladbroke Group plc) from 1995 to 2006, having been appointed Deputy Group Chief Executive in 2000. Mr Wallace has also held senior executive roles with a number of companies including Schlumberger and Geest plc as well as having served as a non-executive director with Hays plc, Scottish and Newcastle plc, Miller Group and Firstgroup PLC. Mr. Wallace is a chartered accountant and holds a M.A.(Hons) in Economics from the University of St. Andrews.

Peter Gowers has served as Chief Executive Officer of Travelodge since 2013 and became a director of the Issuer upon its incorporation. He was previously the Chief Executive of Safestore Holdings plc, the UK's largest self-storage operator, from 2011 to 2013. Prior to that, he served in successive senior positions with InterContinental Hotels Group plc (IHG) from 2001 to 2009, including as Chief Executive of IHG's Asia-Pacific region, from 2007 to 2009 and the group's Chief Marketing Officer from 2005-2007. Mr. Gowers holds a B.A. in Law from Oxford University.

Joanna Boydell became Chief Financial Officer of Travelodge in 2013 and became a director of the Issuer upon its incorporation. Prior to joining our Group, she was Finance Director for JGLCC Camera Company Limited (formerly The Jessop Group Limited), from 2011 to 2013. She also has hotel and leisure experience from senior roles at Hilton Group, EMI Group and Ladbrokes plc. She is an ICAEW ACA Chartered Accountant. Mrs. Boydell holds a B.A. in Physics from Oxford University.

Paul Harvey is our Property Managing Director and became a director of the Issuer upon its incorporation. Mr. Harvey has served as Property Director of Travelodge since 2006. Prior to joining Travelodge he served in a variety of senior positions at Hilton International including Vice President—Japan and Micronesia, Managing Director for Livingwell and Hilton UK Finance Director. He also worked for Meridien, Forte London and Grosvenor House Hotel. Mr. Harvey is a Chartered Management Accountant.

Board of Directors of the Parent Guarantor

The members of the board of directors of the Parent Guarantor, and their respective ages, are as follows:

Name	Age	Position
Brian Wallace	63	Class A Director (Executive Director)
Peter Gowers	44	Class A Director (Executive Director)
Joanna Boydell	48	Class A Director (Executive Director)
Paul Harvey	56	Class A Director (Executive Director)

Name	Age	Position
Jonathan Ford	42	Class B Director (Non-Executive Director)
Greg Olafson	45	Class B Director (Non-Executive Director)
Stephen Shurrock	46	Class B Director (Non-Executive Director)

The Parent Guarantor currently has a board of directors composed of seven directors. The board is responsible for managing the affairs of the Parent Guarantor in accordance with applicable laws, constitutional documents and resolutions of the shareholders' meeting. The address of the directors is Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, United Kingdom.

Set forth below is a short biography of each of the members of the board of directors of Travelodge who have not been described above:

Jonathan Ford has served as Non-Executive Director of Travelodge since 2012 and was appointed by Avenue Capital. He has been with Avenue Capital since 2009, and currently serves as Senior Portfolio Manager. Prior to that, he was Head of European Research based in London for the Distressed Products group of Deutsche Bank from 2005 to 2008. Prior to that, he was an Assistant Director in the Corporate Restructuring Group of Close Brothers Group from 2000 to 2005. Prior to that, he was an Assistant Manager in the Banking & Capital Markets division of PricewaterhouseCoopers from 1997 to 2000 in London. Mr. Ford received a B.S. in Economics from the University of Birmingham.

Greg Olafson has served as a Non-Executive Director of Travelodge since 2012 and was appointed by GS Sponsor. He is currently a Partner in the Special Situations Group, and has been principally employed by Goldman Sachs since 2001.

Stephen Shurrock has served as Non-Executive Director of Travelodge since 2013 and was appointed by GoldenTree Asset Management. He is principally employed by Travelport, an NYSE listed travel commerce platform, where he currently serves as Executive Vice President and Chief Commercial Officer. Prior to that, he was Chief Executive Officer of Consumer Business at Telefónica Digital, from 2014 to 2015. Prior to that, he was Chief Executive officer of New Digital Business at Telefónica Digital from 2011 to 2014. He is a Chartered Management Accountant. Mr. Shurrock holds a B.S.(Hons) in Economics and Accounting from Loughborough University.

Management of Travelodge

In addition to the board of directors discussed above, the following individuals serve as the executive officers of Travelodge.

Name	Age	Position
Brian Wallace	63	Chairman
Peter Gowers	44	Chief Executive Officer
Joanna Boydell	48	Chief Financial Officer
Paul Harvey	56	Managing Director, Property
Craig Bonnar	43	Chief Operating Officer
Jonathan Greensted	47	Chief Technology Officer
Karen Broughton	48	Sales and Marketing Director
Thomas Edwards	41	Revenue Director
Hannah Thomson	49	People Director

Set forth below is a biography of each of the executive officers who have not been described above:

Craig Bonnar has served as Chief Operating Officer of Travelodge since 2017. Prior to that, he worked at Asda Wal-Mart for more than twenty years during which Craig held a range of senior positions including managing director of the cleaning and facilities business City FM, operations director for Scotland & Northern Ireland, head of retail operations and vice president, store proposition and format development.

Jonathan Greensted has served as Chief Technology Officer of Travelodge since 2016. Prior to that, he served as our interim IT Director from 2015 to 2016. Before joining Travelodge, Jonathan was the interim IT Director of Flybe, the low cost airline, from 2014 to 2015. Prior to that, he was the Interim Digital Director of Avis Budget Group in 2014, and he was the Senior Product Director for Travelport, the travel technology business, from 2012 to 2013. Jonathan holds a Bachelor of Engineering from University of Warwick.

Karen Broughton was appointed Sales & Marketing Director of Travelodge in 2014. Prior to that, she was Marketing & Service Delivery Director of the Money Advice Service from 2011 to 2014. Karen began her career at British Airways, where she spent fifteen years and eventually became manager of the British Airways brand. She then served as Brand Director at BAA, the largest operator of UK airports, followed by a position as Marketing and Communications Director at World Duty Free.

Thomas Edwards became Revenue Director of Travelodge in 2013. Mr. Edwards joined our Group from Flybe Ltd, where he was Director of Revenue and Network Planning from 2011 to 2013 and Head of Revenue Strategy from 2007 to 2011. Mr. Edwards holds a B.S.(Hons) in Mathematics for Management from the University of Brighton.

Hannah Thomson was appointed People Director of Travelodge in November 2016. Prior to joining Travelodge, Ms. Thomson served as Interim HR Director at the leading garden center chain Wyevale Garden Centers from March to December 2014 and as Group HR Director at the Anglo-French self-storage operator Safestore Holdings plc from 2012 until 2014. Ms. Thomson holds a B.A.(Hons) in Modern History and Politics from the University of Westminster and an M.A. in History from Royal Holloway, University of London.

Management Equity Incentive Plan

Anchor Holdings has adopted an equity incentive plan to incentivize certain members of our management to create and enhance value for our equityholders. Pursuant to this plan, management currently holds approximately 10.4% of the ordinary shares in Anchor Holdings. Anchor Holdings is controlled by a general partner, which is in turn controlled by GoldenTree Asset Management, Avenue Capital and GS Sponsor. The general partner is entitled to direct the ordinary course and strategic affairs of Anchor Holdings; however, certain matters are reserved by Luxembourg law for approval by holders of the ordinary voting shares of Anchor Holdings, such as approval of dividends and liquidation. As a result, management's equity interests received pursuant to the management equity plan provide them with limited voting rights. See "*Principal Shareholders*." Management's equity interests under this plan entitle them to receive distributions upon a sale or other disposition of the Company. Any such distributions are subject to the achievement of certain thresholds based on total returns received by equityholders pursuant to such sale or other disposition. As a result, the amounts which our management will realize in respect of their equity interests under the plan largely depend on our results in the future and our ability to effect a strategic transaction at an attractive value.

Other members of management participate in separate cash incentive plans.

Insurance for Directors and Officers

We have obtained two policies of insurance on behalf of us and any person who is, was or becomes during the term of the insurance a director, officer or manager. The policies cover any loss arising from any claim made against the insured during the period of insurance by reason of any wrongful act, subject to certain exclusions and limits of the amount of coverage we ultimately obtain.

Committees

Audit Committee

Our audit committee meets annually to review, in particular, the full year accounts. The meeting is held in the presence of the auditors who are invited to comment more generally on their findings. The audit committee also ensures the independence of the internal and external auditors.

Executive Compensation

The aggregate cash compensation paid to our executive officers was approximately £4.0 million for the year ended December 31, 2016, including fixed salary, performance-related components such as annual bonus payments for 2015 for progress on strategic and operating items and pension payments. Non-cash compensation consisted of certain benefits, healthcare and pension entitlements.

PRINCIPAL SHAREHOLDERS

GoldenTree Asset Management, Avenue Capital and GS Sponsor control Anchor Holdings, the direct parent company of the Parent Guarantor, through Anchor Holdings' general partner, Anchor Holdings G.P. S.A. GoldenTree Asset Management, Avenue Capital and GS Sponsor each hold 49%, 34% and 17% of the shares in Anchor Holdings G.P. S.A., respectively. The general partner is entitled to direct the ordinary course and strategic affairs of Anchor Holdings; however certain matters are reserved by Luxembourg law for approval by holders of the ordinary voting shares of Anchor Holdings, such as approval of dividends and liquidation. GoldenTree Asset Management, Avenue Capital and GS Sponsor and our management hold approximately 43.9%, 30.5%, 15.2% and 10.4% respectively of the voting shares in Anchor Holdings. Management holds its 10.4% share of the ordinary voting shares in Anchor Holdings pursuant to a management equity incentive program. See "*Management—Management Equity Incentive Plan*." Our Sponsors and their advisors continually review strategic alternatives with respect to us, including the possible listing, recapitalization or sale of the business. Our Sponsors may therefore from time to time enter into discussions with interested parties, the result of which may or may not lead to one or more of the foregoing transactions. Each of the Sponsors is entitled to appoint directors and observers to group boards, and certain corporate actions may be taken only with the consent of the representatives of one or more of the Sponsors.

RELATED PARTY TRANSACTIONS

In addition to the management arrangements described in "*Management*" and the Subordinated Shareholder Loan as described in "*Description of Certain Indebtedness*," we are party to the following transactions with related parties.

Investments

GoldenTree Asset Management, Avenue Capital and GS Sponsor control 43.9%, 30.5% and 15.2%, respectively, of the outstanding limited partnership interests in Anchor Holdings S.C.A. The Sponsors or their affiliates, who may be related parties of ours for purposes of IAS 24, may trade in our securities from time to time in the ordinary course of business.

Leases

144 of our leasehold properties are held under leases which were put in place as a result of two separate sale and leaseback deals with Prestbury Hotels Ltd ("Prestbury") in 2004 and 2007, pursuant to which occupational leases for the properties were granted to us. Prestbury, which acquired the properties through a combination of asset and share transfers, sold the portfolio to Grove Finco S.à r.l. ("Grove") in 2014. Grove subsequently sold 56 of these assets to unconnected third parties during 2016. Grove is our biggest landlord, with 88 properties, and is controlled by the Sponsors. Management does not hold an interest in Grove. The property costs charged on these leases were £7.4 million, £35.9 million and £36.1 million, respectively, in the years ended December 31, 2014, 2015 and 2016. As of December 31, 2016, there were no outstanding amounts under these property leases.

Franchise Agreement

One or more affiliates of GS Sponsor holds, directly or indirectly, a majority shareholding in the parent guarantor of Smorgs ROI Management Limited, our franchise partner in the Republic of Ireland and Northern Ireland.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The following is a summary of the material terms of our principal financing arrangements (other than the Indenture) after giving effect to the Refinancing. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. Capitalized terms used in the following summaries not otherwise defined in this offering memorandum have the meanings ascribed to them in the respective agreement.

Senior Facilities Agreement

The Issuer and certain other members of our Group have entered into the Senior Facilities Agreement. The borrowers under the Senior Facilities Agreement are the Issuer, HoldCo 6, HoldCo 7 and Travelodge Hotels Limited but the Senior Facilities Agreement permits additional members of the Group to accede as borrowers provided they satisfy certain conditions.

Borrowings

The Senior Facilities Agreement provides for the Revolving Credit Facility in a principal amount of £50 million and the Letter of Credit Facility in a principal amount of £30 million. Borrowings under the Revolving Credit Facility may be used to directly or indirectly finance or refinance the working capital and/or the general corporate purposes of the Group, including the funding of (i) any fees, costs and expenses arising in connection with the refinancing of certain indebtedness of the Group prior to May 10, 2016 (the "2016 Refinancing") and the Existing Notes; (ii) capital expenditure; (iii) any permitted acquisition; (iv) operational restructurings or permitted reorganisations of the Group; (v) the issuance of letters of credit and performance bonds and (vi) any working capital related adjustments (however structured) relating to or arising in connection with the 2016 Refinancing and any permitted acquisition, but shall not be applied in repayment or prepayment of the Existing Notes or Pari Passu Indebtedness (as defined in the Intercreditor Agreement) or for the purpose of paying any dividend or repaying any loans or indebtedness owed to the Parent Guarantor or any holding company thereof which is subordinated in accordance with the terms of the Senior Facilities Agreement and the Intercreditor Agreement. The Letter of Credit Facility may be used only to issue letters of credit to finance or refinance the working capital and/or the general corporate purposes of the Group.

The Revolving Credit Facility may be utilized in the form of multi-currency advances for terms of 1, 2, 3 or 6 months (or any other term agreed with the agent acting on the instructions of (i) the majority lenders participating in the relevant loan for periods of less than six months or (ii) all lenders participating in the relevant loan for periods greater than six months) or letters of credit or ancillary facilities.

Additional Facility

The Parent Guarantor may elect to request, subject to certain terms and conditions, the commitment of additional facilities (the "Additional Facility Commitments").

The Parent Guarantor may agree with the relevant lenders certain terms in relation to the Additional Facility Commitments, including the termination date (subject to parameters as set forth in the Senior Facilities Agreement) and the availability period.

The margin on any cash advances under the Additional Facility Commitments will be agreed between the Parent Guarantor and the relevant lenders providing the relevant Additional Facility Commitments (subject to parameters as set forth in the Senior Facilities Agreement).

Unless otherwise agreed between the Parent Guarantor and the relevant lenders providing the relevant Additional Facility Commitments, borrowings under an additional facility may be used for the same purposes as under the Senior Facilities.

Maturity Date

The Senior Facilities mature on the date falling 72 months after the Closing Date (as defined therein), being May 10, 2016. Loans must be repaid in full on or prior to that date. Additional Facility Commitments mature on the date specified in the additional facility notice.

Conditions Precedent

Utilizations of the Senior Facilities are subject to customary conditions precedent.

Interest and Fees

The Senior Facilities bear interest at a rate per annum equal to LIBOR or, for borrowings in euro, EURIBOR, plus an opening margin of 4.00% per annum with respect to the Revolving Credit Facility and 3.75% per annum with respect to the Letter of Credit Facility. Subject to the satisfaction of certain other conditions, the margin may be reduced under a margin ratchet to 3.00% per annum with respect to the Revolving Credit Facility and 2.75% per annum with respect to the Letter of Credit Facility (in each case, with intermediate step-downs) by reference to the Consolidated Net Leverage Ratio, calculated as the ratio of the Consolidated Net Leverage to consolidated pro forma EBITDA for the twelve month period preceding the relevant quarterly testing date.

The Parent Guarantor is required to pay a commitment fee, quarterly in arrears, on available but unused commitments under the Senior Facilities at a rate of 35% of the applicable margin and on the date on which the Senior Facilities are cancelled in full or on the date on which a lender cancels its commitment. Agency and letter of credit fees are also payable pursuant to the Senior Facilities Agreement.

Security and Guarantees

The Senior Facilities are guaranteed by each Guarantor and are secured by the same security package as for the Notes as set forth under "*Description of the Notes—Security*."

Under the terms of the Intercreditor Agreement, in the event of acceleration of the Senior Facilities, the Existing Senior Secured Fixed Rate Notes or the Notes, amounts recovered in respect of the Notes, including from the enforcement of guarantees and the Collateral, are required to be turned over to the Security Agent and, subject to the payment of fees and expenses of, amongst others, the agent under the Senior Facilities, the Trustee and Security Agent, paid by the Security Agent to the lenders under the Senior Facilities and counterparties to certain hedging obligations in priority to the holders of the Notes.

The provision and the terms of the security set forth above will in all cases be subject to certain limitations and are at all times and in all cases subject to the requirements of applicable law and the other matters set forth in the Senior Facilities Agreement. See "*Risk Factors—Risks Relating to the Notes and Notes Guarantees—The Notes Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*."

Covenants

Certain of the covenants contained in the Senior Facilities Agreement are based upon the covenants contained in the Indenture. See "*Description of the Notes—Certain Covenants—The Issuer*."

The Senior Facilities Agreement also requires the Parent Guarantor and certain of its restricted subsidiaries to observe certain customary covenants, subject to certain exceptions and grace periods, including covenants relating to obtaining required authorizations; compliance with laws; *pari passu* ranking; preservation of assets, guarantor coverage, centre of main interests; certain restrictions on repurchase of the Notes themselves; taxation; anti-corruption laws, sanctions compliance, holding company and further assurance provisions.

Financial Covenant

The Senior Facilities Agreement includes a financial covenant requiring the Consolidated Net Leverage Ratio not to exceed an agreed level (the "SSRCF Financial Covenant"). The SSRCF Financial Covenant is calculated as the ratio of the Consolidated Net Leverage to consolidated pro forma EBITDA for the twelve month period preceding the relevant quarterly testing date and is tested quarterly on a rolling basis and subject to the Senior Facilities (excluding Letters of Credit which have not been called and non-cash ancillary Facilities) being at least 35% drawn on the relevant test date. The Parent Guarantor has four equity cure rights in respect of the SSRCF Financial Covenant prior to the termination date of the Senior Facilities Agreement and equity cures in consecutive financial quarters are not permitted.

Repayment

Loans made under the Senior Facilities Agreement must be, subject to any rollover in accordance with the Senior Facilities, repaid in full on the last day of the relevant interest period. All outstanding

amounts under the Senior Facilities must be repaid on the "termination date." Amounts repaid by the Parent Guarantor in respect of loans made under the Senior Facilities may be reborrowed, subject to certain conditions.

Events of Default

The Senior Facilities Agreement provides for substantially the same events of default as under the Notes. In addition, the Senior Facilities Agreement provides for additional events of default, subject to customary materiality qualifications and grace periods, including: (i) the failure to pay principal, interest or fees under the Senior Facilities Agreement; (ii) non-compliance with the SSRCF Financial Covenant or any other obligations under the Senior Facilities Agreement; (iii) representations or warranties are or are found to be untrue or misleading when made or deemed to be made; (iv) the auditors of the Group qualifying their report on the annual financial statements of the Group; (v) any obligor's obligations under a finance document (including a Transaction Security Document (defined below)) become unlawful or cease to be legal, valid, binding and enforceable; and (vi) repudiation or rescission of a finance document including Transaction Security Documents (defined below).

Governing Law

The Senior Facilities Agreement and any non-contractual obligations arising out of or in connection with it, are governed by, construed in accordance with and will be enforced in accordance with English law although the restrictive covenants scheduled to the Senior Facilities Agreement will be interpreted in accordance with New York law (without prejudice to the fact that the Senior Facilities Agreement is governed by English law).

Intercreditor Agreement

In connection with the entry into the Senior Facilities and the Existing Indenture, the Issuer and the Guarantors have entered into the Intercreditor Agreement to govern the relationships and relative priorities between, among others: (i) the lenders under the Senior Facilities; (ii) any persons who accede to the Intercreditor Agreement as counterparties to certain hedging agreements (collectively, the "Hedging Agreements"; the liabilities under such Hedging Agreements, the "Hedging Liabilities"; and any persons that accede to the Intercreditor Agreement as counterparties to such Hedging Agreements being referred to in such capacity as the "Hedge Counterparties"); (iii) the trustee of the Existing Notes (the "Existing Notes Trustee"), on its own behalf and on behalf of the holders of the Existing Notes (the "Existing Noteholders"); (iv) the intragroup creditors and debtors; (v) certain direct or indirect shareholders and subsidiaries, if any, of the Issuer in respect of certain structural debt that the Issuer or another member of the Group has incurred or may incur in the future (including any subordinated shareholder loans); and (vi) any lenders, noteholders or other creditors in respect of any Second Lien Debt (as defined below) and any creditor representatives of the Second Lien Creditors (as defined below).

In this description where a capitalised term is not defined it will bear the same meaning as set out in the Intercreditor Agreement unless the context otherwise requires. Additionally:

"Group" refers to the Issuer, the Parent and its subsidiaries from time to time that are not Unrestricted Subsidiaries.

Each member of the Group that incurs any liability or provides any guarantee or security under the Senior Facilities, in respect of the Existing Senior Secured Fixed Rate Notes or the Notes or under any other Debt Document (as defined below) is referred to as a "Debtor" and are collectively referred to as the "Debtors."

The Intercreditor Agreement sets forth:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and

- when security and guarantees will be released to permit (i) a sale of any assets subject to transaction security (such assets, the "Collateral"; such security, the "Transaction Security"; and the documents constituting such Transaction Security, the "Transaction Security Documents"); and (ii) other activities or transactions (including, without limitation, reorganizations and the incurrence of incremental facilities) permitted by the Credit Facility Documents, the Senior Secured Notes Documents, the Pari Passu Debt Documents the Second Lien Debt Documents and the Senior Debt Documents (each as defined below and such documents or instruments together with the Shareholder Debt Documents, Intra Group Debt Documents, Transaction Security Documents and the Hedging Agreements, being referred to collectively as the "Debt Documents").

The Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred by members of the Group and which is permitted or not prohibited by the terms of the Senior Facilities Agreement, any loan agreement evidencing any other Credit Facility, the Existing Indenture and any loan agreement or notes indenture evidencing Pari Passu Debt, Second Lien Debt or Senior Debt (the "Finance Documents") and the Intercreditor Agreement to rank *pari passu* in right of payment with the liabilities under the Senior Facilities Agreement, the liabilities under the Existing Indenture (for the purposes of this section, the "Existing Notes Indenture") and any Pari Passu Liabilities (as defined below), or, in each case, with the consent of the relevant Agents (as defined below) under such documents (acting on the instructions of the requisite level of creditors under such documents) and to share in the Transaction Security with the rights and obligations of the Pari Passu Creditors (as defined below), subject to the terms of the Intercreditor Agreement (such indebtedness being the "Pari Passu Debt"; the creditors in respect of such indebtedness being the "Pari Passu Creditors"; the liabilities of the Debtors in respect of such indebtedness being the "Pari Passu Liabilities"; and the documents creating or evidencing the Pari Passu Liabilities and which have been designated as such by the Parent and the Pari Passu Debt Representative (as defined below), the "Pari Passu Debt Documents") provided that the Pari Passu Creditors (or their Pari Passu Debt Representative (as defined below)) have acceded to the Intercreditor Agreement in accordance with its terms.

The Intercreditor Agreement also includes provisions relating to future indebtedness that may be incurred by the members of the Group which is permitted or not prohibited under the terms of the Intercreditor Agreement and the Finance Documents or with the consent of the relevant Agents (as defined below) under each document (acting on the instructions of the requisite level of creditors under such documents) to share in the Transaction Security with the rights and obligations of Second Lien Creditors (as defined below), subject to the terms of the Intercreditor Agreement (such indebtedness being the "Second Lien Debt," the creditors in respect of such indebtedness being the "Second Lien Creditors," the liabilities of the Debtors in respect of such indebtedness being the "Second Lien Liabilities" and the documents creating or evidencing the Second Lien Liabilities and which have been designated as such by the Parent and the Second Lien Debt Representative (as defined below), the "Second Lien Debt Documents"), provided that the Second Lien Creditors (or their Second Lien Debt Representative (as defined below)) have acceded to the Intercreditor Agreement in accordance with its terms.

The Intercreditor Agreement also includes provisions relating to future indebtedness in the form of loans, credit or guarantee facilities, or notes (such indebtedness being "Senior Debt," the liabilities of the Debtors in respect of such indebtedness being "Senior Debt Liabilities" and documents creating or evidencing the Senior Debt Liabilities and which have been designated as such by the Parent and the Senior Debt Representative (as defined below), the "Senior Debt Documents") that may be incurred by Holdco or a limited liability company or other person which is a holding company of or a direct wholly owned subsidiary of Holdco which, in each case, is not a member of the Group, is not an Unrestricted Subsidiary and is not a borrower or issuer (or co-borrower or co-issuer) of any Super Senior Liabilities or Senior Secured Liabilities (such entity, the "Senior Debt Issuer" and the liabilities owed (directly or indirectly) to the Senior Debt Issuer by the Parent or any other member of the Group (including but not limited to those owed by the Parent to the Senior Debt Issuer under or in connection with any loan, bond or other debt instrument whereby any proceeds of the issue of any Senior Debt are lent by a Senior Debt Issuer to the Parent and declared dividends to the Senior Debt Issuer) being the "Senior Debt Issuer Liabilities") and provisions relating to the liabilities in respect of guarantees granted by each guarantor of the Senior Debt (the "Senior Debt Guarantee Liabilities"), that is permitted or not prohibited under the Finance Documents subject to the terms of the Intercreditor Agreement (the creditors in respect of such indebtedness being the "Senior Debt Creditors").

The Intercreditor Agreement also provides for the incurrence of any credit facility constituting a "Credit Facility" under the Existing Notes Indenture, the creditors of which are entitled under the terms of the Finance Documents to receive priority in respect of the proceeds of the enforcement against the Collateral (each such facility being a "Credit Facility" and, together with the Senior Facilities, the "Credit Facilities" and each finance document relating thereto (but excluding any Hedging Agreement) and which has been designated as such by the Parent and the Credit Facility Agent, a "Credit Facility Document"). Each lender under a Credit Facility is a "Credit Facility Lender" and excluding any Hedging Liabilities, the liabilities of the Debtors to the Credit Facility Lenders are referred to as the "Credit Facility Lender Liabilities."

Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of a Debt Document and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail (save to the extent that to do so would result in or have the effect of any member of the Group contravening any applicable law or regulation, or present a material risk of liability for any member of the Group and/or its directors or officers, or give rise to a material risk of breach of fiduciary or statutory duties).

Any reference in this "*Description of Certain Indebtedness*" (and in the Intercreditor Agreement) to any matter being "permitted" under one or more Debt Document shall include reference to such matters not being prohibited under such Debt Documents.

It is anticipated that (i) the Indenture will evidence Pari Passu Debt; (ii) the holders of the Notes shall be Pari Passu Creditors; (iii) the liabilities of the Debtors in respect of such indebtedness shall be Paris Passu Liabilities; (iv) the Trustee, being a Pari Passu Debt Representative, shall accede to the Intercreditor Agreement in accordance with its terms; and (iv) the Parent and the Trustee designate the Indenture as a Pari Passu Debt Document; consequently, references to Pari Passu Debt, Pari Passu Liabilities, Pari Passu Creditors and a Pari Passi Debt Document in this section should be construed accordingly. By purchasing a Note, or any Pari Passu Debt issued in the form of notes (including, for the avoidance of doubt, any Note) or any Second Lien Debt issued in the form of notes, the relevant noteholders (as applicable) shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and to have authorized the Existing Notes Trustee, the Pari Passu Debt Representative or the Second Lien Debt Representative (as applicable) to enter into and/or accede to the Intercreditor Agreement on their behalf.

The following description is a summary of certain provisions in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety.

Provisions with Respect to Second Lien Debt and Senior Debt

The Intercreditor Agreement includes customary provisions in respect of the rights and obligations of, and restrictions placed upon, Second Lien Creditors and Senior Debt Creditors; including in relation to (i) the circumstances in which payments in respect of Second Lien Debt and Senior Debt (as applicable) are permitted to be made, (ii) the circumstances when payments under the Second Lien Debt and Senior Debt (as applicable) can be suspended (including through the issuance of a stop notice (and cure provisions in respect thereof)), (iii) restrictions on when the Second Lien Creditors and Senior Debt Creditors (as applicable) can and cannot take enforcement actions (including customary standstill provisions in respect of Second Lien Debt and Senior Debt (as applicable)) and (iv) the ability of Second Lien Creditors and Senior Debt Creditors (as applicable) to purchase the Super Senior Liabilities and the Senior Secured Debt (as applicable) in certain circumstances. We urge you to read the document to understand your rights as holders of the Notes and the rights of, and the restrictions placed upon, the Second Lien Creditors and Senior Debt Creditors.

Ranking and Priority

The Intercreditor Agreement provides, subject to the provisions in respect of permitted payments described below, that (i) the Credit Facility Lender Liabilities; (ii) the liabilities of the Debtors with respect to Super Senior Hedging Liabilities (as defined below) (the creditors of the Super Senior Hedging Liabilities, the "Super Senior Hedge Counterparties," the Super Senior Hedging Liabilities, together with the Credit Facility Lender Liabilities and the Agent Liabilities owed to the Credit Facility Agent, the "Super Senior Liabilities" and the creditors of the Super Senior Liabilities, the "Super Senior Creditors"); (iii) the liabilities of the Debtors with respect to any Hedging Agreements that do not constitute Super Senior Hedging Liabilities (the "Non-Super Senior Hedging Liabilities" and the creditors of the Non-Super Senior Hedging Liabilities, the "Non-Super Senior Hedge Counterparties");

(iv) the liabilities of the Issuer and the Debtors in respect of the Existing Notes (the "Existing Notes Liabilities"); (v) the Pari Passu Liabilities (together with the Existing Notes Liabilities and the Non-Super Senior Hedging Liabilities, the "Senior Secured Liabilities," and the creditors of the Senior Secured Liabilities, the "Senior Secured Creditors"); (vi) the Second Lien Liabilities; (vii) the liabilities of the Senior Debt Issuer and the Debtors in respect of the Senior Debt (but excluding any Hedging Liabilities) (the "Senior Debt Liabilities"); and (viii) certain other unsecured liabilities, will rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

- first, the Super Senior Liabilities, the liabilities of any Debtor to an arranger under the Credit Facilities (the "Arranger Liabilities"), the Senior Secured Liabilities, the Second Lien Liabilities, the Second Lien Debt Trustee Amounts, the Senior Debt Trustee Amounts and the liabilities of the Security Agent (the "Security Agent Liabilities") *pari passu* and without any preference between them; and
- second, the Senior Debt Guarantee Liabilities *pari passu* and without any preference between them.

The intercompany obligations (the "Intra Group Liabilities" and the documents creating or evidencing such Intra Group Liabilities being "Intra Group Debt Documents") of any member of the Group to any other member of the Group (each an "Intra Group Lender" and collectively the "Intra Group Lenders") are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors (as defined below).

The liabilities owed by any Debtor to Holdco, any director or indirect shareholder or affiliate of the Parent who is not a member of the Group and any of their respective transferees or successors (the "Shareholder Liabilities" and the documents creating or evidencing such Shareholder Liabilities being "Shareholder Debt Documents") are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors.

In this section the Shareholder Liabilities the Senior Debt Issuer Liabilities and the Intra Group Liabilities are together referred to as the "Subordinated Liabilities."

The parties to the Intercreditor Agreement agree in the Intercreditor Agreement that the Transaction Security ranks and secures the following liabilities in the following order:

- first, Credit Facility Lender Liabilities, the Agent Liabilities, the Arranger Liabilities, the Existing Notes Liabilities, the Pari Passu Liabilities, the Senior Debt Trustee Amounts, the Second Lien Debt Trustee Amounts, the Hedging Liabilities and the Security Agent Liabilities *pari passu* and without any preference between them;
- second, the Second Lien Liabilities, *pari passu* and without preference between them; and
- third, (to the extent only of any Shared Security (as defined below)), the Senior Debt Liabilities, *pari passu* and without any preference between them.

The Senior Debt Liabilities and the Subordinated Liabilities will not be secured by any of the Transaction Security unless permitted by the prior ranking Finance Documents or if not permitted, the consent of the requisite number of Creditors (or their Agent, acting on their behalf, if applicable) has been obtained. Notwithstanding the foregoing, the Senior Debt Liabilities may, to the extent provided for under the relevant Senior Debt Document, be secured by the "Shared Security" if any (such security being (a) in the case of Senior Debt which is not secured by any assets of the Group, the Security (if any) granted in favor of the Security Agent under the Transaction Security Documents over Investment Instruments issued by the Parent or any of its Holding Companies to a Senior Debt Issuer and over any Senior Debt Issuer Liabilities owed by the Parent or any of its Holding Companies to the Senior Debt Issuer; or (b) the Security granted in favor of the Security Agent under the Transaction Security Documents on a second-ranking basis in accordance with the Intercreditor Agreement).

The Senior Debt Liabilities are senior obligations of the Senior Debt Issuer. Until the Senior Secured Debt Discharge Date, the Senior Debt Creditors may not take any steps to appropriate the assets of the Senior Debt Issuer in connection with any enforcement action other than as expressly permitted by the Intercreditor Agreement.

Under the Intercreditor Agreement, all Proceeds from Enforcement of the Collateral and certain other recoveries will be applied as provided under "*—Application of Proceeds from Enforcement of Transaction Security*."

Hedging Liabilities

The Intercreditor Agreement provides for Hedging Liabilities, which will consist of (a) Super Senior Hedging Liabilities and (b) Non-Super Senior Hedging Liabilities.

Super Senior Hedging Liabilities

Any Debtor and a Super Senior Hedge Counterparty may enter into hedging agreements for the purposes of hedging any floating interest rate exposures or foreign exchange exposures in respect of any Credit Facility, Notes, Pari Passu Debt, Second Lien Debt or Senior Debt on a super senior basis (the liabilities of the Debtors thereunder being the "Super Senior Hedging Liabilities") and in accordance with the order of application provided under "*—Application of Proceeds from Enforcement of Transaction Security*" as Super Senior Hedging Liabilities.

Non-Super Senior Hedging Liabilities

Non-Super Senior Hedging Liabilities are those Hedging Liabilities which do not constitute Super Senior Hedging Liabilities. Recoveries made in respect of Non-Super Senior Hedging Liabilities will be allocated in accordance with the order of application provided under "*—Application of Proceeds from Enforcement of Transaction Security*" as Non-Super Senior Hedging Liabilities.

Further Security, Incremental and Replacement Liabilities

The creditors in respect of the Super Senior Liabilities and the Senior Secured Liabilities (the Super Senior Liabilities, the liabilities owed to Agents, the Senior Secured Liabilities, the Second Lien Liabilities, the Arranger Liabilities and (to the extent secured by the Shared Security) the Senior Debt Liabilities, together, the "Secured Liabilities," and the creditors thereof, the "Secured Parties" and the documents evidencing the Secured Liabilities, the "Secured Debt Documents") may take, accept or receive the benefit of additional security and additional guarantees, indemnities or other assurance against loss from any member of the Group in respect of the Secured Liabilities, provided that, if and to the extent legally possible, such security, guarantee, indemnity or other assurance against loss is also granted to the Security Agent as agent and trustee of the other Secured Parties (provided that this shall not require any security or guarantee to be granted in respect of the Senior Debt Liabilities). Any such additional security, guarantee, indemnity or other assurance against loss will rank in the same order of priority as referred to above and the proceeds of the enforcement of any such security will be applied as provided under "*—Application of Proceeds from Enforcement of Transaction Security*."

The Intercreditor Agreement contemplates that the Debtors (or any of them) may wish to: (i) incur, assume or establish incremental borrowing liabilities and/or guarantee liabilities; or (ii) refinance, replace or otherwise restructure (in whole or in part from time to time) the borrowing liabilities and/or guarantee liabilities (or any other liabilities and obligations subject to the terms of the Intercreditor Agreement from time to time), including by way of refinancing, replacement, exchange, set-off, discharge or increase of any new, existing, additional, supplemental or new financing or debt arrangement, including arrangements existing at the time a person becomes a member of the Group or is assumed in connection with the acquisition of assets, merger, consolidation or combination or otherwise; including by way of any loan, note, bond or otherwise; issued or incurred, and together with any guarantee, security or other credit support by any member of the Group and including any permitted structural adjustment ("New Debt Financings") which, in any such case, is intended to rank *pari passu* with or in priority to any existing liabilities and/or share *pari passu* with or in priority to any Transaction Security and/or to rank behind any existing liabilities and/or to share in any existing Transaction Security behind such existing Liabilities.

In connection with any New Debt Financings, each Agent and the Security Agent (and any other Creditor party to a Transaction Security Document) are authorized and instructed by all Creditors (and in each case are obliged at the request of the Parent) to enter into promptly any new Transaction Security Document, promptly amend or waive any terms of an existing Transaction Security Document and/or promptly release any asset from Transaction Security subject to the following conditions: (a) any new Transaction Security shall be: (i) subject to the Agreed Security Principles, Guarantee Limitations, applicable law and the other terms of the Intercreditor Agreement, granted in favor of the Security Agent for and on behalf of the providers and/or agents and/or trustees of a New Debt Financing and the then existing Secured Parties; (ii) on terms substantially the same (except that it shall also secure any New Debt Financing) as the terms of the existing Transaction Security over

equivalent asset(s); and (iii) for the purposes of the Intercreditor Agreement, be considered as having secured the relevant liabilities *pari passu* with the then existing Transaction Security; (b) any amendment or waiver of a Transaction Security Document or release and re-grant of Transaction Security shall only be undertaken if required by the terms of the New Debt Financing or to the extent necessary under applicable law to give effect to the ranking set out in "*—Ranking and Priority*" and, where legally possible and in the opinion of the Parent (acting reasonably) commercially feasible, where the Transaction Security is intended to secure any relevant Liabilities, second or further priority (if applicable) Transaction Security (the "Additional Transaction Security Documents") will be taken instead of releasing and re-granting the existing Transaction Security but will nonetheless be deemed and treated for the purposes of the Intercreditor Agreement as secured by the existing Transaction Security Documents and the Additional Transaction Security Documents *pari passu* with other Liabilities which would otherwise have the same ranking as contemplated by such New Debt Financing; (c) if any asset is to be released from Transaction Security, promptly upon giving effect to that release, replacement Transaction Security is, subject to applicable law, granted in favor of the Security Agent for and on behalf of the providers and/or agents and/or trustees of the New Debt Financing and the existing Secured Parties benefitting from the Security (except that it shall also secure any New Debt Financing); and (d) to the extent customary, legal opinions as to due capacity, authority, execution and enforceability (together with customary supporting legal documentation, certificates and resolutions) are issued in relation to re-taken, new or amended Transaction Security Documents in connection with a New Debt Financing, the Security Agent shall be entitled to rely on such legal opinions and shall receive documentary evidence of such reliance.

Security: Pari Passu Creditors

The Pari Passu Creditors may take, accept or receive the benefit of:

(a) security granted by a member of the Group or a Security Provider in respect of the Pari Passu Debt in addition to the Transaction Security if and to the extent legally possible, at the same time, it is also granted either:

  (i) to the Security Agent as trustee for the other Secured Parties in respect of their secured obligations; or

  (ii) in the case of any jurisdiction in which effective security cannot be granted in favor of the Security Agent as trustee for the Secured Parties:

    A. to the other Secured Parties in respect of their Secured Liabilities; or

    B. to the Security Agent under a parallel debt structure; joint and several creditor structure or agency structure for the benefit of the other Secured Parties, and ranks in the same order of priority as that contemplated in "*—Ranking and Priority*" and any proceeds derived from the enforcement of such security will be shared with the Secured Parties in accordance with the payment waterfalls set forth in "*—Application of Proceeds from Enforcement of Transaction Security*"; and

(b) any guarantee, indemnity or other assurance against loss from any member of the Group in respect of the Pari Passu Debt in addition to those in:

  (i) the original form of the Pari Passu Debt Documents;

  (ii) the Intercreditor Agreement; or

  (iii) any guarantee, indemnity or other assurance against loss given for the benefit of all the Secured Parties in respect of their Secured Liabilities;

if, and to the extent legally possible at the same time, it is also granted to the Credit Facility Lenders and granted to the other Secured Parties in respect of their respective Secured Liabilities and ranks in the same order of priority as that contemplated in "*—Ranking and Priority*," provided that, in each case, the grant of such security or the giving of such guarantee, indemnity or other assurance against loss is permitted by any prior ranking Finance Documents or consent of the requisite number of Creditors (or their Agent on their behalf) has been obtained.

Permitted Payments—General

The Intercreditor Agreement permits, prior to the occurrence of an acceleration event in respect of a Credit Facility, the Pari Passu Liabilities or the Existing Notes Liabilities or Second Lien Liabilities (a

"Secured Debt Acceleration Event"), payments to be made by the Debtors under a Credit Facility (including the New Credit Facilities), the Senior Secured Notes Documents, the Pari Passu Debt Documents, the Second Lien Debt Documents and the Senior Debt Documents in accordance therewith or with the consent of the relevant Agents (as defined below) under each document (acting on the instructions of the requisite level of creditors under such documents) in each case in accordance with the terms of the relevant Credit Facility Agreement, Senior Secured Notes Documents, Pari Passu Debt Documents, Second Lien Debt Documents and Senior Debt Documents but subject to: (i) in the case of payments in respect of the Existing Notes, compliance with the Existing Notes purchase condition contained in the Senior Facilities Agreement; and (ii) subject to certain customary exceptions in the case of payments in respect of the Pari Passu Liabilities, any restrictions under the prior ranking Finance Documents and (iii) in the case of payments in respect of the Second Lien Liabilities and Senior Debt Liabilities (as applicable), subject to certain customary provisions and restrictions governing permitted payments in respect of the Second Lien Debt and the Senior Debt (as applicable) including the issuance of any relevant payment stop notices.

Following the occurrence of a Secured Debt Acceleration Event, subject to certain exceptions, payments can only be made by the Debtors applying the amounts received by the relevant Debtor under the process described under "*—Application of Proceeds from Enforcement of Transaction Security*." The restriction in the foregoing sentence shall not apply (i) where, provided that the Majority Super Senior Creditors constitute the Instructing Group in accordance with "*—Enforcement Decision*," a payment block suspension notice has been delivered by the Credit Facility Agent to the Security Agent in accordance with the terms of the Intercreditor Agreement or (ii) to the extent that such Secured Debt Acceleration Event has subsequently been cancelled and/or irrevocably revoked in writing by each relevant Agent.

Permitted Payments—Second Lien

The Intercreditor Agreement also permits payments in respect of Second Lien Debt to the Second Lien Creditors prior to the later to occur of the Super Senior Discharge Date and the Senior Secured Discharge Date, in accordance with the terms of the Second Lien Debt Documents including:

(a) if:

  (i) the payment is of:

    (A) any principal amount or capitalized interest of the Second Lien Liabilities which is either not prohibited from being paid by the prior ranking Finance Documents or is paid on or after the final maturity date of the Second Lien Liabilities (provided that such maturity date is a date not earlier than the later of the originally scheduled maturity date of the Existing Notes and the final termination date as set out in the Credit Facility Documents in existence at the time of issuance of such Second Lien Debt); or

    (B) is a payment of any amount in respect of the Second Lien Liabilities which is not an amount of principal or capitalized interest (such amount including all scheduled interest payments, including, if applicable, special interest or liquidated damages) and default interest on the Second Lien Liabilities accrued, due and payable in cash in accordance with the terms of the relevant Debt Document, additional amounts payable as a result of the tax gross up provisions relating to the Second Lien Debt Liabilities and amounts in respect of currency indemnities in the relevant Second Lien Debt Documents;

  (ii) no Second Lien Payment Stop Notice (as defined below) is outstanding;

  (iii) no payment default under any Credit Facility Document, the Senior Secured Notes Documents (above an agreed threshold), the Pari Passu Debt Documents (above an agreed threshold) and the Second Lien Debt Documents (above an agreed threshold) ("Second Lien Payment Default") (together a "Secured Debt Payment Default") has occurred and is continuing (but for the purposes of this paragraph (iii) a Second Lien Payment Default is excluded);

(b) the payment is in accordance with a provision in a Second Lien Debt Document which is substantially equivalent to the illegality provisions set out in the Senior Facilities Agreement and no Secured Debt Acceleration Event has occurred;

(c) if the payment is of the Second Lien Debt Liabilities outstanding which would have been payable but for the issue of a Second Lien Payment Stop Notice (which has since expired) which has been capitalised and added to the principal amount of the Second Lien Debt Liabilities or where that amount is outstanding as a result of the accrual of cash interest payable in respect of the Second Lien Debt Liabilities during a period when a Second Lien Debt Payment Stop Notice was outstanding provided that no such payment may be made if any Second Lien Debt Payment Default is continuing or would occur as a result of making such payment;

(d) if the payment is of amounts owing to the Second Lien Debt Representative in respect of any Second Lien Debt issued in the form of notes (the "Second Lien Representative Amounts");

(e) if the payment is of administrative and maintenance costs, fees, expenses and taxes of Full Moon Holdco 6 Limited, a company incorporated under the laws of England and Wales with company number 05893977, ("HoldCo 6") or any Holding Company of HoldCo 6 which has borrowed or issued any second lien debt (the "Second Lien Debt Issuer") including any reporting or listing requirements, in each case in respect of the Second Lien Debt Issuer, and as permitted under the terms of the Credit Facility Documents, the Senior Secured Notes Documents and the Pari Passu Debt Documents;

(f) if the payment is of costs, commissions, taxes, premiums, amendment consent and/or waiver fees and any expenses incurred in respect of (or reasonably incidental to) the Second Lien Liabilities (including in relation to and reporting or listing requirements or any refinancing of the Second Lien Liabilities in compliance with the Intercreditor Agreement, the Credit Facilities, the Senior Secured Notes Documents, the Pari Passu Debt Documents provided that any such amendment, consent and/or waiver fees and expenses are in an amount which, when expressed as a percentage of the principal amount of the Second Lien Liabilities (or affected principal amount) do not exceed the corresponding amounts which have been paid in respect of any amendment, consent and/or waiver fees and expenses incurred in respect of (or reasonably incidental to) the Super Senior Liabilities and/or Senior Secured Liabilities (when expressed as a percentage of the principal amount of the Super Senior Liabilities and/or Senior Secured Liabilities (or affected principal amount)));

(g) if the payment is of the Second Lien Liabilities and such payment is not financed directly or indirectly by a payment to the Second Lien Debt Issuer from a member of the Group which was prohibited (at the time it was made to the Second Lien Debt Issuer) by any prior ranking Finance Documents or consent of the requisite number of Creditors (or their Agent on their behalf) has been obtained;

(h) for so long as a Secured Debt Event of Default is continuing, all or part of the Second Lien Liabilities being released or otherwise discharged solely in consideration for the issues of shares in any Holding Company of the Second Lien Debt Issuer (other than a member of the Group) (each a "Second Lien Debt for Equity Swap") provided that (A) no cash or cash equivalent payment is made in respect of the Second Lien Liabilities and (B) any liabilities owed by a member of the Group to another member of the Group, the Subordinated Creditors or any other holding company of the Second Lien Debt Issuer (other than a member of the Group) that arise as a result of any such Second Lien Debt for Equity Swap are subordinated to the Super Senior Liabilities and Senior Secured Liabilities pursuant to the Intercreditor Agreement and the Super Senior Creditors and Senior Secured Creditors are granted Transaction Security in respect of those liabilities;

(i) if the payment is of any other amount not exceeding £1,000,000 (or its equivalent in other currencies) in aggregate in any 12 month period; or

(j) if the Majority Super Senior Creditors and the Notes/Pari Passu Required Holders give prior consent to that Payment being made.

The Intercreditor Agreement also provides that, on or after the later to occur of the Super Senior Discharge Date and the Senior Secured Discharge Date, Debtors may only make payments to the Second Lien Creditors in accordance with the Second Lien Debt Documents.

Permitted Payments—Senior Debt Guarantee Liabilities

The Intercreditor Agreement also permits payments in respect of Senior Debt Guarantee Liabilities prior to the Secured Debt Discharge Date (as defined below) to be made by the Debtors under the Senior Debt Documents including if:

(a) (i) the payment is of any principal amount or capitalized interest of the Senior Debt Liabilities or the Senior Debt Issuer Liabilities which is either not prohibited from being paid by prior ranking Finance Documents, or consent of the requisite number of Creditors (or their Agent on their behalf) has been obtained, or is paid on or after the final maturity date of the Senior Debt Liabilities (provided that such maturity date is a date not earlier than the later of the originally scheduled maturity date of the Existing Notes and final termination date of the credit facilities in existence at the time of issuance of such Senior Debt) or is a payment of any amount in respect of the Senior Debt Liabilities which is not an amount of principal or capitalized interest (such amount including all scheduled interest payments, including, if applicable, special interest or liquidated damages) and default interest on the Senior Debt Liabilities accrued due and payable in cash in accordance with the terms of the relevant Debt Document, additional amounts payable as a result of the tax gross up provisions relating to the Senior Debt Liabilities and amounts in respect of currency indemnities in the relevant indenture for the Senior Debt, (ii) no notice of a Secured Debt Event of Default has been delivered by the Credit Facility Agent, the Existing Notes Trustee, the Pari Passu Debt Representative or the Second Lien Debt Representative (as the case may be) (a "Senior Debt Payment Stop Notice"); and (iii) no payment default under any Credit Facility Document, the Senior Secured Notes Documents (above an agreed threshold) and the Pari Passu Debt Documents (above an agreed threshold) has occurred and is continuing (a "Senior Debt Payment Default");

(b) the payment is in accordance with a provision in a Senior Debt Document which is substantially equivalent to the illegality provisions set out in the Senior Facilities Agreement and no Secured Debt Acceleration Event has occurred;

(c) the Payment is of the Senior Debt Liabilities outstanding which would have been payable but for the issue of a Senior Debt Payment Stop Notice (which has since expired) which has been capitalised and added to the principal amount of the Senior Debt Liabilities or where that amount is outstanding as a result of the accrual of cash interest payable in respect of the Senior Debt Liabilities during a period when a Senior Debt Payment Stop Notice was outstanding provided that no such Payment may be made if any Secured Debt Payment Default is continuing or would occur as a result of making such payment;

(d) the payment is of amounts owing to the Senior Debt Representative in respect of any Senior Debt issued in the form of notes (the "Senior Debt Representative Amounts");

(e) the payment is of administrative and maintenance costs, fees, expenses and taxes of the Senior Debt Issuer including any reporting or listing requirements, in each case in respect of the Senior Debt Issuer, and as permitted under the terms of the Credit Facility Documents, the Senior Secured Notes Documents, the Pari Passu Debt Documents and the Second Lien Debt Documents or any costs and expenses of any holder of security in relation to the protection, preservation or enforcement of such security;

(f) the payment is of costs, commissions, taxes, premiums, amendment consent and/or waiver fees and any expenses incurred in respect of (or reasonably incidental to) the Senior Debt Liabilities (including in relation to and reporting or listing requirements or any refinancing of the Senior Debt Documents in compliance with the Intercreditor Agreement, the Credit Facilities, the Senior Secured Notes Documents, the Pari Passu Debt Documents and the Second Lien Debt Documents provided that any such amendment, consent and/or waiver fees and expenses are in an amount which, when expressed as a percentage of the principal amount of the Senior Debt Liabilities (or affected principal amount) do not exceed the corresponding amounts which have been paid in respect of any amendment, consent and/or waiver fees and expenses incurred in respect of (or reasonably incidental to) the Super Senior Liabilities, the Senior Secured Liabilities and/or Second Lien Liabilities (when expressed as a percentage of the principal amount of the Super Senior Liabilities, Senior Secured Liabilities and/or Second Lien Liabilities (or affected principal amount)));

(g) the payment is by the Senior Debt Issuer of the Senior Debt Liabilities and such payment is not financed directly or indirectly by a payment to the Senior Debt Issuer from a member of the

Group which was prohibited (at the time it was made to the Senior Debt Issuer) by any Credit Facility Document, the Senior Secured Notes Documents, the Pari Passu Debt Documents, the Second Lien Debt Documents or the Senior Debt Documents;

(h) for so long as a Secured Debt Event of Default or a Senior Debt Default is continuing, all or part of any liabilities in respect of any Senior Debt being released or otherwise discharged solely in consideration for the issues of shares in any holding company of Senior Debt Issuer (each a "Senior Debt for Equity Swap") provided that (A) no cash or cash equivalent payment is made in respect of the Senior Debt Liabilities and (B) any liabilities owed by a member of the Group to another member of the Group, the Subordinated Creditors or any other holding company of a Senior Debt Issuer that arise as a result of any such Senior Debt for Equity Swap are subordinated to the Super Senior Liabilities and Senior Secured Liabilities pursuant to the Intercreditor Agreement and the Super Senior Creditors and Senior Secured Creditors are granted Transaction Security in respect of any of those Senior Debt Liabilities owed by Senior Debt Issuer;

(i) if the payment is of any other amount not exceeding £1,000,000 (or its equivalent in other currencies) in aggregate in any 12 month period; or

(j) if the Majority Super Senior Creditors and the Notes/Pari Passu Required Holders give prior consent to that Payment being made.

The Intercreditor Agreement also provides that, on or after the Secured Debt Discharge Date, the debtors may make payments to the Senior Debt Creditors or the Senior Debt Issuer in accordance with the Senior Debt Documents.

Permitted Payments—Intra Group Liabilities

The Intercreditor Agreement also permits payments to be made from time to time when due to lenders owed any Intra Group Liabilities ("Intra Group Liabilities Payments") if at the time of payment no acceleration event has occurred and is continuing under the Debt Documents (together an "Acceleration Event").

The Intercreditor Agreement permits Intra Group Liabilities Payments if:

(i) an Acceleration Event has occurred prior to the date on which the Super Senior Liabilities are discharged in full (the "Super Senior Discharge Date"), with the consent of the Instructing Group (as defined, and further described, in "*—Enforcement Decision*");

(ii) an Acceleration Event has occurred on or after the Super Senior Discharge Date but prior to the date on which the Senior Secured Liabilities are discharged in full (the "Senior Secured Discharge Date"), with the consent of the Notes/Pari Passu Required Holders (as defined below) (acting through their Agents, if applicable);

(iii) an Acceleration Event has occurred on or after the Senior Secured Discharge Date but prior to the date on which the Second Lien Liabilities are discharged in full (the "Second Lien Discharge Date"), with the consent of the Second Lien Debt Required Holders (as defined below) (acting through their Agents);

(iv) an Acceleration Event has occurred on or after the Secured Debt Discharge Date but prior to the date on which the Senior Debt Liabilities are discharged (the "Senior Debt Discharge Date"), with the consent of the Senior Debt Required Holders (as defined herein) (acting through their Agents);

(v) that payment is made to facilitate payment of the Super Senior Liabilities or Senior Secured Liabilities;

(vi) the payment is made to facilitate payments of the Second Lien Debt Liabilities that are permitted to be paid under the terms of the Intercreditor Agreement and, if such payment is made pursuant to the Second Lien Debt Documents, it would be permitted at such time; or

(vii) the payment is made to facilitate payments of the Senior Debt Liabilities that are permitted to be paid under the terms of the Intercreditor Agreement and, if such payment is made pursuant to Senior Debt Guarantees, it would be permitted at such time.

At any time prior to an Acceleration Event, each Debtor may set off or convert its Intra-Group Liabilities into equity, provided that if the existing shares of the relevant Debtor are subject to Transaction

Security, subject to any new shares issued as a result thereof automatically falling within the scope of the existing Transaction Security or equivalent Transaction Security is granted in accordance with the terms of the Debt Documents over any such new shares.

Permitted Payments—Shareholder Liabilities

Payments may be made on Shareholder Liabilities from time to time when due if:

(i) the payment is not prohibited by any prior ranking Finance Documents, or consent of the requisite number of Creditors (or their Agent on their behalf, if applicable) has been obtained;

(ii) the payment is to be made by the Parent to the Senior Debt Issuer or Second Lien Debt Issuer (if it is outside the Group), or in each case its Subsidiary, in respect of any Senior Debt Issuer Liabilities or Second Lien Liabilities (as applicable) made in order to make a corresponding payment of Senior Debt Liabilities or Second Lien Liabilities (as applicable) which is then due and payable by the Senior Debt Issuer (as applicable) pursuant to the Senior Debt Documents or the Second Lien Debt Documents (or in the case of a payment in respect of scheduled interest, such payment will become due and payable within three business days) to be made at the time such payment of Shareholder Liabilities is made by the Parent to the relevant Senior Debt Issuer or the Second Lien Debt Issuer, or in each case its Subsidiary;

(iii) prior to the Super Senior Discharge Date, the Instructing Group (as defined below) gives written consent to such payment being made;

(iv) on or after the Super Senior Discharge Date but prior to the Senior Secured Discharge Date, the Notes/Pari Passu Required Holders (acting through their Agents (as defined below), if applicable) give written consent to such payment being made;

(v) on or after the later to occur of the Super Senior Discharge Date and the Senior Secured Discharge Date but prior to the Second Lien Debt Discharge Date, the Second Lien Debt Required Holders (acting through their Agents) give written consent to that payment being made; or

(vi) on or after the Secured Debt Discharge Date but prior to the Senior Debt Discharge Date, the Senior Debt Required Holders (acting through their Agents (as defined below)) give written consent to such payment being made.

At any time prior to an Acceleration Event, each Shareholder Creditor may set off or convert its Shareholder Liabilities into equity, provided that if the existing shares of the relevant Debtor are subject to Transaction Security, subject to any new shares issued as a result thereof automatically falling within the scope of the existing Transaction Security or equivalent Transaction Security is granted in accordance with the terms of the Debt Documents over any such new shares.

Nothing in the Intercreditor Agreement or any of the Debt Documents shall prohibit or restrict any roll-up or capitalisation of any amount under any Shareholder Debt Document or the issue of any payment in kind instruments in satisfaction of any amount under any Shareholder Debt Document or any forgiveness, write-off or capitalisation of any Shareholder Liabilities or the release or other discharge of any such Shareholder Liabilities.

Agent

Under the Intercreditor Agreement, the parties have or will appoint various creditor representatives or agents. "Agent" means:

(a) in relation to the lenders under the Senior Facilities, the facility agent under the Senior Facilities Agreement;

(b) in relation to the Credit Facility Lenders under any other Credit Facility, the facility agent in respect of that Credit Facility (an "Additional Credit Facility Agent," and, together with the facility agent under the Senior Facilities Agreement, a "Credit Facility Agent");

(c) in relation to the Existing Noteholders, the Existing Notes Trustee;

(d) in relation to any Pari Passu Creditors, the creditor representative for those Pari Passu Creditors (the "Pari Passu Debt Representative");

(e) in relation to any Second Lien Creditors, the creditor representative for those Second Lien Creditors (the "Second Lien Debt Representative"); and

(f) in relation to the Senior Debt Creditors, the creditor representative for those Senior Debt Creditors (the "Senior Debt Representative").

Issue of Second Lien Payment Stop Notice

Until the later to occur of the Super Senior Discharge Date, the Senior Secured Discharge Date, subject to limited exceptions or with the prior consent of the Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s), and subject to the provisions of the Intercreditor Agreement which deal with the effects of an insolvency event, the Debtors shall procure that no member of the Group (other than the Second Lien Debt Issuer if outside the Group) shall make, and no Second Lien Creditor may receive from any member of the Group, any payment in respect of the Second Lien Debt which would otherwise be permitted as referred to above (other than certain payments, including the Second Lien Representative Amount and certain amounts relating to the administrative and maintenance costs of the issuer of Second Lien Debt) if:

(a) a Secured Debt Payment Default (as defined below) (other than a Second Lien Payment Default) has occurred and is continuing; or

(b) a Secured Debt Event of Default (other than an event of default under a Second Lien Debt Document (a "Second Lien Debt Default") or a Secured Debt Payment Default) has occurred and is continuing, from the date on which the Credit Facility Agent or the Existing Notes Trustee or the Pari Passu Debt Representative (as the case may be) (the "Relevant Agent") delivers a notice (a "Second Lien Payment Stop Notice") specifying the event or circumstance in relation to that Secured Debt Event of Default to the Second Lien Debt Issuer, the Security Agent and the relevant Second Lien Debt Representative, until the earliest of:

  (i) the date falling 120 days after delivery of that Second Lien Payment Stop Notice;

  (ii) the date on which a Second Lien Debt Default occurs for failure to pay principal at the original scheduled maturity of the Second Lien Liabilities;

  (iii) in relation to payments of Second Lien Liabilities, if a Second Lien Standstill Period is in effect at any time after delivery of that Second Lien Payment Stop Notice, the date on which that Second Lien Standstill Period expires;

  (iv) the date on which the relevant Secured Debt Event of Default is no longer continuing and, if the relevant Secured Liabilities have been accelerated, such acceleration has been rescinded;

  (v) the date on which the Relevant Agent delivers a notice to the Second Lien Debt Issuer, the Security Agent and the relevant Senior Debt Representative cancelling the Second Lien Payment Stop Notice;

  (vi) the later to occur of the Super Senior Discharge Date and the Senior Secured Discharge Date; and

  (vii) the date on which the relevant Second Lien Debt Representative takes any enforcement action that it is permitted to take under the Intercreditor Agreement.

(c) Unless the relevant Second Lien Debt Representative waives this requirement:

  (i) a new Second Lien Payment Stop Notice may not be delivered unless and until 365 days have elapsed since the delivery of the immediately prior Second Lien Payment Stop Notice; and

  (ii) no Second Lien Payment Stop Notice may be delivered in reliance on a Secured Debt Event of Default more than 90 days after the date the Second Lien Debt Representative received notice of that Secured Debt Event of Default.

(d) The Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) may serve only one Second Lien Payment Stop Notice with respect to the same event or set of circumstances. Subject to paragraph (b) above, this shall not affect the right of the relevant Agent(s) to issue a Second Lien Payment Stop Notice in respect of any other event or set of circumstances.

(e) No Second Lien Payment Stop Notice may be served by the relevant Agent(s) in respect of a Secured Debt Event of Default which had been notified to each of them at the time at which an earlier Second Lien Payment Stop Notice was issued.

Paragraphs (a) to (e) above:

(i) act as a suspension of payment and not as a waiver of the right to receive payment on the date such payments are due;

(ii) will not prevent the accrual or capitalisation of interest (including default interest) in accordance with each Second Lien Debt Documents; and

(iii) will not prevent certain payments permitted under the terms of the Intercreditor Agreement including but not limited to payments in connection with (A) Second Lien Debt Representative Amounts and any payment described in paragraphs (d) to (j) of the section of this document entitled "*Permitted Payments—Second Lien*."

Cure of Payment Stop: Second Lien Creditors

If at any time following the issue of a Second Lien Payment Stop Notice or the occurrence of a Secured Debt Payment Default (other than a Second Lien Payment Default):

(a) that Second Lien Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Secured Debt Payment Default ceases to be continuing; and

(b) the relevant Debtor then promptly pays to the Second Lien Creditors an amount equal to any Payments which had accrued under the Second Lien Debt Documents and which would have been Permitted Second Lien Debt Payments, as the case may be, but for that Second Lien Payment Stop Notice, Secured Debt Payment Default or such Secured Debt Acceleration Event, then any event of default which may have occurred as a result of that suspension of Payments shall be waived and any Second Lien Enforcement Notice which may have been issued as a result of that Event of Default shall be waived, in each case without any further action being required on the part of the Second Lien Creditors.

Second Lien Standstill Period

In relation to a relevant Second Lien Debt Default, a Second Lien Debt Standstill Period shall mean the period beginning on the date (the "Second Lien Standstill Start Date") the relevant Second Lien Debt Representative serves a Second Lien Enforcement Notice on the Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) in respect of such Relevant Second Lien Debt Default and ending on the earlier to occur of:

(a) the date falling (the "Second Lien Standstill Period"):

(i) 90 days after the Second Lien Standstill Start Date in the case of a failure to make a payment of an amount of principal, interest or fees representing the Second Lien Liabilities;

(ii) 120 days after the Second Lien Standstill Start Date in the case of a breach of any financial covenant provision contained in the Second Lien Debt Documents; or

(iii) 150 days after the Second Lien Standstill Start Date in the case of any other relevant Second Lien Default;

(b) the date the Secured Parties take any enforcement action in relation to a Debtor, provided however, that:

(i) if a Second Lien Standstill Period ends pursuant to this paragraph (b), the Second Lien Creditors may only take the same enforcement action in relation to such Debtor as the enforcement action taken by the Secured Parties against such Debtor and not against any other member of the Group; and

(ii) enforcement action for the purpose of this paragraph (b) shall not include action taken to preserve or protect any Security as opposed to realize it;

(c) the date of an Insolvency Event in relation to a Debtor against whom enforcement action is to be taken;

(d) the date on which a Second Lien Debt Default occurs for failure to pay principal at the original scheduled maturity of the Second Lien Debt; and

(e) the expiry of any other Second Lien Standstill Period outstanding at the date such first mentioned Second Lien Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy).

Restrictions on Enforcement by Second Lien Creditors

Until the later to occur of the Super Senior Discharge Date and the Senior Secured Discharge Date, except with the prior consent of or as required by the Instructing Group, no Second Lien Creditor shall take or require the taking of any Enforcement Action in relation to the Second Lien Liabilities, except as permitted under the Intercreditor Agreement (see "*—Permitted Second Lien Enforcement*" below).

Permitted Second Lien Enforcement

(a) The restrictions detailed in the section entitled "*—Restrictions on Enforcement by Second Lien Creditors*" will not apply in respect of the Second Lien Liabilities if:

  (i) a Second Lien Debt Default (the "Relevant Second Lien Debt Default") is continuing;

  (ii) the Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) have received a notice of the Relevant Second Lien Debt Default specifying the event or circumstance in relation to the Relevant Second Lien Debt Default from the relevant Second Lien Debt Representative;

  (iii) a Second Lien Standstill Period (as defined below) has elapsed; and

  (iv) the Relevant Second Lien Debt Default is continuing at the end of the relevant Second Lien Standstill Period.

(b) Promptly upon becoming aware of a Second Lien Debt Default, the relevant Second Lien Debt Representative may, by notice (a "Second Lien Enforcement Notice") in writing notify the Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) of the existence of such Second Lien Debt Default.

Issue of Senior Debt Payment Stop Notice

(a) Until the later of the Super Senior Discharge Date and the Senior Secured Discharge Date and the Second Lien Debt Discharge Date (the "Secured Debt Discharge Date"), except with the prior consent of the Credit Facility Agent, the consent of the Existing Notes Trustee, the Pari Passu Debt Representative(s) and the Second Lien Debt Representatives, and subject to the provisions of the Intercreditor Agreement which will deal with the effects of an insolvency event, the Debtors shall ensure that no member of the Group (other than the Senior Debt Issuer) shall make, and no Senior Creditor may receive from any member of the Group, any payment in respect of the Senior Debt which would otherwise be permitted as referred to above (other than certain payments, including the Senior Debt Representative Amount and certain amounts relating to the administrative and maintenance costs of the Senior Debt Issuer) if:

  (i) a payment default under the Secured Debt Documents (a "Secured Debt Payment Default") has occurred and is continuing;

  (ii) an event of default (subject to certain thresholds) under a Credit Facility Document, the Existing Notes Indenture, the Pari Passu Debt Documents or the Second Lien Debt Documents (other than a Secured Debt Payment Default) (a "Secured Debt Event of Default") has occurred and is continuing, from the date on which the Credit Facility Agent or the Existing Notes Trustee or the Pari Passu Debt Representative or the Second Lien Debt Representative (as the case may be) (the "Relevant Agent") delivers a notice (a "Senior Debt Payment Stop Notice") specifying the event or circumstance in relation to that Secured Debt Event of Default to the Senior Debt Issuer, the Security Agent and the relevant Senior Debt Representative, until the earliest of:

    A. the date falling 179 days after delivery of that Senior Debt Payment Stop Notice;

    B. the date on which a Senior Debt Default occurs for failure to pay principal at the original scheduled maturity of the Senior Debt;

    C. in relation to payments of Senior Debt Liabilities, if a Senior Debt Standstill Period (as defined below) is in effect at any time after delivery of that Senior Debt Payment Stop Notice, the date on which that Senior Debt Standstill Period expires;

    D. the date on which the relevant Secured Debt Event of Default is no longer continuing and, if the relevant Secured Liabilities have been accelerated, such acceleration has been rescinded;

E. the date on which the Relevant Agent delivers a notice to the Senior Debt Issuer, the Security Agent and the Senior Debt Representative cancelling the Senior Debt Payment Stop Notice;

F. the Secured Debt Discharge Date; and

G. the date on which the relevant Senior Debt Representative takes any enforcement action that it is permitted to take under the Intercreditor Agreement.

(b) Unless the relevant Senior Debt Representative waives this requirement:

(i) a new Senior Debt Payment Stop Notice may not be delivered unless and until 365 days have elapsed since the delivery of the immediately prior Senior Debt Payment Stop Notice; and

(ii) no Senior Debt Payment Stop Notice may be delivered in reliance on a Secured Debt Event of Default more than 60 days after the date the Relevant Agent received notice of that Secured Debt Event of Default.

(c) The Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) and the Second Lien Debt Representatives may serve only one Senior Debt Payment Stop Notice with respect to the same event or set of circumstances.

(d) The Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative(s) may not serve a Senior Debt Payment Stop Notice with respect to a Secured Debt Event of Default which had been notified to each of them at the time at which an earlier Senior Debt Payment Stop Notice was issued.

Paragraphs (a) to (d) above:

(i) act as a suspension of payment and not as a waiver of the right to receive payment on the date such payments are due;

(ii) will not prevent the accrual or capitalisation of interest (including default interest) in accordance with each Senior Debt Documents; and

(iii) will not prevent certain payments permitted under the terms of the Intercreditor Agreement including but not limited to payments in connection with (A) Senior Debt Representative Amounts and any payment described in paragraphs (d) to (j) of the section of this document entitled "*Permitted Payments—Senior Debt Guarantee Liabilities*."

Cure of Payment Stop: Senior Debt Creditors

If at any time following the issuance of a Senior Debt Payment Stop Notice or the occurrence of a Secured Debt Payment Default:

(a) the Senior Debt Payment Stop Notice ceases to be outstanding and/or the Secured Debt Payment Default ceases to be continuing, as the case may be; and

(b) the relevant Debtor then promptly pays to the Senior Debt Creditors or Senior Debt Issuer an amount equal to any payments which had accrued under the Senior Debt Documents and which would have been permitted payments but for that Senior Debt Payment Stop Notice or Secured Debt Event of Default, then any Event of Default which may have occurred as a result of that suspension of payments shall be waived and any Senior Debt Enforcement Notice (as defined below) which may have been issued as a result of that event of default shall be waived, in each case without any further action being required on the part of the Senior Debt Creditors.

Restrictions on Enforcement/Certain Challenges by Senior Debt Creditors

Until the later of the Secured Debt Discharge Date, except with the prior consent of or as required by the Instructing Group, no Senior Debt Creditor shall take or require the taking of any enforcement action in relation to the Senior Debt Guarantee Liabilities except as permitted under the Intercreditor Agreement (see "*—Permitted Senior Debt Guarantee Enforcement*" below).

Permitted Senior Debt Guarantee Enforcement

(a) The restrictions detailed in the section entitled "*Restrictions on Enforcement/Certain Challenges by Senior Debt Creditors*" will not apply in respect of the Senior Debt Guarantee Liabilities or any Shared Security which secures the Senior Debt Liabilities as permitted by the Intercreditor Agreement if:

(i) an event of default (or event or circumstance which would, with the expiration of a grace period, the giving of notice, the making of any determination provided for in the relevant definition of "Event of Default" in the Senior Debt Document or any combination of the foregoing, be an event of default) under any Senior Debt Document (a "Senior Debt Default") (such default being a "Relevant Senior Debt Default") is continuing;

(ii) the Credit Facility Agent, the Existing Notes Trustee, the Pari Passu Debt Representative(s) and the Second Lien Debt Representative(s) have received a notice of the Relevant Senior Debt Default specifying the event or circumstance in relation to the Relevant Senior Debt Default from the Senior Debt Representative;

(iii) a Senior Debt Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Senior Debt Default is continuing at the end of the relevant Senior Debt Standstill Period (as defined below).

(b) Promptly upon becoming aware of a Senior Debt Default, the Senior Debt Representative may, by notice (a "Senior Debt Enforcement Notice") in writing notify the Credit Facility Agent, the Existing Notes Trustee, the Pari Passu Debt Representative(s) and the Second Lien Debt Representative(s) of the existence of such Senior Debt Default.

Senior Debt Standstill Period

In relation to a Relevant Senior Debt Default, a Senior Debt Standstill Period shall mean the period beginning on the date (the "Senior Debt Standstill Start Date") the Senior Debt Representative serves a Senior Debt Enforcement Notice on the Credit Facility Agent, the Existing Notes Trustee, the Pari Passu Debt Representative(s) and the Second Lien Debt Representative(s) in respect of such Relevant Senior Debt Default and ending on the earliest to occur of:

(a) the date falling 179 days after the Senior Debt Standstill Start Date (the "Senior Debt Standstill Period");

(b) the date the Secured Parties take any enforcement action (excluding any action taken to preserve or perfect any Collateral as opposed to realize it) in relation to a guarantor of Senior Debt (a "Senior Debt Guarantor"), provided that the Senior Debt Creditors may then only take the same enforcement action in relation to the Guarantor as the enforcement action taken by the Secured Parties against such Guarantor and not against any other member of the Group;

(c) the date of an insolvency event in relation to a Senior Debt Guarantor against whom enforcement action is to be taken;

(d) the date on which a Senior Debt Default occurs for failure to pay principal at the original scheduled maturity of the Senior Debt; and

(e) the expiration of any other Senior Debt Standstill Period outstanding at the date such first Senior Debt Standstill Period commenced (unless that expiration occurs as a result of a cure, waiver or other permitted remedy).

The Senior Debt Creditors may take enforcement action as described above in relation to a Relevant Senior Debt Default even if, at the end of any relevant Senior Debt Standstill Period or at any later time, a further Senior Debt Standstill Period has begun as a result of any other Relevant Senior Debt Default.

If the Security Agent has notified the Senior Debt Representative that it is enforcing Transaction Security created over (directly or indirectly) shares of a Senior Debt Guarantor, no Senior Creditor may take any action referred to in the section entitled "*—Permitted Senior Debt Guarantee Enforcement*," above against that Senior Debt Guarantor while the Security Agent is, in accordance with the instructions of the Instructing Group, taking steps to enforce that Collateral where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

Enforcement Instructions

The Security Agent may refrain from enforcing the Transaction Security or taking any other enforcement action unless otherwise instructed by the relevant Instructing Group or in certain other circumstances by the Second Lien Debt Representatives or the Senior Debt Representatives (as applicable) (as further described in "*—Enforcement Decision*").

Subject to the Transaction Security having become enforceable in accordance with its terms and subject to the terms of the Intercreditor Agreement the Instructing Group may give instructions to the Security Agent as to the enforcement of the Transaction Security as they see fit provided that the instructions as to enforcement given by the Instructing Group are consistent with the Security Enforcement Principles (as defined below).

The Secured Parties may not give instructions to the Security Agent as to the enforcement of the Transaction Security other than in accordance with the Intercreditor Agreement.

Subject to the Transaction Security having become enforceable in accordance with its terms and subject to the terms of the Intercreditor Agreement the relevant Instructing Group may give instructions to the Security Agent as to the enforcement of the Transaction Security as they see fit provided that the instructions as to enforcement given by the Instructing Group are consistent with the Security Enforcement Principles (as defined below) and the other provisions of the Intercreditor Agreement.

Enforcement Decision

Subject to certain conditions with respect to the make up of the relevant instructing group set out in the Intercreditor Agreement, if either the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders, the Second Lien Debt Required Holders or the Senior Debt Required Holders (in each case acting through their Agents, if applicable) (the relevant "Instructing Group") wish to instruct the Security Agent to commence enforcement of any Transaction Security, such group of creditors must deliver a copy of the proposed instructions as to enforcement (the "Proposed Enforcement Instructions") to the Security Agent and the Agent for each of the Super Senior Creditors, the Existing Notes Trustee, each Pari Passu Debt Representative, each Second Lien Debt Representative and each Senior Debt Representative and to each Hedge Counterparty (as appropriate). The Security Agent shall promptly notify each Agent of the Super Senior Creditors, the Existing Notes Trustee, each of the Pari Passu Debt Representatives, each of the Second Lien Debt Representatives and each of the Senior Debt Representatives and each of the Hedge Counterparties upon receipt of such Proposed Enforcement Instructions.

Instructing Group—General

Prior to the Super Senior Discharge Date and subject to the three paragraphs immediately below, if the Security Agent has received any Proposed Enforcement Instructions, then the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions of the Existing Notes/Pari Passu Required Holders (and the Notes/Pari Passu Required Holders shall be the Instructing Group for the purpose of "*—Enforcement Instructions*," in each case, acting through their respective Agent, if applicable) provided that such instructions are consistent with certain Security Enforcement Principles (as referred to below) and failure to give instructions will be deemed to be an instruction not to take Enforcement steps.

In the event that:

(a) from the date that is three months after the date upon which the first Proposed Enforcement Instructions (including such instructions not to take enforcement steps) are delivered, the Notes/Pari Passu Required Holders have not taken any Enforcement Action of the Transaction Security; or

(b) the Super Senior Liabilities have not been fully discharged in cash within six (6) months of the date upon which the first such Proposed Enforcement Instructions (including any such instructions not to take Enforcement steps) are delivered, then (with effect from the date of the earlier to occur of such events), the Majority Super Senior Creditors shall become the Instructing Group for the purposes of "*—Enforcement Instructions*."

If at any time the Security Agent has not taken any Relevant Enforcement Action of the Transaction Security notwithstanding the Transaction Security having become enforceable in accordance with its terms, the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders in each case acting through their Agents, if applicable, as the case may be, may at any time provide immediate instructions as to enforcement to the Security Agent, notwithstanding any instructions delivered in accordance with the above, if the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders determine in good faith (and notify the Agents of the other Super Senior Creditors, the Existing Notes Creditors, the Pari Passu Creditors, the Security Agent and the Hedge Counterparties)

the delay in taking enforcement action of the Transaction Security could reasonably be expected to have a material adverse effect on:

(i) the Security Agent's ability to enforce the Transaction Security; or

(ii) the realization proceeds of any enforcement of the Transaction Security, and the Security Agent shall only act with respect to the relevant asset or Debtor that is the subject of the determination pursuant to (i) or (ii) above, in accordance with the first such notice of determination and instructions as to enforcement received by the Security Agent (provided in each case that such instructions are consistent with certain Security Enforcement Principles (referred to below)).

If at any time an insolvency event has occurred with respect to any Debtor or any person (which is not a Debtor) which grants any Transaction Security in favor of the Secured Parties in respect of the obligations of the Debtors (a "Security Provider") (other than an insolvency event which is the direct result of any action taken by the Security Agent acting on the instructions of the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders), the Security Agent shall act, to the extent the Majority Super Senior Creditors have provided such instructions, in accordance with the instructions received from such Majority Super Senior Creditors, provided that in the event the Security Agent has received Proposed Enforcement Instructions from the Notes/Pari Passu Required Holders acting through their Agents, if applicable, and has commenced Relevant Enforcement Action pursuant to such instructions, the Security Agent shall continue to act in accordance with the instructions of the Notes/Pari Passu Required Holders, until such time as the Majority Super Senior Creditors acting through their Agents, if applicable, issue enforcement instructions to the Security Agent and such instructions shall override and supersede any such prior instructions given by the Notes/Pari Passu Required Holders acting through their Agents, if applicable.

Other than where the preceding two paragraphs apply, if prior to the Super Senior Discharge Date, the Majority Super Senior Creditors or the Notes/Pari Passu Required Holders (in each case acting reasonably) consider that the Security Agent is enforcing the Security in a manner which is not consistent with the Security Enforcement Principles, the Agents for the Super Senior Creditors, the Existing Noteholders or the Pari Passu Creditors or the Hedge Counterparties shall give notice to the Agents for the other Super Senior Creditors, the Existing Noteholders or the Pari Passu Creditors or to the Hedge Counterparties (as appropriate) after which Agents for the other Super Senior Creditors, the Existing Noteholders or the Pari Passu Creditors or the Hedge Counterparties shall consult with the Security Agent for a period of 15 days (or such lesser period as the relevant Agents and the Hedge Counterparties may agree) with a view to agreeing the manner of enforcement provided that such Agents and the Hedge Counterparties shall not be obliged to consult in the manner set out in this paragraph more than once in relation to each enforcement action.

After the Super Senior Discharge Date but prior to the Senior Secured Discharge Date, the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions provided by the Notes/Pari Passu Required Holders.

After the later to occur of the Super Senior Discharge Date and the Senior Secured Discharge Date but prior to the Second Lien Discharge Date, the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions provided by the Second Lien Debt Required Holders.

After the Secured Debt Discharge Date but prior to the Senior Debt Discharge Date, the Security Agent shall either enforce or refrain from enforcing the Transaction Security in accordance with the instructions provided by the Senior Debt Required Holders.

Instructing Group—Second Lien Creditors

Prior to the Super Senior Discharge Date or, if later, the Senior Secured Discharge Date, if:

(a) the Security Agent has, pursuant to the terms of the Intercreditor Agreement, received instructions given by the Second Lien Debt Required Holders to enforce the Transaction Security; and

(b) the Instructing Group has not given instructions as to the manner of enforcement of the Transaction Security, the Security Agent shall give effect to any instructions to enforce the Transaction Security which the Second Lien Debt Representative(s) (acting on the instructions of the Second Lien Debt Required Holders) are then entitled to give to the Security Agent as detailed in the section above titled "*—Permitted Second Lien Enforcement*." This independent

right of enforcement is subject to certain exceptions provided for in the Intercreditor Agreement whereby the relevant Instructing Group can, in certain circumstances, retake control of the enforcement process.

Instructing Group—Senior Debt Creditors

Prior to the Secured Debt Discharge Date, if:

(a) the Security Agent has, pursuant to the terms of the Intercreditor Agreement, received instructions given by the Senior Debt Required Holders to enforce the Transaction Security; and

(b) the Instructing Group has not given instructions as to the manner of enforcement of the Shared Security,

and, in each case, the Instructing Group has not required any Debtor to make a Distressed Disposal, the Security Agent shall give effect to any instructions to enforce the Shared Security which the Senior Debt Representative(s) (acting on the instructions of the Senior Debt Required Holders) are then entitled to give to the Security Agent under as detailed in the section above titled—Permitted Senior Debt Enforcement. This independent right of enforcement is subject to certain exceptions provided for in the Intercreditor Agreement whereby the relevant Instructing Group can, in certain circumstances, retake control of the enforcement process.

Limitation on Enforcement of Shareholder Liabilities

Subject to the below, Shareholder Creditors will not be permitted to take any enforcement action in respect of any of the Shareholder Liabilities at any time prior the last to occur of the Super Senior Discharge Date, the Senior Secured Discharge Date, the Second Lien Debt Discharge Date and the Senior Debt Discharge Date (the "Final Discharge Date") unless:

(a) such enforcement action is to demand any payment, set-off, account combination or payment netting in relation to any permitted Shareholder Liabilities payments; or

(b) otherwise directed by the Security Agent.

Subject to the turnover provisions relating to the Second Lien Creditors, Senior Debt Creditors and Subordinated Creditors in the Intercreditor Agreement, after the occurrence of an insolvency event in relation to any Debtor or member of the Group or Security Provider, each Shareholder Creditor may only (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Shareholder Creditor in accordance with the filing of claims provisions in the Intercreditor Agreement) and shall, if so directed by the Security Agent, exercise any right it may otherwise have against that member of the Group to:

(a) accelerate any of that member of the Group's Shareholder Liabilities or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Shareholder Liabilities;

(c) exercise any right of set-off or take or receive any payment in respect of any Shareholder Liabilities of that member of the Group; or

(d) claim and prove in the liquidation of that member of the Group for the Shareholder Liabilities owing to it, but is not permitted to take any other enforcement action.

Limitation on Enforcement of Intra Group Liabilities

Subject to the below, Intra-Group Lenders will not be permitted to take any enforcement action (other than rights of set-off to enable permitted intra-group payments) in respect of any of the Intra-Group Liabilities at any time prior to the Final Discharge Date unless:

(a) such enforcement action is to demand any payment, set-off, account combination or payment netting in relation to any permitted intra-group payments; or

(b) otherwise directed by the Security Agent.

After the occurrence of an insolvency event in relation to any member of the Group or any Security Provider, an Intra Group Lender may only (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Intra

Group Lender in accordance with the Intercreditor Agreement) and shall, if so directed by the Security Agent, exercise any right it may otherwise have against that member of the Group to:

(a) accelerate any of that Group member's Intra Group Liabilities or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Group in respect of any Intra Group Liabilities;

(c) exercise any right of set-off or take or receive any payment in respect of any Intra Group Liabilities of that member of the Group; or

(d) file claims, or claim and prove in the liquidation of that member of the Group for the Intra Group Liabilities owing to it, but is not permitted take any other enforcement action.

Security Enforcement Principles

An Agent and a Hedge Counterparty may only give enforcement instructions that are consistent with the following security enforcement principles (the "Security Enforcement Principles"):

(a) it shall be the primary and overriding aim of any enforcement of the Transaction Security to achieve the security enforcement objective, such objective being to maximize, so far as is consistent with prompt and expeditious realisation of value from enforcement of the Transaction Security, and in a manner consistent with the provisions of the Intercreditor Agreement, the recovery by the Super Senior Creditors, the Senior Secured Creditors and, to the extent only of any Shared Security, the Senior Debt Creditors (the "Security Enforcement Objective");

(b) without prejudice to the Security Enforcement Objective, the Transaction Security will be enforced and other enforcement action will be taken such that either:

  (i) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the terms of the Intercreditor Agreement (as further described in "— *Application of Proceeds from Enforcement of Transaction Security*"); or

  (ii) in the case of enforcement by the Notes/Pari Passu Required Holders sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the terms of the Intercreditor Agreement (see "— *Application of Proceeds from Enforcement of Transaction Security*"), the Super Senior Liabilities are repaid and discharged in full in cash (unless the Majority Super Senior Creditors agree otherwise);

(c) on:

  (i) a proposed enforcement of any of the Transaction Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds £5,000,000 (or its equivalent in other currencies); or

  (ii) a proposed Enforcement of any of the Transaction Security over some or all of the shares in a member of the Group over which Transaction Security exists, then the Security Agent shall, if requested by the Instructing Group, and at the expense of the Parent, (to the extent that financial advisors have not adopted a general policy of not providing such opinion) appoint an independent and internationally recognized investment bank or accountancy firm or, if it is not practicable for the Security Agent to appoint any such bank or firm on commercially reasonable terms (including for reasons of conflicts of interest) as determined by the Security Agent (acting in good faith), another third-party professional firm which is regularly engaged in providing valuations in respect of the relevant type of assets (in each case not being the firm appointed as the relevant Debtor's administrator or other relevant officer holder) selected by the Security Agent (a "Financial Advisor") to opine as expert that the consideration received from any disposal is fair from a financial point of view after taking into account all relevant circumstances (a "Financial Advisor's Opinion");

(d) the Security Agent has no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement. Prior to making any appointment of a Financial Advisor, the Security Agent is entitled to ensure that cost cover (at a level it is satisfied with acting reasonably) has been provided;

(e) the Financial Advisor's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Transaction Security that such action is fair from a

financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met;

(f) where the Instructing Group is the Notes/Pari Passu Required Holders, the Notes/Pari Passu Required Holders (as applicable) may waive the requirement for a Financial Advisor's Opinion where sufficient Proceeds from enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the terms of the Intercreditor Agreement (see "*—Application of Proceeds from Enforcement of Transaction Security*"), the Super Senior Liabilities are repaid and discharged in full; and

(g) if enforcement of the Transaction Security is conducted by way of Public Auction (as defined below), no Financial Advisor shall be required to be appointed, and no Financial Advisor's Opinion shall be required, in relation to such enforcement, provided that the Security Agent shall be entitled (but not obligated) to appoint a Financial Advisor to provide such advice as the Security Agent deems appropriate in relation to such enforcement by way of Public Auction.

The Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors and the Notes/Pari Passu Required Holders, Security Agent and the Parent.

"Public Auction" means an auction or other competitive sale process of assets, by or on behalf of the Security Agent pursuant to an enforcement of Transaction Security (or by a member of the Group in circumstances that are a Distressed Disposal (as defined below)), the process of such sale or disposal having been conducted as follows:

(a) prior to the sale or other disposal, the Security Agent shall, in respect of such auction or other competitive sale process, consult with an independent and internationally recognized investment bank or accounting firm selected by the Security Agent (acting reasonably) with respect to the procedures which may reasonably be expected to be used to obtain a fair market price in the then prevailing market conditions (taking into account all relevant circumstances and in order to facilitate a prompt and expeditious sale at a fair market price in the prevailing market conditions although there shall be no obligation to postpone any such sale in order to achieve a higher price);

(b) the Security Agent shall have implemented (to the extent permitted by law) in all material respects the procedures recommended by such bank or firm in relation to such auction or process;

(c) the Secured Parties shall have a right to participate including as part of a consortium and as prospective buyers and/or financiers.

For the purposes of paragraphs (a), (b) and (c) above:

(i) the Security Agent shall be entitled to retain any such independent and internationally recognized investment bank or accounting firm as its and/or any of the other Secured Parties' financial advisor to advise and assist in the proposed sale or disposition for such remuneration as the Security Agent in good faith determines is appropriate for the circumstances;

(ii) except as required by applicable law, the Security Agent shall not have any obligation to any person to engage in or to use reasonable efforts to engage in a listing of any or all of any equity interests the subject of such auction or other competitive sale process, including, without limitation, if recommended by such investment bank or accounting firm;

(iii) by reason of certain prohibitions, or exemptive or safe-harbor provisions from such prohibitions, contained in law or regulations of any applicable governmental authority, the Security Agent may, with respect to any sale of all or any part of such equity interests or assets:

A. limit purchasers to those who meet the requirements of such governmental authority or exemptive or safe-harbor provision (as applicable) and/or make representations and undertakings satisfactory to the Security Agent relating to compliance with such requirements and/or provisions; and/or

B. limit purchasers to persons who will agree, among other things to acquire such shares for their own account, for investment and not with a view to the distribution or resale thereof;

(iv) the Security Agent and other Secured Parties shall not under any circumstances be required to make representations, warranties or undertakings to any actual or proposed purchaser (other

than customary representations in a security enforcement as to power to transfer the relevant equity interests pursuant to the Transaction Security Documents) or to indemnify any actual or proposed purchaser against any costs, liabilities or similar expenses or losses;

(v) without limitation to the other circumstances of the sale or other disposition that the Security Agent and such investment bank or accounting firm may take into consideration, the Security Agent may (but is not required to) in all circumstances specify that no offer to purchase equity interest or other assets will be entertained unless such offer:

A. is for all (and not some only) of the equity interests being sold or otherwise disposed;

B. is for cash consideration payable at closing (and therefore not including, for the avoidance of doubt, any element of deferred compensation) and is not subject to any financing conditions; and/or

C. contemplates a closing of the sale of the equity interests or other assets in not more than three (3) months (or such longer period as the Security Agent may specify) from the time of initiation of the sale or disposition process; and

(vi) a "right to participate":

A. means (I) any offer, or indication of a potential offer, that a Secured Party makes shall be considered by the Security Agent or such investment bank or accounting firm against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder and (II) each Secured Party, that is considering making an offer in any Public Auction is provided with the same information (including any due diligence reports and access to management that is being provided to any other bidder at the same stage of the process). For the avoidance of doubt, if after having applied that same criteria and provided the same information, the offer or indication of a potential offer made by a Secured Party, is not considered by the Security Agent or such investment bank or accounting firm to be sufficient to continue in the sale or disposal process, such consideration being against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder (such continuation may include being invited to review additional information or being invited to have an opportunity to make a subsequent or revised offer, whether in another round of bidding or otherwise) then the right to participate of that Secured Party, under the Intercreditor Agreement shall be deemed to be satisfied. The Second Lien Creditors and Senior Debt Creditors shall not have access to any due diligence report commissioned by the Super Senior Creditors and/or Senior Secured Creditors or any agent or adviser on their behalf, whether or not any such due diligence report is addressed to, or capable of being relied upon by, any member of the Group or any holding company of the Parent, which relates to the possible implementation of any Enforcement Action, debt restructuring and/or sales process which may or will involve the release and/or compromise of any of the Second Lien Liabilities and/or Senior Debt Liabilities, any guarantees given for the Second Lien Liabilities and/or Senior Debt Liabilities or any Transaction Security (the "Senior Secured Enforcement Advice"). Where any due diligence report that has been shared with any potential third-party purchaser under a Public Auction includes any Senior Secured Enforcement Advice, the Second Lien Creditors and Senior Debt Creditors shall have access to the relevant report with the Senior Secured Enforcement Advice redacted. Super Senior Creditors and Senior Secured Creditors shall have access to reports commissioned by the Second Lien Creditors and Senior Debt Creditors on the same basis only; and

B. shall not apply if the Security Agent believes in good faith that it may (or there is a risk that it may) result in a violation of any applicable laws or that it may (or there is a risk that it may) result in a requirement for registration under any applicable securities laws.

For the purposes of paragraph (a), such investment bank or accounting firm may be instructed by the Security Agent to take the limitations set out in subparagraphs (i) to (vi) (inclusive) above into account and to formulate recommendations that are consistent with them.

Exercise of Voting Rights

Each Intra Group Lender and Subordinated Creditor will (to the fullest extent permitted by law at the relevant time) cast its vote in any proposal put to the vote by or under the supervision of any judicial or

supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent and the Security Agent shall give instructions for these purposes as directed by the Instructing Group, provided that such instructions have been given in accordance with the terms of the Intercreditor Agreement.

Turnover

Turnover by Primary Creditors

The Intercreditor Agreement provides that if any time prior to the Final Discharge Date, any Super Senior Creditor, Existing Notes Creditor, Pari Passu Creditor, Second Lien Creditor, Non-Super Senior Hedge Counterparty or Senior Debt Creditor (collectively the "Primary Creditors") receives or recovers or otherwise realizes the proceeds of any enforcement of any Transaction Security or any other amounts which should otherwise be received, recovered or realized by the Security Agent (whether before or after an insolvency event) other than in accordance with the payment waterfall described in "*—Application of Proceeds from Enforcement of Transaction Security*," that Primary Creditor will, subject to certain exceptions:

(a) in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount on trust for (or on behalf of) the Security Agent and separate from other assets, property or funds and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Turnover by Senior Debt Creditors, Second Lien Creditor and Subordinated Creditors

The Intercreditor Agreement provides that if at any time prior to the Final Discharge Date, any Senior Debt Creditor, Second Lien Creditor or any creditor of any Subordinated Liabilities receives or recovers:

(a) any payment or distribution of, or on account of, or in relation to any such liabilities which is not otherwise permitted under the Intercreditor Agreement or made in accordance with the payment waterfall described in "*—Application of Proceeds from Enforcement of Transaction Security*";

(b) other than by way of set-off permitted under the Intercreditor Agreement, any amount by way of set-off in respect of any such liabilities which does give effect to a payment permitted under the Intercreditor Agreement or which does not give effect to a payment or enforcement action which is otherwise permitted to be made, received or taken by the relevant creditor under the Intercreditor Agreement;

(c) other than by way of set-off permitted under the Intercreditor Agreement, any amount on account of, or in relation to, any of such liabilities after the occurrence of an Secured Debt Acceleration Event or the enforcement of any Transaction Security (a "Distress Event") or as a result of any other litigation or proceedings against a Debtor or a member of the Group (other than after the occurrence of an insolvency event in respect of that Debtor or that member of the Group), other than, in each case, any amount received or recovered in accordance with the payment waterfall described in "*—Application of Proceeds from Enforcement of Transaction Security*";

(d) other than by way of set-off permitted under the Intercreditor Agreement, any amount by way of set-off in respect of any of such liabilities after the occurrence of a Distress Event; or

(e) other than by way of set-off permitted under the Intercreditor Agreement, any distribution in cash or in kind or payment of, or on account of or in relation to, any of such liabilities which is not made in accordance with the payment waterfall described in "*—Application of Proceeds from Enforcement of Transaction Security*" and which is made as a result of, or after, the occurrence of an insolvency event in respect of that Debtor, the relevant Senior Debt Creditor, Second Lien Creditor or Subordinated Creditor (as applicable) will, subject to certain exceptions:

(i) in relation to receipts or recoveries not received or recovered by way of set-off (A) hold that amount on trust for the Security Agent and promptly pay that amount to the Security Agent for

application in accordance with the terms of the Intercreditor Agreement; and (B) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds from Enforcement of Transaction Security

The Intercreditor Agreement provides that amounts received from the realization or enforcement of all or any part of the Transaction Security will be applied in the following order of priority:

(a) first, *pari passu* and pro rata in or towards payment of any sums owing to the Security Agent or any delegate appointed by the Security Agent or any receiver;

(b) second, *pari passu* and pro rata in or towards payment of (A), any amounts owing to the Existing Notes Trustee, any Pari Passu Debt Representative in respect of any Pari Passu Debt issued in the form of notes, any amounts owing to the Second Lien Debt Representative in respect of any Second Lien Debt issued in the form of notes, any Senior Debt Representative Amounts payable to the Senior Debt Representative and (B) the liabilities owed to the RCF Agent and each Agent (to the extent not included in the foregoing) of any unpaid fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant Secured Debt Documents) of each such Agent and any receiver, attorney or agent appointed by such Agent under any Transaction Security Document or the Intercreditor Agreement (to the extent that such Transaction Security has been given in favor of such obligations);

(c) third, *pari passu* and pro rata in or toward payment of all costs and expenses incurred by the Super Senior Creditors and the Senior Secured Creditors in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement or any action taken at the request of the Security Agent;

(d) fourth, *pari passu* and pro rata in or toward payment to: (i) the RCF Agent on behalf of the Senior Facilities finance parties and on behalf of the arrangers under the Senior Facilities and each Agent in respect of a Credit Facility on behalf of the arrangers and lenders under and in respect of that Credit Facility; and (ii) the Super Senior Hedge Counterparties in respect of the Super Senior Hedging Liabilities, for application towards the discharge of (A) the Credit Facility Lender Liabilities and related liabilities owed to the arrangers under the Senior Facilities and the Credit Facility Lender Liabilities and related liabilities owed to the arrangers under such Credit Facility in accordance with the terms of the Credit Facility Documents and (B) the Super Senior Hedging Liabilities on a *pari passu* and pro rata basis as between (A) and (B);

(e) fifth, *pari passu* and pro rata to: (i) the Existing Notes Trustee on behalf of the Existing Noteholders for application towards the discharge of the Existing Notes Liabilities, (ii) the relevant Agent on behalf of the Pari Passu Creditors for application towards the discharge of the Pari Passu Liabilities and (iii) to the Non-Super Senior Hedge Counterparties for application towards the discharge of the Non-Super Senior Hedging Liabilities on a *pari passu* and pro rata basis as between (i) and (ii) and (iii); and

(f) sixth, in or towards payment of each Second Lien Debt Representative on behalf of the Second Lien Creditors (or, if there is no Second Lien Debt Representative on behalf of the Second Lien Creditors, such Second Lien Creditors) for application towards the discharge of the Second Lien Liabilities owed to the Second Lien Creditors (in accordance with the Second Lien Debt Documents) on a *pari passu* and pro rata basis;

(g) seventh, to the extent paid out of enforcement proceeds resulting from the enforcement of Shared Security, the Senior Debt Guarantee or proceeds from a Distressed Disposal in relation to assets which were previously secured by such Shared Security, in payment or distribution to each Senior Debt Representative on behalf of the Senior Debt Creditors or, if there is no Senior Debt Representative acting on behalf of any relevant Senior Debt Creditors, such Senior Debt Creditors for application towards the discharge of the Senior Debt Liabilities owed to the Senior Debt Creditors (in accordance with the terms of the Senior Debt Documents) on a *pari passu* and pro rata basis; and

(h) the balance, if any, in payment or distribution to the Security Providers, any member of the Group or any other party entitled to receive it.

Notwithstanding any provision relating to the application of proceeds from enforcement of Transaction Security set out in the Intercreditor Agreement, no Secured Party will be entitled to receive any recovery from the realisation or enforcement of all or any part of the Transaction Security unless that recovery is received in connection with the realisation or enforcement of Transaction Security which is secured with Secured Liabilities (and only to the extent of such Secured Liabilities) that are due and owing to such Secured Party.

Release of the Guarantees and the Security

Non-Distressed Disposal

If, in respect of a disposal of, or in respect of:

(a) an asset by a Debtor or Security Provider; or

(b) an asset which is subject to the Transaction Security, and such disposal, is not being effected (a) by enforcement of the Transaction Security; (b) at the request of the Instructing Group, after the Transaction Security has become enforceable; or (c) being effected, after the occurrence of a distress event, by a Debtor or a Security Provider, to a person or persons which is not a member, or members, of the Group (each a "Distressed Disposal") and the Parent certifies for the benefit of the Security Agent (or any applicable Creditor party to a Transaction Security Document) that: (A) the disposal is not prohibited under the Finance Documents or consent of the requisite number of Creditors (or their Agent on their behalf, if applicable) has been obtained; and (B) the disposal is not a Distressed Disposal (such disposal, a "Non-Distressed Disposal"), the Intercreditor Agreement will provide that the Security Agent is irrevocably instructed, obliged and authorized (without any consent, sanction, authority or further confirmation from any Creditor, Debtor, Security Provider, the Parent or Existing Notes Trustee) but subject to certain exceptions contained in the Senior Facilities Agreement promptly to enter into documentation reasonably required by the Parent (i) to release the Transaction Security (including for the avoidance of doubt, any shared assurance), or any other claim relating to a Debt Document over the relevant asset; (ii) where that asset consists of shares in the capital of a Debtor, to release the Transaction Security (including, for the avoidance of doubt, any shared assurance), any guarantee liabilities or any other claim (relating to a Debt Document) over that Debtor and its assets and the shares in and assets of any of its subsidiaries and (iii) to execute and deliver or enter into any release of the Transaction Security (including, for the avoidance of doubt, any shared assurance), any guarantee liabilities or any claim described in sub-paragraphs (i) and (iii) above and issue any certificates of non-crystallisation of any floating charge (or similar concepts under relevant applicable local law, if any) or any consent to dealing that may, be reasonably requested by the Parent, provided that in the case of a disposal made within the Group to the extent that replacement Transaction Security is required from the transferee under the terms of the Debt Documents, such Transaction Security will (subject to any other requirements relating to the release, retaking, amendment or extension of the Transaction Security under the Debt Documents) be granted at the same time the relevant disposal is effected.

If any proceeds from a Non-Distressed Disposal are required to be applied in mandatory prepayment of any of the Secured Liabilities or to be offered to any Secured Party pursuant to the terms of the Secured Debt Documents, then such proceeds will be applied in or towards payment of such Secured Liabilities or shall be offered to the relevant Secured Parties in accordance with the terms of the relevant Secured Debt Documents and the consent of any other party will not be required for that application.

Distressed Disposal

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement provides that the Security Agent is irrevocably instructed and authorized (at the cost of the relevant Debtor or the Parent) and without any consent, sanction, authority or further confirmation from any Creditor, Debtor, Security Provider or the Parent: (a) to release the Transaction Security, or any other claim over the asset subject to the Distressed Disposal and execute and deliver or enter into any release of that Transaction Security, or claim and issue any letters of non-crystallisation of any floating charge (or similar concepts under relevant applicable local law) or any consent to dealing that may, in the

discretion of the Security Agent, be considered necessary or desirable; (b) if the asset which is subject to the Distressed Disposal consists of shares in the capital of a Debtor, to release (or instruct to release) that Debtor and any subsidiary of that Debtor from all or any part of (i) its borrowing liabilities in respect of the Debt Documents (other than borrowing liabilities owed by any Second Lien Debt Issuer or owed by the Senior Secured Notes Issuer to the Primary Creditors), its liabilities as guarantor in respect of the Debt Documents and any trading or other liabilities (not being borrowing or guaranteeing liabilities) it may have to an Intra Group Lender or another Debtor ("Other Liabilities") and its guarantee liabilities; (ii) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets; (iii) any other claim of a Subordinated Creditor, or of another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor, on behalf of the relevant Creditor and Debtors; and (c) if the asset which is subject to the Distressed Disposal consists of shares in the capital of any holding company of a Debtor, to release (or instruct to release) that holding company and any subsidiary of that holding company from all or any part of (i) its borrowing liabilities in respect of the Debt Documents (other than borrowing liabilities owed by any Second Lien Debt Issuer or owed by the Senior Secured Notes Issuer to the Primary Creditors), its liabilities as guarantor in respect of the Debt Documents and any Other Liabilities and guarantee liabilities; (ii) any Transaction Security granted by any subsidiary of that holding company over any of its assets; and (iii) any other claim of a Subordinated Creditor or another Debtor over the assets of any Subsidiary of that holding company.

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement also provides that the Security Agent is authorized:

(a) if the asset being disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor and the Security Agent (acting in accordance with the terms of the Intercreditor Agreement) decides to dispose of all or any part of the liabilities of that Debtor or holding company or any subsidiary of that Debtor or holding company (as the case may be) under the Debt Documents (other than borrowing liabilities owed by any Second Lien Debt Issuer (if it is outside the Group) and the Issuer to a Primary Creditor) or any liabilities owed by such Debtor, holding company or subsidiary to another Debtor ("Debtor Liabilities"):

    (i) if the Security Agent does not intend that the relevant transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to enter into any agreement to dispose of all (but not part) of such liabilities owed to a Primary Creditor or all (but not part) of such Debtor Liabilities provided that notwithstanding any other provision of any Debt Document the transferee shall not be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement; or

    (ii) if the Security Agent does intend that the relevant transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement, to enter into any agreement to dispose of all (but not part) of such liabilities owed to a Primary Creditor and all or any part of such Debtor Liabilities and any other liabilities under the Debt Documents,

on behalf, in each case, of the relevant creditors and Debtors.

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement will also provide that the Security Agent is authorized, if the asset being disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor (the "Disposed Entity") and the Security Agent decides to transfer to another Debtor (the "Receiving Entity") all or any part of that Disposed Entity's obligations (or any obligations of any subsidiary of that Disposed Entity) in respect of Intra Group Liabilities or Debtor Liabilities, to enter into any agreement (a) to transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the relevant Intra-Group Lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and (b) to accept the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities are to be transferred.

Certain Limitations on Release—Second Lien Debt

If on or after the first date that Second Lien Debt is issued but before the date that all Second Lien Debt has been fully and finally discharged ("the Second Lien Debt Discharge Date"), a Distressed

Disposal is being effected such that the Transaction Security and/or guarantee liabilities will be released, it is a further condition to the release that either:

(a) the Second Lien Debt Representative has approved the release on the instructions of the Second Lien Debt Required Holders; or

(b) where shares or assets of a Debtor or any subsidiary of that Debtor are sold:

  (i) the proceeds of such sale or disposal are in cash (or substantially in cash);

  (ii) all present and future obligations owed to the Secured Parties under the Credit Facility Documents, the Hedging Agreements, the Senior Secured Notes Documents and the Pari Passu Debt Documents by a member of the Group, all or part of whose shares are pledged in favor of the Secured Parties are sold or disposed of pursuant to such enforcement action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its Affiliates), and all Security under the Transaction Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge):

    (A) where the Super Senior Creditors or the Senior Secured Creditors constitute the Instructing Group, the Credit Facility Agent, the Existing Notes Trustee and Pari Passu Debt Representative:

      (I) determine acting reasonably and in good faith that the finance parties under the Senior Facilities Agreement (the "RCF Finance Parties"), the Existing Notes Creditors and the Pari Passu Creditors (respectively) will recover more than if such claim was released or discharged but is nethertheless less than the outstanding Super Senior Liabilities and/or Senior Secured Liabilities; and

      (II) serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser);

    (B) where the Second Lien Creditors constitute the Instructing Group, the Second Lien Debt Representative:

      (I) determine acting reasonably and in good faith that the RCF Finance Parties, the Existing Notes Creditors, the Pari Passu Creditors and Second Lien Creditors (respectively) will recover more than if such claim was released or discharged but is nevertheless less than the outstanding Super Senior Liabilities, Senior Secured Liabilities and/or Second Lien Liabilities; and

      (II) serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); and

    (C) such sale or disposal (including any sale or disposal of any claim) is made:

      (I) pursuant to a Public Auction; or

      (II) where a Financial Advisor confirms that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances (including the method of enforcement), although there shall be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price and provided that the liability of such Financial Advisor in giving such confirmation may be limited to the amount of its fees in respect of such engagement.

Certain Limitations on Release—Senior Debt

If on or after the first date on which Senior Debt is issued but before the Senior Debt Discharge Date, a Distressed Disposal is being effected such that the Senior Debt Guarantees will be released, it is a further condition to the release that either:

(a) the Senior Debt Representative has approved the release on the instructions of the Senior Debt Required Holders; or

(b) where shares or assets of a Senior Debt Guarantor are sold:

(i) the proceeds of such sale or disposal are in cash (or substantially in cash);

(ii) all present and future obligations owed to the Secured Parties under the Credit Facility Documents, the Hedging Agreements, the Senior Secured Notes Documents, the Second Lien Debt Documents and the Pari Passu Debt Documents by a member of the Group, all or part of whose shares are pledged or charged in favor of the Secured Parties are sold or disposed of pursuant to such enforcement action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all or part of the security under the Transaction Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge):

A. where the Super Senior Creditors, the Senior Secured Creditors or Second Lien Creditors, constituted the Instructing Group, the Credit Facility Agent, the Existing Notes Trustee and the Pari Passu Debt Representative:

(i) determine acting reasonably and in good faith that the finance parties under the Senior Facilities, the Existing Notes Creditors, Second Lien Creditors and the Pari Passu Creditors (respectively) will recover more than if such claim was released or discharged but is nevertheless less than the outstanding Super Senior Liabilities and/or Second Lien Liabilities; and

(ii) serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser);

B. where the Senior Debt Creditors constitute the Instructing Group, the Senior Representative:

(i) determine acting reasonably and in goodfaith that the RCF Finance Parkes, the Existing Notes Creditors, the Pari Passu Creditors and Second Lien Creditors (respectively) will recover more than if such claim was released or discharged but is nevertheless less than the outstanding Super Senior Liabilities, Senior Secured Liabilities and/or Second Lien Liabilities; and

(ii) serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); and

(iii) such sale or disposal (including any sale or disposal of any claim) is made:

A. pursuant to a Public Auction; or

B. where a Financial Advisor confirms that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances (including the method of enforcement), although there shall be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price and provided that the liability of such financial Advisor in giving such confirmation may be limited to the amount of its fees in respect of such engagement.

In the case of a Distressed Disposal, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have an obligation to postpone any such Distressed Disposal or disposal of Liabilities in order to achieve a higher price).

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities owed to a Primary Creditor or disposal of Debtor Liabilities) shall be paid to the Security Agent for application in accordance with the payment waterfall described in "*—Application of Proceeds from Enforcement of Transaction Security*," as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities owed to a Primary Creditor or disposal of Debtor Liabilities has occurred, as if that disposal of liabilities or Debtor Liabilities had not occurred.

In this section:

"ISDA Master Agreement" means a 1992 ISDA Master Agreement or a 2002 ISDA Master Agreement;

"Majority Super Senior Creditors" means those Super Senior Creditors whose super senior credit participations at that time aggregate more than 66 2/3% of the total super senior credit participations at that time;

"Relevant Enforcement Action" means either (a) the determination by the Instructing Group of the method of enforcement of Transaction Security or (b) the appointment of a Financial Advisor by the Instructing Group to assist in such determination;

"Notes/Pari Passu Required Holders" means, at any time, those Senior Secured Creditors whose Senior Secured Credit Participations at that time aggregate more than 50% of the total Senior Secured Credit Participations (as defined herein) at that time;

"Second Lien Debt Required Holders" means, in respect of any direction, approval, consent or waiver to be granted by a tranche or class of Second Lien Creditors, the Creditors of the principal amount of the relevant tranche or class of Second Lien Debt required to vote in favor of such direction, approval, consent or waiver under the terms of the relevant Second Lien Debt Documents, or, if the required amount is not specified, the holders holding at least a majority of the principal amount of the then outstanding relevant tranche or class of Senior Debt, in accordance with the relevant Second Lien Debt Documents. For the avoidance of doubt, in determining whether the Second Lien Creditors of the required principal amount of relevant tranche or class of Second Lien Debt have concurred in any direction, waiver or consent, relevant Second Lien Debt owned by any Debtor, or by any Sponsor Affiliate or any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor other than an Independent Debt Fund, will be considered as though not outstanding;

"Senior Debt Guarantees" means each senior subordinated guarantee by a Senior Debt Guarantor of the obligations of the Senior Debt Issuer under the Senior Debt Documents which shall be made expressly subject to the provisions of the Intercreditor Agreement in a legally binding manner;

"Senior Debt Required Holders" means, in respect of any direction, approval, consent or waiver to be granted by a tranche or class of Senior Debt Creditors, the Senior Debt Creditors of the principal amount of the relevant tranche or class of Senior Debt required to vote in favor of such direction, approval, consent or waiver under the terms of the relevant Senior Debt Documents, or, if the required amount is not specified, the holders holding at least a majority of the principal amount of the then outstanding relevant tranche or class of Senior Debt, in accordance with the relevant Senior Debt Documents. For the avoidance of doubt, in determining whether the Senior Debt Creditors of the required principal amount of relevant tranche or class of Senior Debt have concurred in any direction, waiver or consent, relevant Senior Debt owned by any Debtor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any Debtor other than an Independent Debt Fund, will be considered as though not outstanding;

"Senior Secured Credit Participations" means, in relation to a Senior Secured Creditor (other than an Agent), the aggregate of: (a) its principal amount (including capitalised interest, if applicable) outstanding under the Existing Notes; (b) its principal amounts (including capitalised interest, if applicable) outstanding under the Pari Passu Debt Documents; (c) in respect of any transaction of that Senior Secured Creditor under any Hedging Agreement that constitutes a Non-Super Senior Hedging Liability and that has, as of the date the calculation is made, been terminated or closed out in accordance with the terms of the Intercreditor Agreement, the amount (if any) payable to it under any Hedging Agreement to the extent it constitutes a Non-Super Senior Hedging Liability in respect of that termination or close-out as of the date of termination or close-out (and before taking into account any interest accrued on that amount since the date of termination or close-out) to the extent the amount is unpaid (that amount to be certified by the relevant Senior Secured Creditor and as calculated in accordance with the relevant Hedging Agreement); and (d) in respect of any transaction of that Senior Secured Creditor under any Hedging Agreement that constitutes a Non-Super Senior Hedging Liability and that has, as of the date the calculation is made, not been terminated or closed out, the amount (if any) which would be payable to it under that Hedging Agreement to the extent that it constitutes a Non-Super Senior Hedging Liability in respect of that transaction, if the date on which the calculation is made was deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement or the corresponding definition in any Hedging Agreement not based on the ISDA Master Agreement) for which the relevant Debtor is the Defaulting Party (as defined in the relevant ISDA Master Agreement or the corresponding definition in any Hedging Agreement not based on the ISDA Master Agreement), that amount to be certified by the relevant Senior Secured Creditor and as calculated in accordance with the relevant Hedging Agreement.

Amendment

Save as otherwise required or permitted by (A) customary exceptions in relation to, among other things, the issuance or take up of new and incremental liabilities, exceptions provisions, snooze and lose provisions and disenfranchisement of defaulting lenders and (B) customary minor, technical or administrative matter amendments which may be effected by the Security Agent and the Parent, the Intercreditor Agreement will provide that it may be amended with only the written consent of the Parent and the Security Agent (insofar as the amendment or waiver might materially and adversely affect the rights, ranking, immunities or protections of the Security Agent) and the respective Agent acting in accordance with the relevant Finance Document provided that to the extent an amendment, waiver or consent only affects one class of Secured Party, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of Secured Party, only written agreement from the Agents representing the required portion of the relevant affected class shall be required.

Subject to certain exceptions, an amendment, waiver or consent that has the effect of changing or which relates to: (a) any amendment to the turnover provisions, redistribution provisions, enforcement of Transaction Security, process of disposals, application of proceeds provisions or amendment; (b) certain provisions relating to the giving of instructions to the Security Agent or the exercise of discretion by the Security Agent; or (c) the order of priority or subordination under the Intercreditor Agreement, shall not be made without the written consent of the Parent, each of the Hedge Counterparties (to the extent that the amendment or waiver would materially and adversely affect the Hedge Counterparty) and each of the Agents acting in accordance with the relevant Finance Documents provided that, in relation to any Notes Trustee (as such term is defined in the Intercreditor Agreement), such consent shall be required only insofar as the relevant amendment or waiver would materially and adversely affect the rights, ranking, immunities or protections of that Notes Trustee (as such term is defined in the Intercreditor Agreement) or the relevant Creditors which it represents, except in any such case any amendments or waivers pursuant to or in connection with new, incremental and replacement liabilities (as detailed in "*—Further Security, Incremental and Replacement Liabilities*") or consequential on, incidental to or required to implement or reflect any financing described therein will not require creditor consent.

Subject to the paragraphs above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party to the Intercreditor Agreement without the prior written consent (which may be received through its Agent, if applicable) of the affected party.

Snooze/Lose

The Intercreditor Agreement contains a snooze/lose provision that provides that if in relation to:

(a) a request for a consent, approval, release or waiver in relation to any of the terms of the Intercreditor Agreement;

(b) a request to participate in any other vote under the terms of the Intercreditor Agreement;

(c) a request to approve any other action under the Intercreditor Agreement; or

(d) a request to provide any confirmation or notification under the Intercreditor Agreement, then, in each case, any Primary Creditor (other than any Existing Notes Creditor for so long as such Notes remain public debt securities listed on an recognized exchange and any other Primary Creditor whose Secured Liabilities constitute an issuance of public debt securities listed on an recognized exchange) (an "Excluded Creditor"):

    (i) fails to respond to that request within 10 Business Days (or any other period of time notified by the Parent, with the prior agreement of the Security Agent if the period for this provision to operate is less than 10 Business Days) of that request being made; or

    (ii) fails to provide details of its Super Senior Credit Participation, Senior Secured Credit Participation, Second Lien Credit Participation or Senior Debt Credit Participation (the "Participation") to the Security Agent within the timescale specified by the Security Agent:

        (A) in the case of paragraphs (a) to (c) above, that Excluded Creditor's relevant Participation shall be deemed to be zero for the purpose of calculating the relevant total Participations when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of the total Participations has been obtained to give that consent, approval, release or waiver, carry that vote or approve that action;

(B) in the case of paragraphs (a) to (c) above, that Excluded Creditor's status in its relevant capacity shall be disregarded for the purposes of ascertaining whether the agreement of any specified group of Primary Creditors has been obtained to give that consent, approval, release or waiver, carry that vote or approve that action; and

(C) in the case of paragraph (d) above, that confirmation or notification shall be deemed to have been given.

Option to Purchase: Second Lien Creditors

The Second Lien Creditors (the "Purchasing Second Lien Creditors") may, following a distress event or for so long as either (i) a Second Lien Payment Stop Notice or (ii) a Second Lien Standstill Period is outstanding, by giving not less than 10 days' notice to the Credit Facility Agent, the Hedge Counterparties, the Existing Notes Trustee and the Agents of the Pari Passu Creditors, acquire or procure the acquisition by a person or persons nominated by the Purchasing Second Lien Creditors of all (but not part only) of the rights and obligations of the Super Senior Creditors and the Senior Secured Creditors in connection with the Credit Facility Lender Liabilities under the Credit Facility Documents, the Hedging Liabilities under the Hedging Agreements, the Existing Notes Liabilities under the Senior Secured Notes Documents and the Pari Passu Creditors under the Pari Passu Debt Documents (for the purposes of this section only, the "Priority Acquisition Debt").

If more than one Purchasing Second Lien Creditor wishes to exercise the option to purchase the Priority Acquisition Debt in accordance with paragraph (a) above, each such Purchasing Second Lien Creditor shall acquire the Priority Acquisition Debt pro rata, in the proportion that its Second Lien Credit Participation bears to the aggregate Second Lien Credit Participations of all the Purchasing Second Lien Creditors. Any Purchasing Second Lien Creditors wishing to exercise the option to purchase the Priority Acquisition Debt shall inform the relevant Second Lien Debt Representative in accordance with the terms of the relevant Second Lien Debt Documents, who will determine (consulting with each other as required) the appropriate share of the Priority Acquisition Debt to be acquired by each such Purchasing Second Lien Creditor and who shall inform each such Purchasing Second Lien Creditor accordingly. Furthermore, the Second Lien Debt Representative shall promptly inform the Agents of the Credit Facility Lenders, the Existing Notes Trustee, the Hedge Counterparties and the Pari Passu Debt Representatives of the Purchasing Second Lien Creditors' intention to exercise the option to purchase the Priority Acquisition Debt.

Option to Purchase: Second Lien Creditors—Terms

Any such purchase will be on terms which will include, without limitation, (a) lawful transfer (b) payment in full in cash of an amount equal to Credit Facility Lender Liabilities, the Existing Notes Liabilities, Pari Passu Liabilities and relevant hedging purchase amount (as determined in accordance with the Intercreditor Agreement) then outstanding, including in respect of any broken funding costs, as well as certain costs and expenses of the creditors in respect of the relevant Secured Liabilities; (c) after the transfer, no Credit Facility Lender, Hedge Counterparty, Existing Notes Creditor or Pari Passu Creditor will be under any actual or contingent liability to any Debtor or any other person under the Intercreditor Agreement, any Credit Facility Document, any Hedging Agreement, any Senior Secured Notes Document, any Pari Passu Debt Document for which it is not holding cash collateral in an amount and on terms satisfactory to it; (d) the Purchasing Senior Debt Creditors, other than the Senior Debt Representative (or if required by the Credit Facility Lenders, Hedge Counterparties, Existing Noteholders or Pari Passu Creditors, a third-party acceptable to the Credit Facility Lenders, Hedge Counterparties, Existing Notes Creditors, Pari Passu Creditors), shall provide on the date of the transfer an indemnity to each Credit Facility Lender and each other finance party under such Credit Facility Document, Hedge Counterparty, Existing Notes Creditor or Pari Passu Creditor (each, an "Indemnified Party") for any actual or alleged obligation to repay or claw back any amount received by such Indemnified Party (e) the relevant transfer shall be without recourse to, or warranty from, any Primary Creditor, save that each such Primary Creditor will be deemed to have given the following representations and warranties on the date of the transfer:

(a) in the case of a Credit Facility Lender, it is the sole owner, free from all Security and third party interests (other than any arising under the Credit Facility Documents or by operation of law), of all rights and interests under the Credit Facility Documents purporting to be transferred by it by that transfer;

(b) in the case of a Hedge Counterparty, it is the sole owner, free from all Security and third party interests (other than any arising under the Hedging Agreements or by operation of law) of all

rights and interests under the Hedging Agreements purporting to be transferred by it by that transfer;

(c) in the case of an Existing Notes Creditor, it is the sole owner, free from all Security and third party interests (other than any arising under the Senior Secured Notes Documents or by operation of law), of all rights and interests under the Senior Secured Notes Documents purporting to be transferred by it by that transfer;

(d) in the case of a Pari Passu Creditor, it is the sole owner, free from all Security and third party interests (other than any arising under the relevant Pari Passu Debt Documents or by operation of law), of all rights and interests under the relevant Pari Passu Debt Documents purporting to be transferred by it by that transfer;

(e) it has the power to enter into and make, and has taken all necessary action to authorize its entry into and making of, that transfer; and

(f) it is satisfied with the results of any "know your client" or other similar checks relating to the identity of any person that they or any Agent are required by law to carry out in relation to such a transfer.

Option to Purchase: Senior Debt Creditors

The Senior Debt Creditors (the "Purchasing Senior Debt Creditors") may, after a distress event or for so long as either a (i) a Senior Debt Payment Stop Notice or (ii) a Senior Debt Standstill Period is outstanding, by giving not less than ten days' notice to the Credit Facility Agent, the Hedge Counterparties, the Existing Notes Trustee, the Pari Passu Debt Representative and the Second Lien Debt Representative (together, the "Relevant Agents"), require the transfer to them (or to a nominee or nominees) of all (but not part only) of the rights, benefits and obligations in respect of the Super Senior Liabilities, the Senior Secured Liabilities, the Pari Passu Creditors under the Pari Passu Debt Documents and the Second Lien Creditors under the Second Lien Debt Documents (the "Senior Secured Acquisition Debt"). If more than one Purchasing Senior Debt Creditor wishes to exercise the option to purchase the Senior Secured Acquisition Debt, each such Purchasing Senior Debt Creditor shall acquire the Senior Secured Acquisition Debt pro rata, in the proportion that its principal amount outstanding under the Senior Debt and its principal amount outstanding under the Senior Debt Documents ("Senior Debt Credit Participations") bears to the aggregate Senior Debt Credit Participations of all the Purchasing Senior Debt Creditors.

Option to Purchase: Senior Debt Creditors—Terms

Any such purchase will be on terms which will include, without limitation, (a) lawful transfer (b) payment in full in cash of an amount equal to Credit Facility Lender Liabilities, the Existing Notes Liabilities, the Pari Passu Liabilities, the Second Lien Liabilities and relevant hedging purchase amount (as determined in accordance with the Intercreditor Agreement) then outstanding, including in respect of any broken funding costs, as well as certain costs and expenses of the creditors in respect of the relevant Secured Liabilities; (c) after the transfer, no Credit Facility Lender, Hedge Counterparty, Existing Notes Creditor, Pari Passu Creditor or Second Lien Creditor will be under any actual or contingent liability to any Debtor or any other person under the Intercreditor Agreement, any Credit Facility Document, any Hedging Agreement, any Senior Secured Notes Document, any Pari Passu Debt Document or any Second Lien Debt Document for which it is not holding cash collateral in an amount and on terms satisfactory to it; (d) the Purchasing Senior Debt Creditors, other than the Senior Debt Representative (or if required by the Credit Facility Lenders, Hedge Counterparties, Existing Noteholders, Pari Passu Creditors or Second Lien Creditors, a third-party acceptable to the Credit Facility Lenders, Hedge Counterparties, Existing Notes Creditors, Pari Passu Creditors or Second Lien Creditors), shall provide on the date of the transfer an indemnity to each Credit Facility Lender and each other finance party under such Credit Facility Document, Hedge Counterparty, Existing Notes Creditor, Pari Passu Creditor or Second Lien Creditor (each, an "Indemnified Party") for any actual or alleged obligation to repay or claw back any amount received by such Indemnified Party (e) the relevant transfer shall be without recourse to, or warranty from, any Primary Creditor, save that each such Primary Creditor will be deemed to have given the following representations and warranties on the date of the transfer:

(a) in the case of a Credit Facility Lender, it is the sole owner, free from all Security and third party interests (other than any arising under the Credit Facility Documents or by operation of law), of

all rights and interests under the Credit Facility Documents purporting to be transferred by it by that transfer;

(b) in the case of a Hedge Counterparty, it is the sole owner, free from all Security and third party interests (other than any arising under the Hedging Agreements or by operation of law) of all rights and interests under the Hedging Agreements purporting to be transferred by it by that transfer;

(c) in the case of an Existing Notes Creditor, it is the sole owner, free from all Security and third party interests (other than any arising under the Senior Secured Notes Documents or by operation of law), of all rights and interests under the Senior Secured Notes Documents purporting to be transferred by it by that transfer;

(d) in the case of a Pari Passu Creditor, it is the sole owner, free from all Security and third party interests (other than any arising under the relevant Pari Passu Debt Documents or by operation of law), of all rights and interests under the relevant Pari Passu Debt Documents purporting to be transferred by it by that transfer;

(e) in the case of a Second Lien Creditor, it is the sole owner, free from all Security and third party interests (other than any arising under the relevant Second Lien Debt Documents or by operation of law), of all rights and interests under the relevant Second Lien Debt Documents purporting to be transferred by it by that transfer;

(f) it has the power to enter into and make, and has taken all necessary action to authorize its entry into and making of, that transfer; and

(g) it is satisfied with the results of any "know your client" or other similar checks relating to the identity of any person that they or any Representative are required by law to carry out in relation to such a transfer.

Guarantee Limitations

The obligations of each Debtor and Intra-Group Lender under the Intercreditor Agreement will be appropriately limited by reference to any corresponding limitations in the Debt Documents (as applicable) or at law.

Governing Law

The Intercreditor Agreement is governed by and to be construed in accordance with English law.

Existing Senior Secured Fixed Rate Notes

On May 10, 2016, the Issuer issued £290 million aggregate principal amount of $8^1/_2$% Senior Secured Fixed Rate Notes due 2023 (the "Existing Senior Secured Fixed Rate Notes") under the Existing Indenture. The Existing Senior Secured Fixed Rate Notes bear interest at a rate of 8.50% per annum and will mature on May 15, 2023. Interest on the Existing Senior Secured Fixed Rate Notes is payable semi-annually on each of May 15 and November 15 commencing on November 15, 2016.

Prior to May 15, 2019, the Issuer is entitled, at its option, to redeem all or a portion of the Existing Senior Secured Fixed Rate Notes at a redemption price equal to 100% of the principal amount of the Existing Senior Secured Fixed Rate Notes plus accrued and unpaid interest and additional amounts, if any, to the redemption date and a "make-whole" premium. Prior to May 15, 2019, the Issuer may redeem up to 10% of the aggregate principal amount of the Existing Senior Secured Fixed Rate Notes originally issued in each calendar year commencing on the Issue Date at a redemption price equal to 103% of the principal amount thereof. In addition, prior to May 15, 2019, the Issuer may redeem at its option up to 40% of the Existing Senior Secured Fixed Rate Notes with the net proceeds from certain equity offerings at a redemption price of 108.50% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon and additional amounts, if any, to the applicable redemption date, provided that at least 60% of the original aggregate principal amount of the Existing Senior Secured Fixed Rate Notes remains outstanding after the redemption. The Existing Senior Secured Fixed Rate Notes may be redeemed at any time on or after May 15, 2019, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and additional amounts, if any, to, but not including, the applicable redemption date (subject to the right of

Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

Year	Redemption Price
2019	104.250%
2020	102.125%
2012 and thereafter	100.000%

The Issuer may redeem all of the Existing Senior Secured Fixed Rate Notes upon the occurrence of certain changes in applicable tax law at a redemption price equal to 100% of the principal amount of such Existing Senior Secured Fixed Rate Notes, plus accrued and unpaid interest and additional amounts, if any.

Upon the occurrence of certain defined events constituting a change of control, each holder of the Existing Senior Secured Fixed Rate Notes may require the Issuer to repurchase all or a portion of its Existing Senior Secured Fixed Rate Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any. However, a change of control will not be deemed to have occurred if specified consolidated leverage ratios are not exceeded in connection with such event.

The Existing Senior Secured Fixed Rate Notes are senior obligations of the Issuer, ranking senior in right of payment to all of the Issuer's existing and future debt that is expressly subordinated in right of payment to the Existing Senior Secured Fixed Rate Notes and ranking *pari passu* in right of payment with the Issuer's existing and future debt that is not so subordinated, including the Issuer's obligations under the Senior Facilities Agreement and the Notes.

The Existing Senior Secured Fixed Rate Notes are guaranteed on a senior secured basis by the Guarantors. The Guarantors also guarantee on a senior basis any obligations of the borrowers under the Senior Facilities Agreement and will also guarantee on a senior basis any obligations of the borrowers under the Notes. The guarantees of the Existing Senior Secured Fixed Rate Notes are senior obligations of the Guarantors, ranking senior in right of payment to all of the Guarantors' existing and future debt that is expressly subordinated in right of payment to the Notes Guarantees and ranking *pari passu* in right of payment with all existing and future indebtedness of the Guarantors that is not so subordinated, including the Guarantors' obligations under the Senior Facilities Agreement and the Existing Guarantees.

The Existing Senior Secured Fixed Rate Notes and the guarantees thereof are secured by the Existing Security Agreement Collateral and, upon the Issue Date, will additionally be secured by the Supplemental Security Agreement Collateral. The Collateral also secures obligations under the Notes on a senior basis and obligations under the Senior Facilities as well as certain hedging obligations and certain other indebtedness on a super senior basis. In the event of an enforcement of the Collateral, the holders of the Existing Senior Secured Fixed Rate Notes will receive proceeds from such Collateral only after lenders under the Senior Facilities, the counterparties to certain hedging arrangements and the creditors under other indebtedness permitted to be secured on a super priority basis have been repaid in full. See "*Description of Certain Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security*."

The Existing Senior Secured Fixed Rate Notes and the guarantees thereof are effectively subordinated to any existing and future secured debt of the Issuer and the Guarantors that is secured by property or assets which do not secure the Existing Senior Secured Fixed Rate Notes or the guarantees thereof, to the extent of the value of the property and assets securing such debt.

The validity and enforceability of the guarantees of the Existing Senior Secured Fixed Rate Notes and the security and the liability of each Guarantor are subject to certain limitations imposed by the applicable statutory law.

The Existing Senior Secured Fixed Rate Notes are listed with the Irish Stock Exchange and are trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange. The Irish Stock Exchange is not a regulated market for the purposes of Directive 2004/39/EC (as amended). However, there can be no assurance that a trading market in the Notes will develop or be maintained. In addition, the Issuer intends to delist the Existing Senior Secured Fixed Rate Notes from the Global Exchange Market in connection with the Offering of the Notes and to re-list them on the Official List of the Exchange. There can be no assurance that the Existing Senior Secured Fixed Rate Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

The negative covenants applicable to the Existing Senior Secured Fixed Rate Notes are the same as those applicable to the Notes in all material respects, which are described in this offering memorandum under the heading "*Description of Notes*".

Proceeds Loans

On or around the Issue Date, (i) the New First Proceeds Loan Agreement will be entered into to provide for a loan from the Issuer, as lender, to HoldCo 6, as borrower, of the proceeds from the issuance of the Notes; and (ii) the New Second Proceeds Loan Agreement will be entered into to on-lend the proceeds from the New First Proceeds Loan to HoldCo 7.

The New First Proceeds Loan will on-lend the proceeds of the Notes and be denominated in Pounds. The New Second Proceeds Loan will on-lend the proceeds from the New First Proceeds Loan and also be denominated in Pounds. The New First Proceeds Loan and the New Second Proceeds Loan will bear interest at a rate at least equal to the interest rate of the Notes.

Interest on the New First Proceeds Loan will be payable quarterly, concurrently or prior to the relevant interest payment dates for the Notes. Interest on the New Second Proceeds Loan will also be payable quarterly, concurrently or prior to the relevant interest payment dates for the New First Proceeds Loan. The maturity date of the New First Proceeds Loan and the New Second Proceeds Loan will be the same date as the maturity date of the Notes. The New First Proceeds Loan will be an unsecured obligation of HoldCo 6. The New Second Proceeds Loan will be an unsecured obligation of HoldCo 7.

Except as otherwise required by law, all payments under the New First Proceeds Loan Agreement and the New Second Proceeds Loan Agreement will be made without deductions or withholding for, or on account of, any applicable Tax. In the event that HoldCo 6, as borrower under the New First Proceeds Loan Agreement, is required to make any such deduction or withholding, it shall gross-up each payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made. In the event that HoldCo 7, as borrower under the New Second Proceeds Loan Agreement, is required to make any such deduction or withholding, it shall gross-up each payment to the HoldCo 6 to ensure that HoldCo 6 receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

The New First Proceeds Loan Agreement and the New Second Proceeds Loan Agreement will provide that HoldCo 6 and HoldCo 7, as applicable, will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Notes and the Indenture, taking into account the administrative and timing requirements under the Indenture with respect to amounts payable on the Notes.

The New First Proceeds Loan and the New Second Proceeds Loan will be assigned by way of security to the Security Agent for the benefit of, amongst others, the Holders of the Notes and the Senior Facilities as described under the caption "—*Security*."

On the date the Existing Notes were issued, (i) the proceeds from the Existing Notes were on-lent by the Issuer, as lender, to HoldCo 6, as borrower, pursuant to the Existing First Proceeds Loan Agreement and (ii) the proceeds from the Existing First Proceeds Loan were subsequently on-lent by HoldCo 6, as lender, to HoldCo 7, as borrower, pursuant to the Existing Second Proceeds Loan Agreement.

The Existing First Proceeds Loan on-lent the proceeds of the Existing Senior Secured Fixed Rate Notes ("Tranche 1") and the Existing Senior Secured Floating Rate Notes ("Tranche 2" and, together with Tranche 1, the "Existing First Proceeds Loan Tranches"). The Existing First Proceeds Loan Tranches are denominated in Pounds. Tranche 1 bears interest at a rate equal to the rate payable on the Existing Senior Secured Fixed Rate Notes plus one (1) basis point and Tranche 2 bears interest at a rate equal to the rate payable on the Existing Senior Secured Floating Rate Notes plus one (1) basis point. Interest on Tranche 1 is payable semi-annually, concurrently or prior to the relevant interest payment dates for the Existing Senior Secured Floating Rate Notes. Interest on Tranche 2 is payable quarterly, concurrently or prior to the relevant interest payment dates for the Existing Senior Secured Floating Rate Notes. The maturity date of Tranche 1 under the Existing First Proceeds Loan is the same as the maturity date of the Existing Senior Secured Fixed Rate Notes and the maturity date of Tranche 2 under the Existing First Proceeds Loan is the same as the maturity date of the Existing Senior Secured Floating Rate Notes. Except as otherwise required by law, all payments under the Existing First Proceeds Loan Agreement are to be made without deductions or withholding for, or on

account of, any applicable Tax. In the event that HoldCo 6, as borrower under the Existing First Proceeds Loan Agreement, is required to make any such deduction or withholding, it shall gross-up each payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

The proceeds from the Existing First Proceeds Loan were on-lent by HoldCo 6, as lender, to HoldCo 7, as borrower, pursuant to the Existing Second Proceeds Loan Agreement on the same basis as the proceeds from the Existing Notes were on-lent to HoldCo 6 by the Issuer pursuant to the Existing First Proceeds Loan Agreement, as described above. The Existing First Proceeds Loan Agreement and the Existing Second Proceeds Loan Agreement both provide that HoldCo 6 and HoldCo 7, as applicable, will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Existing Notes and the Existing Indenture, taking into account the administrative and timing requirements under the Indenture with respect to amounts payable on the Notes. The Existing Proceeds Loans have been assigned by way of security to the Security Agent for the benefit of, amongst others, the Holders of the Notes and the Senior Facilities as described under the caption "—Security."

HoldCo 7 will use the proceeds from the Second Proceeds Loan, or equivalent funds received from its subsidiaries, to repay in part its obligations owed to HoldCo 6 under the Existing Second Proceeds Loan Agreement and HoldCo 6 will use such funds, or equivalent funds received from its subsidiaries, to repay in part its obligations owed to the Issuer under the Existing First Proceeds Loan Agreement, in each case, as necessary to provide the Issuer with sufficient funds to effect the Existing Notes Redemption. After the Existing Notes Redemption is effected, the Existing Proceeds Loan Agreements shall remain in place in respect of the remaining proceeds from the Existing Senior Secured Fixed Rate Notes which were (i) on-lent by the Issuer, as lender, to HoldCo 6, as borrower, pursuant to the Existing First Proceeds Loan Agreement, as described above; and (ii) subsequently on-lent, on the same terms as the Existing First Proceeds Loan Agreement described above, by HoldCo 6, as lender, to HoldCo 7 as borrower pursuant to the Existing Second Proceeds Loan Agreement.

Subordinated Shareholder Loan

Anchor Holdings S.C.A. has advanced the Subordinated Shareholder Loan to the Parent Guarantor. As of December 31, 2016, the total principal amount outstanding of the Subordinated Shareholder Loan was £95.0 million and accrued but unpaid interest on the Subordinated Shareholder Loan was £43.1 million. The Subordinated Shareholder Loan accrues non-cash interest at 15% per annum, which is capitalized. Payments of principal and interest, if any, on the Subordinated Shareholder Loan are subject to the restrictions contained in the Intercreditor Agreement, the Senior Facilities Agreement, the Existing Indenture and the Indenture.

Outstanding amounts under the Subordinated Shareholder Loan rank on a subordinated basis to all other trade, financial or other claims against the Parent Guarantor. The Subordinated Shareholder Loan will mature in 2026 but will be redeemable starting from six months after the Final Discharge Date (as defined in the Intercreditor Agreement).

Neither Anchor Holdings S.C.A. nor the Parent Guarantor may assign or otherwise transfer any of its interests, rights or obligations in respect of the Subordinated Shareholder Loan. The Subordinated Shareholder Loan does not provide for any financial or other covenants, or any events of default.

We have in the past deducted, and expect to continue to be able to deduct, a portion of the accruing interest on the Subordinated Shareholder Loan from our tax liabilities. There is no assurance that we will continue to be able to make any such deductions, consistent with past practice or otherwise, under applicable tax laws and regulations in the future.

The offering memorandum relating to the Existing Notes provided for a portion of the proceeds from the offering of the Existing Notes to be used to make a payment on the Subordinated Shareholder Loan. Consequently, in 2016 two payments representing accrued interest on the Subordinated Shareholder Loan and totaling £20,000,000 net of tax were paid to Anchor Holdings S.C.A. by the Parent Guarantor; these payments were permitted under the Existing Indenture, the Senior Facilities Agreement and the Intercreditor Agreement.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this "*Description of the Notes*" under the subheading "*—Certain Definitions*." For purposes of this "*Description of the Notes*," references to the "*Issuer*," "*we*," "*our*," and "*us*" refer only to TVL Finance plc, and references to the "*Company*" refer only to Thame and London Limited and not to any of its Subsidiaries.

The Issuer will issue £165 million aggregate principal amount of Senior Secured Floating Rate Notes due 2023 (the "*Senior Secured Notes*") under an indenture to be dated as of , 2017 (the "*Indenture*"), between, *inter alios*, the Issuer, the Company, the Guarantors (as defined below), U.S. Bank Trustees Limited, as trustee (in such capacity, the "*Trustee*"), U.S. Bank Trustees Limited, as security agent (in such capacity, the "*Security Agent*") and Elavon Financial Services DAC, UK Branch, as paying agent and calculation agent, in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not incorporate or include, or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended, including Section 316(b) of such Act.

The proceeds of the offering of the Senior Secured Notes sold on the Issue Date will be lent by the Issuer to Full Moon Holdco 6 Limited, an indirect subsidiary of the Company, pursuant to the New Proceeds Loan Agreement. Full Moon Holdco 6 Limited will use the proceeds so received, or equivalent funds received from its subsidiaries, to repay in part its obligations to the Issuer under the Existing Proceeds Loan. The Issuer will use the proceeds so received from Full Moon Holdco 6 Limited on or around the Issue Date to (i) redeem the entire outstanding aggregate principal amount of the Existing Senior Secured Floating Rate Notes and 10% of the outstanding aggregate principal amount of the Existing Senior Secured Fixed Rate Notes, (ii) make a payment to our shareholders and (iii) pay fees and expenses incurred in connection with the Refinancing. Upon the issuance of the Senior Secured Notes, the Senior Secured Notes will be the obligations of the Issuer and will be guaranteed by the Company, Full Moon Holdco 4 Limited, Full Moon Holdco 5 Limited, Full Moon Holdco 6 Limited, Full Moon Holdco 7 Limited and Travelodge Hotels Limited (together, the "*Guarantors*").

The Indenture will be unlimited in aggregate principal amount, of which £165 million aggregate principal amount of Senior Secured Notes will be issued in this offering. We may, subject to applicable law, issue an unlimited principal amount of additional Senior Secured Notes having identical terms and conditions as the Senior Secured Notes (the "*Additional Senior Secured Notes*"), *provided* that if the Additional Senior Secured Notes are not fungible with the Senior Secured Notes originally issued for U.S. federal income tax purposes, such Additional Senior Secured Notes will be issued with a separate ISIN code or common code from the Senior Secured Notes originally issued. We will only be permitted to issue Additional Senior Secured Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the Incurrence of Indebtedness and the Incurrence of Liens. See "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*." The Senior Secured Notes issued on the Issue Date and any Additional Senior Secured Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including in respect of any amendment, waiver, redemption, offer to purchase or other modification of the Indenture or any other action by the holders of the Senior Secured Notes hereunder. Unless the context otherwise requires, in this "*Description of the Notes*," references to the "*Senior Secured Notes*" include the Senior Secured Notes and any Additional Senior Secured Notes that are actually issued under the Indenture.

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding the relative ranking of indebtedness and security, the ability to make payments in respect of the indebtedness, the procedures for undertaking enforcement action, the subordination of certain indebtedness, turnover obligations, release of security and guarantees, and the payment waterfall for amounts received by the Security Agent. See "*Description of Certain Indebtedness—Intercreditor Agreement*" for a description of certain terms of the Intercreditor Agreement.

This "*Description of the Notes*" is intended to be an overview of the material provisions of the Senior Secured Notes, the Indenture and the Security Documents. Since this description of the terms of the Senior Secured Notes is only a summary, you should refer to the Senior Secured Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Issuer and your rights. Copies of such documents will be available from us upon request on and after the Issue Date.

The registered Holder of a Senior Secured Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Senior Secured Notes have not been, and will not be, registered under the Securities Act and will be subject to certain transfer restrictions.

General

The Senior Secured Notes

The Senior Secured Notes will:

- be general senior obligations of the Issuer, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Senior Secured Notes, including the obligations of the Issuer under the Existing Senior Secured Fixed Rate Notes, the Senior Facilities and certain Hedging Obligations;
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Senior Secured Notes;
- be effectively subordinated to any existing or future indebtedness or obligation of the Company and its Subsidiaries that is secured by property and assets that do not secure the Senior Secured Notes, to the extent of the value of the property and assets securing such Indebtedness;
- be structurally subordinated to any existing or future Indebtedness of the Subsidiaries of the Company that are not Guarantors, including obligations to trade creditors;
- be guaranteed on the Issue Date by the Guarantors;
- mature on May 15, 2023; and
- be represented by one or more registered Senior Secured Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes. See "Bo*ok-Entry, Delivery and Form*."

Under the terms of the Intercreditor Agreement, the Holders of the Senior Secured Notes will receive proceeds from the enforcement of the Collateral on a *pari passu* basis with all indebtedness that is not subordinated in right of payment to the Senior Secured Notes. The Intercreditor Agreement will provide that on an enforcement of the Collateral, the Senior Secured Notes will receive proceeds from such enforcement only after (i) the Senior Facilities and (ii) certain Hedging Obligations, have been repaid in full.

The Notes Guarantees

The Senior Secured Notes will be guaranteed by the Guarantors on the Issue Date. In addition, if required by the covenant described under "*—Certain Covenants—Additional Guarantees*," certain other Restricted Subsidiaries may provide a Notes Guarantee in the future.

The Notes Guarantee of each of the Guarantors will:

- be a general senior obligation of that Guarantor, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing and future Indebtedness of that Guarantor that is not subordinated in right of payment to such Notes Guarantee (including obligations under the Existing Senior Secured Fixed Rate Notes, the Senior Facilities and certain Hedging Obligations);
- rank senior in right of payment to any existing and future Indebtedness of that Guarantor that is expressly subordinated in right of payment to such Notes Guarantee;
- be effectively subordinated to any existing or future Indebtedness or obligation of such Guarantor that is secured by property and assets that do not secure such Notes Guarantee, to the extent of the value of the property and assets securing such Indebtedness; and
- be structurally subordinated to any existing or future Indebtedness, including obligations to trade creditors, of the Subsidiaries of such Guarantor that are not Guarantors.

The obligations of a Guarantor under its Notes Guarantee will be limited as necessary to prevent the relevant Notes Guarantee from constituting a fraudulent conveyance or unlawful financial assistance

under applicable law, or otherwise to reflect limitations under applicable law. By virtue of these limitations, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Senior Secured Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Relating to the Notes and Notes Guarantees—The Notes Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*." The validity and enforceability of the Notes Guarantees and the liability of each Guarantor will be subject to the limitations described in "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests.*"

As of the Issue Date, the Issuer and the Company's other Subsidiaries will be "*Restricted Subsidiaries*" for the purposes of the Indenture. However, under the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Our Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not guarantee the Senior Secured Notes.

As of December 31, 2016, after giving *pro forma* effect to the Refinancing, including the application of the proceeds of the Offering, the Company and its consolidated subsidiaries would have had £426.0 million of total senior secured indebtedness.

Principal, Maturity and Interest

On the Issue Date, the Issuer will issue £165 million in aggregate principal amount of Senior Secured Notes. The Senior Secured Notes will mature on May 15, 2023. The Senior Secured Notes will be issued in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof.

The rights of Holders to receive the payments of interest on such Senior Secured Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Senior Secured Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest on the Senior Secured Notes will accrue at a rate per annum (the "*Applicable Rate*"), reset quarterly, equal to the sum of (i) three-month LIBOR plus (ii) %, as determined by an agent appointed by the Issuer to calculate LIBOR for the purposes of the Indenture (the "*Calculation Agent*"), which shall initially be Elavon Financial Services DAC, UK Branch. Interest on the Senior Secured Notes will be payable in cash quarterly in arrears on , , and commencing on , 2017. The Issuer will make each interest payment to the Holders of record on the immediately preceding , , and .

The Calculation Agent will, as soon as practicable after 11:00 a.m., London time, on each Determination Date, determine the Applicable Rate, and calculate the aggregate amount of interest payable on the Senior Secured Notes in respect of the following Interest Period (the "*Interest Amount*"). The Interest Amount will be calculated by applying the Applicable Rate to the principal amount of the Senior Secured Notes outstanding at the commencement of the Interest Period, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 365.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 4.876545% (or 0.04876545) being rounded to 4.87655% (or 0.487655)). All pounds sterling amounts used in or resulting from such calculations will be rounded to the nearest pounds sterling cent (with one-half pounds sterling cent being rounded upwards). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be binding on all parties.

The Calculation Agent will, upon the written request of the holder of any Senior Secured Note, provide the interest rate then in effect with respect to the Senior Secured Notes. The rights of holders of beneficial interests in the Senior Secured Notes to receive the payments of interest on the Senior Secured Notes will be subject to applicable procedures of Euroclear and Clearstream, as applicable.

Interest will be computed on the basis of a 365-day year and the actual number of days elapsed. The Applicable Rate on the Senior Secured Notes will in no event be higher than the maximum rate permitted by applicable law.

Set forth below is a summary of certain of the defined terms used in the Indenture relating to the calculation of interest on the Senior Secured Notes:

"*Determination Date*", with respect to an Interest Period, will be the day that is the first day of such Interest Period.

"*Interest Period*" means, with respect to the Senior Secured Notes, the period commencing on and including an interest payment date and ending on but excluding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and exclude , 2017.

"*LIBOR*", with respect to an Interest Period, will be the rate (expressed as a percentage per annum) for deposits in pounds sterling for a three-month period beginning on (and including) the Determination Date that appears on Reuters Page LIBOR01 as of 11:00 a.m. London time, on the Determination Date; *provided, however,* that LIBOR shall never be less than 0%. If Reuters Page LIBOR01 does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the London interbank market, as selected by the Issuer to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date, to prime banks in the London interbank market for deposits in a Representative Amount in pounds sterling for a three-month period beginning on (and including) the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such rates quoted by major banks in London, selected by the Issuer, at approximately 11:00 a.m., London time, on the Determination Date for loans in pounds sterling to leading European banks for a three-month period beginning on (and including) the Determination Date and in a Representative Amount.

"*Representative Amount*" means the greater of (a) £1.0 million and (b) an amount that is representative for a single transaction in the relevant market at the relevant time.

"*Reuters Page LIBOR01*" means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

Methods of Receiving Payments on the Senior Secured Notes

Principal, interest and premium and Additional Amounts, if any, on the Global Notes (as defined below) will be made by one or more Paying Agents by wire transfer of immediately available funds to the account specified by the registered Holder thereof (being the common depositary or its nominee for Euroclear and Clearstream).

Principal, interest and premium, and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes in the City of London. In addition, interest on the Definitive Registered Notes may be paid, at the option of the Issuer, by check mailed to the address of the Holder entitled thereto as shown on the register of Holders of Senior Secured Notes for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Senior Secured Notes*" below.

Paying Agent and Registrar for the Senior Secured Notes

The Issuer will maintain one or more Paying Agents for the Senior Secured Notes in the City of London (including the initial Paying Agent). The initial Paying Agent will be Elavon Financial Services DAC, UK Branch (the "*Paying Agent*").

The Issuer will also maintain a registrar (the "*Registrar*") and a transfer agent (the "*Transfer Agent*"). The initial Registrar will be Elavon Financial Services DAC and the initial Transfer Agent will be Elavon Financial Services DAC, UK Branch. The Registrar will maintain a register reflecting ownership of the Senior Secured Notes outstanding from time to time, if any, and together with the Transfer Agent, will facilitate transfers of the Senior Secured Notes on behalf of the Issuer. A register of the Senior Secured Notes shall be left at the registered office of the Issuer. In case of inconsistency between the register of Senior Secured Notes kept by the Registrar and the one kept by the Issuer at its registered office, the register kept by the Issuer shall prevail.

The Issuer may change any Paying Agent, Registrar or Transfer Agent for the Senior Secured Notes without prior notice to the Holders of such Senior Secured Notes. However, if and for so long as

Senior Secured Notes are listed on the Official List of The Channel Islands Securities Exchange Authority Limited (trading as The International Stock Exchange Authority) (the "Exchange") and if and to the extent the rules of the Exchange so require, the Issuer will notify the Exchange of any change of Paying Agent or Registrar in respect of the Senior Secured Notes.

Notes Guarantees

General

The obligations of the Issuer pursuant to the Senior Secured Notes, including any payment obligation resulting from a Change of Control, will (subject to the Agreed Security Principles) be guaranteed on the Issue Date by the Company, and each of the Guarantors (each such guarantee, a "*Notes Guarantee*"). The Guarantors also guarantee our obligations under the Existing Senior Secured Fixed Rate Notes and the Senior Facilities Agreement, in each case, subject to certain guarantee limitations as set out therein.

Each of the Guarantors is incorporated under the laws of England and Wales.

In the year ended December 31, 2016, the Guarantors generated 99.4% of the Company's consolidated EBITDA and 98.3% of the Company's consolidated revenues and, as of December 31, 2016, held 99.3% of the Company's consolidated total assets (excluding brand intangible assets and deferred tax assets).

In addition, as described below "*—Certain Covenants—Additional Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles, certain Subsidiaries of the Issuer that guarantee the Senior Facilities in the future or any Credit Facility or Public Debt, in each case of the Issuer or a Guarantor, shall also enter into a supplemental indenture as a Guarantor of the Senior Secured Notes and accede to the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Existing Senior Secured Fixed Rate Notes, the Senior Facilities Agreement and the Senior Secured Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance rules, corporate benefit rules, fraudulent preference rules, "thin capitalization" rules, retention of title claims and similar matters.

Each Notes Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles, to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Senior Secured Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Relating to the Notes and Notes Guarantees—The Notes Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*" and "*Risk Factors—Risks Relating to the Notes and Notes Guarantees—Enforcing your rights as a holder of the Notes may prove difficult, and insolvency laws of England and Wales may not be as favorable to you as U.S. and other insolvency laws with which you may be more familiar and may preclude holders of the Notes from recovering payments due on the Notes, the Notes Guarantees or under the Security Documents*."

All or substantially all of the operations of the Company will be conducted through its Subsidiaries (other than the Issuer) and, therefore, the Company depends on the cash flow from its Subsidiaries (other than the Issuer) to meet its obligations, including its obligations under its Notes Guarantee. Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding debt and guarantees issued by those Restricted Subsidiaries, and claims of preferred stockholders (if any) of those Restricted Subsidiaries and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any) generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Senior Secured Notes. The Senior Secured Notes and each Notes Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Restricted Subsidiaries of the Company (other than the Guarantors) and minority stockholders of Subsidiaries of non-Guarantor Restricted Subsidiaries (if any). Although the Indenture will limit the Incurrence of Indebtedness by the Company and its Restricted Subsidiaries,

the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by the Company or its Restricted Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Notes Guarantees Release

The Notes Guarantee of a Guarantor (other than the Company) will terminate and be released:

- upon a sale or other disposition (including by way of consolidation or merger) of any Capital Stock of the relevant Guarantor (whether by direct sale or sale of a Holding Company as a result of which such Guarantor would no longer be a Restricted Subsidiary), or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary), otherwise permitted by the Indenture;
- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Notes in accordance with the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";
- in accordance with an enforcement action pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under "*—Amendments and Waivers*";
- as described in the second paragraph of the covenant described below under "*—Certain Covenants—Additional Guarantees*"; or
- as a result of a transaction permitted by "*—Certain Covenants—Merger and Consolidation*."

The Notes Guarantee of the Company will terminate and be released upon the circumstances described in the third, fourth, fifth and seventh bullet points set forth above. The Trustee shall take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee without the consent of the Holders and will not require any other action or consent on the part of the Trustee.

Transfer and Exchange

The Senior Secured Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- Senior Secured Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Notes*"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream; and
- Senior Secured Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*"). The Regulation S Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "*144A Book- Entry Interests*") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "*Regulation S Book-Entry Interests*") denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of £100,000 principal amount, and integral multiples of £1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Senior Secured Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of £100,000 in principal amount and integral multiples of £1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Registrar and the Transfer Agent are not required to register the transfer or exchange of any Senior Secured Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Senior Secured Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Senior Secured Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Security Agent, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Senior Secured Note as the owner thereof for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

Immediately after the issuance of the Senior Secured Notes, all of the Company's Subsidiaries will be Restricted Subsidiaries. However, in the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Company will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Security

General

On the Issue Date, the Senior Secured Notes will be secured by first-priority (to the extent possible) security interests over: (i) the issued share capital of the Issuer, (ii) the bank accounts and receivables of the Issuer under the Proceeds Loans and (iii) all material assets of each Guarantor under an English law debenture (collectively, the "Collateral").

The assets that comprise the Collateral also secure on a first-ranking (to the extent possible) basis the Existing Senior Secured Fixed Rate Notes, the Senior Facilities and certain Hedging Obligations.

Subject to certain conditions, including compliance with the covenants described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*," the Company and its Restricted Subsidiaries will be permitted to grant security over the Collateral in connection with future issuances of Indebtedness or Indebtedness of the Restricted Subsidiaries, including Additional Senior Secured Notes, as permitted under the Indenture and the Intercreditor Agreement.

The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the Holders of the Senior Secured Notes and holders of the other secured obligations that are secured by the Collateral. Any other security interests that may in the future be granted to secure obligations under the Senior Secured Notes, any Notes Guarantees and the Indenture would also constitute "*Collateral*." All Collateral will be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests*."

Notwithstanding the foregoing and the provisions of the covenant described below under "*—Certain Covenants—Limitation on Liens*," certain property, rights and assets (other than the Collateral described in the first and second paragraphs of this section) may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles. The following is a non-exhaustive summary of certain terms of the Agreed Security Principles:

- general legal and statutory limitations, regulatory restrictions, financial assistance, corporate benefit, fraudulent preference, equitable subordination, thin capitalization rules, retention of title claims and similar principles may limit the ability of the Company and its Restricted Subsidiaries (collectively, the "*Group*") to provide a Guarantee or security or may require that the Guarantee or security be limited by an amount or otherwise. The relevant Guarantor will use reasonable endeavors to overcome any such obstacle or otherwise such security document shall be subject to such limit;
- a key factor in determining whether or not a guarantee or security will be taken (and in respect of the security, the extent of its perfection and/or registration) is the applicable time and cost (including adverse effects on non-US taxes, interest deductibility, stamp duty, registration taxes and notarial costs), so as to ensure that it is proportionate to the benefit accruing to the relevant secured parties;
- any assets subject to a legal requirement, contracts, leases, licences or other third party arrangements which may prevent those assets from being charged, any assets which, if subject to the applicable security document, would give a third party the right to terminate, or require the chargor to take any action materially adverse to the interests of the Group or any member thereof, will be excluded from any relevant security document provided that reasonable endeavors to obtain consent to charging any such assets shall be used if the relevant asset is material, except where such endeavors involve placing material commercial relationships in jeopardy or in relation to real estate;
- members of the Group will not be required to give Guarantees or enter into security documents if it is not within the legal capacity of the relevant member of the Group or if it would conflict with the fiduciary or statutory duties of their directors or contravene any applicable legal, regulatory or

contractual prohibition or result in personal or criminal liability on the part of any officer or for such member of the Group; *provided* that the relevant Group member shall use reasonable endeavors to overcome any such obstacle;

- the terms of the security will be limited to those required by local law to create or perfect security and will not impose commercial obligations and shall not contain additional representations, undertakings or indemnities unless these are the same as or consistent with those contained in the Indenture, the Existing Indenture or the Senior Facilities Agreement and are required for the creation or perfection of security;
- the granting or perfection, as applicable, of security interests will not be required if it would have a material adverse effect on the ability of the Issuer or any Guarantor to conduct its operations and business in the ordinary course or as otherwise permitted by the secured debt documents; and
- no action in relation to security (including any perfection step, further assurance step, filing or registration) will be required in jurisdictions where the grantor of the security is not incorporated (except where the governing law of the relevant security does not match the jurisdiction of incorporation of the relevant grantor).

As described above, all of the Collateral also secures the liabilities under the Existing Senior Secured Fixed Rate Notes, the Senior Facilities as well as certain Hedging Obligations and any Additional Senior Secured Notes and may also secure certain future Indebtedness, certain of which is entitled to payment from the proceeds of an enforcement of the Collateral in priority to the Senior Secured Notes. The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the Holders of the Senior Secured Notes.

No appraisals of the Collateral have been made in connection with this Offering of the Senior Secured Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Relating to the Notes and Notes Guarantees—It may be difficult to realize the value of the Collateral securing the Notes and the Notes Guarantees*."

Priority

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents (the "*Security Interests*" and each, a "*Security Interest*") as between (a) the trustee, the security agent, the paying agents, the transfer agent and the registrar under the Existing Indenture and the holders of the Existing Senior Secured Fixed Rate Notes under the Existing Indenture, (b) the lenders under the Senior Facilities, (c) the counterparties under certain Hedging Obligations, (d) the Trustee, the Security Agent, the Paying Agents, the Transfer Agent, the Registrar and the Holders of the Senior Secured Notes under the Indenture and (e) the creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, will be established by the terms of the Intercreditor Agreement, which provides, among other things, that the obligations under the Existing Senior Secured Fixed Rate Notes, the Senior Facilities, certain Hedging Obligations and the Senior Secured Notes are secured equally and ratably by first-ranking Security Interests; *provided, however,* that Holders of Senior Secured Notes will only receive proceeds from the enforcement of the Collateral after certain super senior priority obligations have been paid in full, including (i) obligations under the Senior Facilities, (ii) other indebtedness incurred pursuant to the terms of the Indenture and secured by Permitted Collateral Liens that is entitled to rank senior to the Senior Secured Notes with respect to the proceeds of an enforcement of the Collateral and (iii) certain Hedging Obligations. See "Description of Certain Indebtedness—Intercreditor Agreement," "*—Security—Release of Liens*," "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Definitions—Permitted Collateral Liens*."

Security Documents

Under the Security Documents, the Company, the Issuer and the Guarantors will grant security over the Collateral to secure the payment when due of the Issuer's and the Guarantors' payment obligations under the Senior Secured Notes, the Notes Guarantees and the Indenture. The Security Documents will be entered into by the relevant security provider and the Security Agent as agent for the secured parties. When entering into the Security Documents, the Security Agent will act in its own name, but for the benefit of the secured parties (including itself, the Trustee and the Holders of Senior Secured Notes from time to time). Under the Intercreditor Agreement, the Security Agent also acts as an agent of the lenders under the Senior Facilities and the counterparties under certain Hedging Obligations in relation to the Security Interests created in favor of such parties.

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by the applicable laws, only the Security Agent will have the right to enforce the Security Documents on behalf of the Trustee and the Holders of the Senior Secured Notes. As a consequence of such contractual provisions, Holders of the Senior Secured Notes will not be entitled to take enforcement action in respect of the Collateral securing the Senior Secured Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent for the Collateral.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Senior Secured Notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Senior Secured Notes and the Indenture have been discharged. However, the Security Interests with respect to the Senior Secured Notes and the Indenture may be released under certain circumstances as provided under "*—Security—Release of Liens*."

In the event that the Company or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks Relating to the Notes and Notes Guarantees*."

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement will restrict the ability of the Holders or the Trustee to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the Security Agent in accordance with the terms of the Intercreditor Agreement. These limitations are described under "*Description of Certain Indebtedness—Intercreditor Agreement*" and "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests.*" The ability to enforce may also be restricted by similar arrangements in relation to future Indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement.

The holders of the Existing Senior Secured Fixed Rate Notes, the creditors under the Senior Facilities, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have and, by accepting a Senior Secured Note, each Holder will be deemed to have, appointed the Security Agent to act as its agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. The holders of the Existing Senior Secured Fixed Rate Notes, the creditors under the Senior Facilities, the counterparties to Hedging Obligations secured by the Collateral and the Trustee have and, by accepting a Senior Secured Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, together with any other incidental rights, power and discretions and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that the Issuer and the Trustee will be authorized (without any further consent of the Holders of the Senior Secured Notes) to enter into the Intercreditor Agreement to give effect to the provisions described in the section entitled "*Description of Certain Indebtedness—Intercreditor Agreement*."

The Indenture will also provide that each Holder of the Senior Secured Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;

(2) agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents; and

(3) irrevocably appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents.

See the section entitled "*Risk Factors—Risks Relating to the Notes and Notes Guarantees—The security interests over the Collateral will not be granted directly to the holders of the Notes and the holders of the Notes will have limited rights to enforce remedies under the Security Documents*."

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the covenant described under "*—Certain Covenants—Additional Intercreditor Agreements*."

Proceeds Loan

Upon the issuance of the Senior Secured Notes, the Issuer, as lender, and Full Moon Holdco 6 Limited, as borrower, will enter into the New Proceeds Loan Agreement pursuant to which the Issuer will loan to Full Moon Holdco 6 Limited the proceeds from the issuance of the Senior Secured Notes.

The New Proceeds Loan will be denominated in pounds sterling and will bear interest at a rate at least equal to the interest rate of the Senior Secured Notes. Interest on the New Proceeds Loan will be payable in cash quarterly, concurrently or prior to the relevant interest payment dates for the Senior Secured Notes. The maturity date of the New Proceeds Loan will be the same date as the maturity date of the Senior Secured Notes. The New Proceeds Loan will be an unsecured obligation of Full Moon Holdco 6 Limited.

Except as otherwise required by law, all payments under the New Proceeds Loan Agreement will be made without deductions or withholding for, or on account of, any applicable Tax. In the event that Full Moon Holdco 6 Limited is required to make any such deduction or withholding, it shall gross-up each payment to the Issuer to ensure that the Issuer receives and retains a net payment equal to the payment which it would have received had no such deduction or withholding been made.

The New Proceeds Loan Agreement will provide that Full Moon Holdco 6 Limited will make all payments pursuant thereto on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Senior Secured Notes and the Indenture, taking into account the administrative and timing requirements under the Indenture with respect to amounts payable on the Senior Secured Notes.

The New Proceeds Loan will be assigned by way of security to the Security Agent for the benefit of Holders of the Existing Senior Secured Fixed Rate Notes, the Senior Secured Notes, the Senior Facilities and certain Hedging Obligations as described under the caption "*—Security*."

Release of Liens

Release of the Security Interests in respect of the Collateral will be permitted under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral to (a) a Person that is not the Company or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and is otherwise permitted in accordance with the Indenture or (b) any Restricted Subsidiary; *provided* that this clause 1(b) shall not be relied upon in the case of a transfer of Capital Stock or of accounts receivable (including intercompany loan receivables and hedging receivables) to a Restricted Subsidiary (except to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to a Lien in favor of the Senior Secured Notes following such sale or disposal;

(2) in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and Waivers*";

(4) upon payment in full of principal, interest and all other obligations on the Senior Secured Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(5) if the Company designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary; or

(6) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interests created by the Security Documents will be released (a) in accordance with an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under "*—Certain Covenants—Impairment of Security Interest*."

The Security Agent and the Trustee (but only if required) will take all action reasonably requested by the Company to effectuate any release of Collateral securing the Senior Secured Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release).

Optional Redemption

Except as described below and except as described under "*—Redemption for Taxation Reasons*," the Senior Secured Notes are not redeemable until , 2018.

On and after , 2018, the Issuer may redeem all or, on any one or more occasions, part of the Senior Secured Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on of the years indicated below:

Year	Redemption Price
2018	101.000%
2019 and thereafter	100.000%

In addition, prior to , 2018, the Issuer may redeem all or, from time to time, part of the Senior Secured Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount of the Senior Secured Notes, plus the Applicable Premium plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

General

Subject to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement, we may repurchase the Senior Secured Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "*—Selection and Notice*" below.

If the Issuer effects an optional redemption of Senior Secured Notes, it will, for so long as the Senior Secured Notes are listed on the Exchange and the rules of the Exchange so require, inform the Exchange of such optional redemption and confirm the aggregate principal amount of the Senior Secured Notes that will remain outstanding immediately after such redemption.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Senior Secured Notes or portions thereof called for redemption on the applicable redemption date. If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Senior Secured Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Senior Secured Notes will be subject to redemption by the Issuer.

In connection with any redemption of Senior Secured Notes, any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (*provided, however,* that, in any case, such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

Notwithstanding the foregoing, in connection with any tender offer for the Senior Secured Notes at a price of at least 100.000% of the principal amount of the Senior Secured Notes tendered, plus accrued and unpaid interest thereon to, but excluding, the applicable tender settlement date, if Holders of Senior Secured Notes of not less than 90% in aggregate principal amount of the applicable outstanding Senior Secured Notes validly tender and do not withdraw such Senior Secured Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Senior Secured Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Senior Secured Notes that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other Holder of Senior Secured Notes in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, such redemption date.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Senior Secured Notes.

Redemption at Maturity

On May 15, 2023, the Issuer will redeem the Senior Secured Notes that have not been previously redeemed or purchased and canceled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Selection and Notice

If less than all of the Senior Secured Notes is to be redeemed at any time, the Paying Agent or the Registrar will select Senior Secured Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Senior Secured Notes are listed, and in compliance with the requirements of Euroclear or Clearstream, or if the Senior Secured Notes are not so listed or such exchange prescribes no method of selection and the Senior Secured Notes are not held through Euroclear or Clearstream, or Euroclear or Clearstream prescribes no method of selection, on a pro rata basis by use of a pool factor; *provided, however,* that no Senior Secured Note of £100,000 in aggregate principal amount or less shall be redeemed in part and only Senior Secured Notes in integral multiples of £1,000 will be redeemed. The Paying Agent, the Registrar or the Trustee will not be liable for any selections made in accordance with this paragraph.

For Senior Secured Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices of redemption may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account Holders. If and for so long as any Senior Secured Notes are listed on the Official List of the Exchange and if and to the extent the rules of the Exchange so require, the Issuer will notify the Exchange of any such notice of redemption to the Holders of the relevant Senior Secured Notes and, in connection with any redemption, the Issuer will notify the Exchange of any change in the principal amount of Senior Secured Notes outstanding.

If any Senior Secured Note is to be redeemed in part only, the notice of redemption that relates to that Senior Secured Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable

redemption notice, Senior Secured Notes called for redemption become due on the date fixed for redemption. Unless the Issuer defaults in the payment of the redemption price, on and after the redemption date, interest ceases to accrue on Senior Secured Notes or portions of Senior Secured Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Senior Secured Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior notice to the Holders of the Senior Secured Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts, as defined below under "—*Withholding Taxes*," if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations, official guidance or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, or change in an official application, administration or written interpretation of such laws, treaties, regulations, official guidance or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

a Payor (as defined below) is, or on the next interest payment date in respect of the Senior Secured Notes would be, required to pay Additional Amounts with respect to the Senior Secured Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be publicly announced and become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obligated to make at least one payment on the Senior Secured Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—*Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts. Prior to the publication or mailing of any notice of redemption of Senior Secured Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right to so redeem have been satisfied and that the obligation to pay Additional Amounts cannot be avoided by the relevant Payor taking reasonable measures available to it and (b) a written opinion of an independent tax counsel of recognized standing qualified under the laws of the Relevant Taxing Jurisdiction and satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor (including any successor entity) (each, a "*Payor*") in respect of the Senior Secured Notes or with respect to any Notes Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law or by the relevant taxing authority's interpretation or administration thereof. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Senior Secured Note or Notes Guarantee is made or any political subdivision or governmental authority thereof or therein having the power to tax (including the jurisdiction of the Paying Agent); or

(2) any other jurisdiction in which a Payor is incorporated or organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a "*Relevant Taxing Jurisdiction*"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor with respect to any Senior Secured Note or any Notes Guarantee, including (without limitation) payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments, after such withholding or deduction (including any such withholding or deduction from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Senior Secured Note or Notes Guarantee in the absence of such withholding or deduction; *provided, however,* that no such Additional Amounts will be payable for or on account of:

(1) any Taxes, to the extent such Taxes would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, member, partner or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in or place of management present or deemed present in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Senior Secured Note or the receipt of any payment or the exercise or enforcement of rights under such Senior Secured Note, the Indenture or a Notes Guarantee;

(2) any Taxes, to the extent such Taxes are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Senior Secured Note to comply with a reasonable written request of the Payor addressed to the Holder or beneficial owner, after reasonable notice (at least 30 days before any such withholding or deduction would be payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a law, statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of, all or part of such Tax, but, in each case, only to the extent the Holder or beneficial owner is legally entitled to do so;

(3) any Taxes, to the extent such Taxes are imposed as a result of the presentation of the Senior Secured Note for payment (where Senior Secured Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the later of the applicable payment date or the date the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Senior Secured Note been presented on the last day of such 30 day period);

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment with respect to the Senior Secured Notes or with respect to any Notes Guarantee;

(5) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Taxes;

(6) any Taxes imposed, deducted or withheld pursuant to section 1471(b) of the U.S. Internal Revenue Code or otherwise imposed pursuant to sections 1471 through 1474 of the U.S. Internal

Revenue Code, in each case, as of the Issue Date (and any amended or successor version that is substantively comparable), any current or future regulations or agreements thereunder, official interpretations thereof or similar law or regulation implementing an intergovernmental agreement relating thereto; or

(7) any combination of the items (1) through (6) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the Senior Secured Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Senior Secured Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant tax authority in accordance with applicable law. The Payor will provide certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, or if such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee (with a copy to the Paying Agent). Such copies shall be made available to the Holders upon reasonable request and will be made available at the offices of the Paying Agent.

If any Payor is obligated to pay Additional Amounts with respect to any payment made on any Senior Secured Note or any Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee (with a copy to the Paying Agent) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable thereafter). The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Senior Secured Notes or this "Description of the Notes" there is mentioned, in any context:

(1) the payment of principal;

(2) redemption prices or purchase prices in connection with a redemption or purchase of the Senior Secured Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Senior Secured Notes or any Notes Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay each applicable Holder for any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, issuance, delivery, initial resale, registration, enforcement of, or receipt of payments with respect to any Senior Secured Notes, any Notes Guarantee, the Indenture, or any other document or instrument in relation thereto (other than in each case, in connection with a transfer after this Offering).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a Holder or beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is incorporated or organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Senior Secured Notes (or any Notes Guarantee) is made by or on behalf of such Person, or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*Change of Control*," each Holder will have the right to require the Issuer to repurchase all or any part

(equal to £100,000 or integral multiples of £1,000 in excess thereof; *provided* that Senior Secured Notes of £100,000 or less may only be redeemed in whole and not in part) of such Holder's Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount of the Senior Secured Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however,* that the Issuer shall not be obligated to repurchase Senior Secured Notes as described under this heading, "*Change of Control,*" in the event and to the extent that it has unconditionally exercised its right to redeem all of the Senior Secured Notes and given notice of redemption as described under "*—Optional Redemption*" and that all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Senior Secured Notes and given notice of redemption as described under "*—Optional Redemption*" and all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "*Change of Control Offer*") to each Holder of any such Senior Secured Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount of such Senior Secured Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) and the record date (the "*Change of Control Payment Date*");

(3) stating that any Senior Secured Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Senior Secured Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Senior Secured Notes repurchased (including that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of Senior Secured Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have such Senior Secured Notes purchased); and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Senior Secured Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Senior Secured Notes so tendered;

(3) deliver or cause to be delivered to the Trustee (with a copy to the Paying Agent) an Officer's Certificate stating the aggregate principal amount of Senior Secured Notes or portions of the Senior Secured Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Trustee (or an authenticating agent) the Global Notes in order to reflect thereon the portion of such Senior Secured Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Senior

Secured Notes, and the Trustee (or an authenticating agent) will, at the cost of the Issuer, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Senior Secured Notes surrendered, if any; *provided* that each such new Senior Secured Note will be in a principal amount that is at least £100,000 and integral multiples of £1,000 in excess thereof.

If and for so long as the Senior Secured Notes are listed on the Official List of the Exchange and if and to the extent that the rules of the Exchange so require, the Issuer will notify the Exchange of any Change of Control Offer.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Senior Secured Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase Senior Secured Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Company, the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Senior Secured Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Senior Secured Notes pursuant to these "Change of Control" provisions. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Issuer's ability to repurchase Senior Secured Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of (i) any event that constitutes a Change of Control would also constitute a change of control in respect of the Existing Senior Secured Fixed Rate Notes, the holders of which will then have a right to require the Issuer to repurchase such holder's Existing Senior Secured Fixed Rate Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase and (ii) certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Senior Facilities Agreement. In addition, certain events that may constitute a change of control under the Senior Facilities Agreement and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control under the Indenture. Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Senior Secured Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks Relating to the Notes and Notes Guarantees—The Issuer may not be able to repurchase the Notes upon a change of control. In addition, under certain circumstances the Issuer may have the right to purchase all outstanding Notes in connection with a tender offer, even if certain holders do not consent to the tender*."

In addition, if an event that constitutes a Change of Control occurs, the definition of "*Change of Control*" and "*Permitted Holders*" expressly permit a third party to obtain control of the Issuer in a transaction which is a Specified Change of Control Event without any obligation to make a Change of Control offer.

The definition of "*Change of Control*" includes a disposition, in one or a series of related transactions, of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries

taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property and assets of the Company and its Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Senior Secured Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Senior Secured Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Senior Secured Notes.

Certain Covenants

Limitation on Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however,* that the Company and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence, after giving *pro forma* effect to the Incurrence of such Indebtedness (including *pro forma* application of the proceeds thereof), (1) the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries would have been at least 2.0 to 1.0; and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Leverage Ratio for the Company and its Restricted Subsidiaries would have been no greater than 3.25 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness ("*Permitted Debt*"):

(1) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of 92% of Consolidated EBITDA of the Company and £100.0 million, plus (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted to be Incurred by another provision of this covenant; *provided* that, if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Senior Secured Notes or a Notes Guarantee, then the guarantee must be subordinated to or *pari passu* with the Senior Secured Notes or such Notes Guarantee to the same extent as the Indebtedness being guaranteed; or

(b) without limiting the covenant described under "—*Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided, however,* that:

(a) if the Issuer or a Guarantor is the obligor on any such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness is unsecured and, if the aggregate principal amount of such Indebtedness of the Issuer or such Guarantor exceeds £10.0 million only to the extent legally permitted (the Company and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness), expressly subordinated to the prior payment in full in cash of all obligations with respect to the Senior Secured Notes, in the case of the Issuer, or the applicable Notes Guarantee, in the case of a Guarantor in each case pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement; and

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary of the Company and any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary of the Company, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Company or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Senior Secured Notes (other than any Additional Senior Secured Notes) and the related Notes Guarantees Incurred on the Issue Date;

(b) any Indebtedness of the Company and the Restricted Subsidiaries (other than Indebtedness Incurred under the Senior Facilities or described in clause (3) of this paragraph) outstanding on the Existing Notes Issue Date after giving effect to the Refinancing (as described under "*Use of Proceeds*" in this Offering Memorandum);

(c) Refinancing Indebtedness Incurred in respect of any Indebtedness Incurred under clauses (4), (5) or (13) of this paragraph or pursuant to the first paragraph of this covenant; and

(d) Management Advances;

(5) Indebtedness (i) of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries or (ii) Incurred by the Issuer or one or more Guarantors to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which a Person became a Restricted Subsidiary or was otherwise acquired by a Restricted Subsidiary; *provided* that, with respect to this clause (5), at the time of such acquisition or other transaction and after giving *pro forma* effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, either (x) the Company would have been able to Incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to such acquisition or other transaction and to the related Incurrence of Indebtedness;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management of the Company);

(7) Indebtedness consisting of (A) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (B) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding £25.0 million; *provided* that the Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 180 days thereafter;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, *provided, however,* that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in

the ordinary course of business, (d) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, in the ordinary course of business, and (e) Indebtedness representing (i) deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent, the Company or any of its Subsidiaries in the ordinary course of business and (ii) deferred compensation or other similar arrangements in connection with the Refinancing or any other Investment or acquisition permitted hereby;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however,* that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) (i) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business and (ii) Indebtedness consisting of obligations owing under any customer or supplier incentive, supply, license or similar agreements entered into in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; and

(d) Indebtedness Incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of 27.5% of Consolidated EBITDA of the Company and £30.0 million, it being understood that any Indebtedness deemed Incurred pursuant to this clause (11) shall cease to be deemed Incurred or outstanding for purposes of this clause (11) but shall be deemed Incurred for the purposes of the first paragraph of this covenant from and after the first date on which such Indebtedness could have been Incurred under the first paragraph of this covenant without reliance on this clause (11);

(12) Indebtedness Incurred in any Qualified Securitization Financing;

(13) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, or an Excluded Contribution) of the Company, in each case, subsequent to the Existing Notes Issue Date; *provided, however,* that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and

(10) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Company and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described under "*—Limitation on Restricted Payments*" in reliance thereon; and

(14) Indebtedness consisting of local lines of credit, overdraft facilities or local working capital facilities in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (14) and then outstanding, will not exceed £15.0 million.

Notwithstanding anything to the contrary contained herein, the aggregate principal amount of Indebtedness that is permitted to be Incurred by the Company's Restricted Subsidiaries that are not the Issuer or Guarantors pursuant to the first paragraph of this covenant and clauses (1), (5), (11) and (14) of the second paragraph of this covenant and without double counting, including all Indebtedness Incurred by a Restricted Subsidiary that is not the Issuer or a Guarantor to redeem, refund, repay, replace, defease or discharge such Indebtedness, shall not exceed at any time outstanding an amount equal to the greater of (i) 27.5% of Consolidated EBITDA and (ii) £30.0 million on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom).

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Existing Notes Issue Date under the Senior Facilities shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and may not be reclassified;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments or borrowings used for cash collateral are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11), (13) or (14) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments or cash collateral relate to other Indebtedness, then such other Indebtedness shall not be included up to the amount treated as being Incurred pursuant to such clauses or paragraphs;

(5) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS; and

(8) accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*." The amount

of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on Indebtedness*," the Company shall be in Default of this covenant).

For purposes of determining compliance with any sterling-denominated restriction on the Incurrence of Indebtedness, the Sterling Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Sterling Equivalent), in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than sterling, and such refinancing would cause the applicable sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such sterling-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of "Refinancing Indebtedness," (b) the Sterling Equivalent of the principal amount of any such Indebtedness (i) outstanding on the Existing Notes Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Existing Notes Issue Date and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the sterling) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in sterling will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Neither the Issuer nor any Guarantor will Incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Senior Secured Notes and the applicable Notes Guarantee, if any, and, if applicable, the Proceeds Loans, on substantially identical terms; *provided, however,* that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

    (a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding; and

    (b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of

its Capital Stock other than the Company or a Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary of the Company (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person,

(each such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) is referred to herein as a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Company is not able to Incur an additional £1.00 of Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under "—Limitation on Indebtedness" after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Existing Notes Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (10), (11) or (17) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

  (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately prior to the Existing Notes Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

  (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Existing Notes Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the Existing Notes Issue Date (other than (v) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Company, (w) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (x) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph, (y) Excluded Contributions and (z) Net Cash Proceeds used to Incur Indebtedness pursuant to clause (13) of the covenant described under "—*Limitation on Indebtedness*");

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Existing Notes Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value of property or assets or marketable securities received by the Company or any Restricted Subsidiary upon such conversion or exchange) but excluding (w) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Company, (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph, (y) Excluded Contributions and (z) the amount of any cash, and the fair market value of property or assets or marketable securities distributed or paid by the Company or any Restricted Subsidiary upon such conversion or exchange;

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary (other than to the Company or a Restricted Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Existing Notes Issue Date;

(v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Company or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Company or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of "Permitted Investment"; and

(vi) subject to the limitations in clause (2) of the definition of "Consolidated Net Income," 100% of any dividends or distributions received by the Company or a Restricted Subsidiary after the Existing Notes Issue Date from an Unrestricted Subsidiary; to the extent that such dividend or distribution does not reduce the amount of Investments outstanding under clause (11) of the definition of "Permitted Investment,"

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included in any of the foregoing clauses (iv), (v) or (vi).

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company; *provided, however,* that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph of this covenant and will not be considered Excluded Contributions or Net Cash Proceeds from an Equity Offering for purposes of the "*Optional Redemption*" provisions of the Indenture;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Company or Preferred Stock of a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of the Company or Preferred Stock of a Restricted Subsidiary that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness (other than Subordinated Shareholder Funding):

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*," but only if the Company shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Senior Secured Notes tendered pursuant to any offer to repurchase all the Senior Secured Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Company shall have first complied with the terms described under "*—Change of Control*" and purchased all Senior Secured Notes tendered pursuant to the offer to repurchase all the Senior Secured Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) consisting of Acquired Indebtedness (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such transaction or series of transactions) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of such Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Company, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (x) £5.0 million in any calendar year (with unused amounts in any calendar year since and including the 2016 calendar year being carried over to succeeding calendar years), plus (y) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Existing Notes Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof) plus (z) the Net Cash Proceeds of key man life insurance policies, to the extent such Net Cash

Proceeds in (y) and (z) are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant and are not Excluded Contributions; and *provided further* that cancellation of Indebtedness owing to the Company or any Restricted Subsidiary from members of management, directors, employees or consultants of the Company, or any Parent or Restricted Subsidiaries in connection with a repurchase of Capital Stock of the Company or any Parent will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

  (a) the amounts required for any Parent, without duplication to pay any Parent Expenses or any Related Taxes; or

  (b) (x) amounts constituting or to be used for purposes of making payments (i) of fees and expenses Incurred in connection with the Refinancing or disclosed in this Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "*—Limitation on Affiliate Transactions*" or (y) the declaration or payment of a dividend or distribution, or payment on Subordinated Shareholder Funding, in an aggregate amount not to exceed the amount of the distribution to shareholders described in the section entitled "*Use of Proceeds*" in this Offering Memorandum;

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Company or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 5% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or contributed as Subordinated Shareholder Funding to the Company and (b) following the Initial Public Offering, an amount equal to the greater of (i) 5% of the Market Capitalization and (ii) 5% of the IPO Market Capitalization; *provided* that in the case of this clause (b) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 3.00 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of £25.0 million and 23.0% of the Consolidated EBITDA of the Company;

(12) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided, however,* that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or a member of Senior Management of the Company);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate amount of Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);

(14) the payment of Securitization Fees and purchases of Securitization Assets and related assets pursuant to a Securitization Repurchase Obligation in connection with a Qualified Securitization Financing;

(15) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Existing Notes Issue Date; and (ii) the

declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Existing Notes Issue Date; *provided* that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the Net Cash Proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by such Parent or Affiliate, the issuance of Designated Preference Shares) of the Company or contributed as Subordinated Shareholder Funding to the Company, as applicable, from the issuance or sale of such Designated Preference Shares;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any dividend, distribution, loan or other payment to any Parent; *provided* that, on the date of any such dividend, distribution, loan or other payment, the Consolidated Leverage Ratio for the Company and its Restricted Subsidiaries does not exceed 2.5 to 1.00 on a *pro forma* basis after giving effect thereto; and

(18) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Capital Stock of the Company or any Parent (other than Disqualified Stock or Designated Preference Shares), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock of the Company or any Parent (other than Disqualified Stock or Designated Preference Shares); *provided, however,* that the total aggregate amount of Restricted Payments made under this clause (18) does not exceed £2.5 million in any calendar year (with unused amounts in any calendar year since and including the 2016 calendar year being carried over to succeeding calendar years).

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Company acting in good faith.

We estimate that as of December 31, 2016, we had approximately £26.4 million of capacity available in our restricted payments "build-up" basket pursuant to Section 4.02(a)(C)(1) of the Existing Indenture. On the Issue Date, we intend to use up to £35.0 million of the proceeds of the Offering to make certain payments to our shareholders, which may be effected through a payment on the Subordinated Shareholder Loan, the distribution of a dividend or otherwise. The payment to our shareholders will use up to £35.0 million of the capacity in the restricted payments "build-up" basket and general basket under the Existing Indenture. However, under the Indenture, the payment to our shareholders will be expressly permitted (see clause 9(b) of the second paragraph under "*—Limitation on Restricted Payments*") and capacity in the restricted payments "build-up" basket under the Indenture will be deemed to have accrued from the Existing Notes Issue Date (see clause (c)(i) of the first paragraph under "*—Limitation on Restricted Payments*"). Accordingly, capacity in the restricted payments "build-up" basket under the Indenture will not be reduced as a result of the payment to our shareholders. As long as the Existing Senior Secured Fixed Rate Notes and the Senior Secured Notes remain outstanding, the most restrictive "restricted payments" test under the Existing Indenture and the Indenture, as applicable, will apply.

Limitation on Liens

The Company will not, and the Company will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Company), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does

not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Senior Secured Notes and the Indenture are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Senior Secured Notes under clause (a)(2) in the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*."

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any other Restricted Subsidiary;

(B) make any loans or advances to the Company or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Senior Facilities), (b) any other agreement or instrument, in each case described in (a) or (b), in effect at or entered into on the Existing Notes Issue Date, or (c) the Indenture, the Existing Indenture, the Senior Secured Notes, the Existing Senior Secured Fixed Rate Notes, the Intercreditor Agreement or the Security Documents;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Issuer, the Successor Company or the Successor Guarantor, each as defined under "*—Merger and Consolidation*," any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Issuer, the Successor Company or the Successor Guarantor;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however,* that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which

such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or a member of Senior Management of the Company);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, licensing requirement or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Senior Secured Notes than (i) the encumbrances and restrictions contained in the Senior Facilities, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Existing Notes Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors or a member of Senior Management of the Company) and where, in the case of this sub-clause (ii), the Issuer determines at the time of Incurrence of such Indebtedness that such encumbrances or restrictions would not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Senior Secured Notes (as determined in good faith by the Board of Directors of the Issuer); or (b) constituting an Additional Intercreditor Agreement;

(12) restrictions effected in connection with a Qualified Securitization Financing that, in the good faith determination of the Board of Directors or a member of Senior Management of the Company, are necessary or advisable to effect such Qualified Securitization Financing; or

(13) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*."

Limitation on Sales of Assets and Subsidiary Stock

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Company or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the Capital Stock, property or other assets subject to such Asset Disposition (as determined by the Company's Board of Directors); and

(2) at least 75% of the consideration the Company or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

  (i) cash (including any Net Cash Proceeds received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

  (ii) Cash Equivalents;

  (iii) the assumption by the purchaser of (x) any liabilities recorded on the Company's or such Restricted Subsidiary's balance sheet or the notes thereto (or, if Incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness and Indebtedness owed to the Company or any Restricted Subsidiary), as a result of which neither the Company nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness and Indebtedness owed to the Company or any Restricted Subsidiary) that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Company and each other Restricted Subsidiary is released from any guarantee of such Indebtedness as a result of such Asset Disposition;

  (iv) Replacement Assets;

  (v) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

  (vi) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary, but only to the extent that such Indebtedness (i) has been extinguished by the Issuer or the applicable Guarantor, and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

  (vii) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of (i) 20% of Consolidated EBITDA and (ii) £22.0 million (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

  (viii) a combination of the consideration specified in clauses (i) through (vii) of this paragraph (2).

If the Company or any Restricted Subsidiary consummates an Asset Disposition, the Net Cash Proceeds of the Asset Disposition, within 365 days of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Cash Proceeds, may be used by the Company, the Issuer or such Restricted Subsidiary to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" or any Refinancing Indebtedness in respect thereof; *provided, however,* that, in connection with any prepayment, repayment, purchase or redemption of Indebtedness pursuant to this clause (1), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchased or redeemed; (ii) unless included in the preceding clause (1)(i), prepay, repay, purchase or redeem Senior Secured Notes or other Indebtedness that is secured by a Lien on the Collateral that is not subordinated in right of payment to the Senior Secured Notes at a price of no more than 100% of the principal amount of such other Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or

redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary of the Company that is not a Guarantor or any Indebtedness that is secured by Liens on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Company or any Restricted Subsidiary); *provided* that the Company or Restricted Subsidiary shall prepay, repay, purchase or redeem Indebtedness (other than the Senior Secured Notes) pursuant to clause (ii) only if the Issuer makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Senior Secured Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Senior Secured Notes equal to the proportion that (x) the total aggregate principal amount of Senior Secured Notes outstanding bears to (y) the sum total aggregate principal amount of the Senior Secured Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Senior Secured Notes);

(2) purchase Senior Secured Notes pursuant to an offer to all Holders of the Senior Secured Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date);

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Cash Proceeds pursuant to clause (1), (3), (4), (5) or (6) of this paragraph or a combination thereof, *provided* that, a binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such investment is consummated, (y) the 180th day following the expiration of the aforementioned 365 day period, if the investment has not been consummated by that date.

The amount of such Net Cash Proceeds not so used as set forth in this paragraph constitutes "Excess Proceeds." Pending the final application of any such Net Cash Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

On the 366th day after an Asset Disposition (or the 546th day if a binding commitment, as described in clause (8) above has been entered into), or at such earlier time if the Issuer elects, if the aggregate amount of Excess Proceeds exceeds £20.0 million, the Issuer will be required within 10 Business Days thereof to make an offer ("*Asset Disposition Offer*") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Senior Secured Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Senior Secured Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Senior Secured Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof.

To the extent that the aggregate amount of Senior Secured Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company or the relevant Restricted Subsidiary may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Senior Secured Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Senior

Secured Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Senior Secured Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in sterling, such Indebtedness shall be calculated by converting any such principal amounts into their Sterling Equivalent determined as of a date selected by the Company or the relevant Restricted Subsidiary that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Senior Secured Notes is denominated in a currency other than the currency in which the relevant Senior Secured Notes are denominated, the amount thereof payable in respect of such Senior Secured Notes shall not exceed the net amount of funds in the currency in which such Senior Secured Notes are denominated that is actually received by the Company or the relevant Restricted Subsidiary upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Senior Secured Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuer will purchase the principal amount of Senior Secured Notes and, to the extent it elects, Pari Passu Indebtedness required to be purchased by it pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Senior Secured Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Senior Secured Notes and Pari Passu Indebtedness or portions of Senior Secured Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Senior Secured Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Senior Secured Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Senior Secured Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Senior Secured Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Senior Secured Note to such Holder, in a principal amount equal to any unpurchased portion of the Senior Secured Note surrendered; *provided* that each such new Senior Secured Note will be in a principal amount with a minimum denomination of £100,000. Any Senior Secured Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Senior Secured Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Limitation on Affiliate Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of £10.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained

in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate value in excess of £15.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the disinterested members of the Board of Directors of the Company resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction involves an aggregate consideration in excess of £30.0 million, the Company has received a written opinion (a "*Fairness Opinion*") from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Company and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(b)(x)(ii) of the second paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (8) and (14) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Company and any Restricted Subsidiary (or on arm's length terms with an entity that is not an Affiliate that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary of the Company or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Refinancing and the payment of fees and expenses in connection therewith as contemplated in the Offering Memorandum (ii) the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement among the Company, the Issuer and its Restricted Subsidiaries and other Persons with which the Company or any of its Restricted Subsidiaries is required or permitted to file a consolidated or combined tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business provided, that payments under such Tax Sharing Agreement or arrangement shall not exceed, and shall not be duplicative of, the amounts described under clause (7) of the definition of the

term "Parent Expenses" and that the related tax liabilities of the Company and its Restricted Subsidiaries are relieved thereby;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an officer of the Company or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate (other than an Unrestricted Subsidiary) of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Company in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable; *provided* that such Subordinated Shareholder Funding, as amended or otherwise modified, will continue to satisfy the requirements described in the definition "Subordinated Shareholder Funding";

(11) (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed the greater of 3.0% of Consolidated EBITDA of the Company and £3.0 million per year and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, which payments (or agreements providing for such payments) in respect of this clause (11) are approved by a majority of the Board of Directors of the Company in good faith;

(12) any transactions in respect of which the Company or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is (i) fair to the Company or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(13) investments by any of the Permitted Holders in securities of any of the Company's Restricted Subsidiaries (and the payment of reasonable out of pocket expenses of any Permitted Holder in connection therewith) so long as (i) the investment complies with clause (1) of the immediately preceding paragraph, (ii) the investment is being offered generally to other investors on the same or more favorable terms and (iii) the investment constitutes less than 5% of the proposed issue amount of such class of securities;

(14) pledges of Capital Stock of Unrestricted Subsidiaries; and

(15) any transaction effected as part of a Qualified Securitization Financing.

Limitations on Amendments of the New Proceeds Loan; Payment of New Proceeds Loan

Neither Full Moon Holdco 6 Limited nor the Issuer will (1) change the Stated Maturity of the principal of, or any installment of interest on, the New Proceeds Loan; (2) reduce the rate of interest on the New Proceeds Loan; (3) change the currency for payment of any amount under the New Proceeds Loan; (4) prepay or otherwise reduce or permit the prepayment or reduction of the New Proceeds Loan (save to facilitate a corresponding payment or repurchase of principal on the Senior Secured Notes); (5) assign or novate the New Proceeds Loan or any rights or obligations under the New Proceeds Loan Agreement (other than to secure the Senior Secured Notes and the Notes Guarantees or other

Permitted Collateral Lien or in connection with a transaction that is subject to the covenants described under the caption "*—Merger and Consolidation*" and is completed in compliance therewith); or (6) amend, modify or alter the New Proceeds Loan and/or New Proceeds Loan Agreement in any manner adverse to the Holders of the Senior Secured Notes in any material respect. Notwithstanding the foregoing, the New Proceeds Loan may be prepaid or reduced to facilitate or otherwise accommodate or reflect a repayment, redemption or repurchase of outstanding Senior Secured Notes. Full Moon Holdco 6 Limited shall make payments under and in accordance with the New Proceeds Loan and the Issuer shall accept such payments.

Limitations on Issuer Activities

Notwithstanding any other provision of the Indenture, the Issuer may not carry on any business or own any assets other than:

(1) the ownership of cash and Cash Equivalents and other properties and assets that are *de minimis* in nature;

(2) (a) Incurring any Indebtedness (or other items that are specifically excluded from the definition of Indebtedness) permitted under the Indenture for the purpose of paying, loaning, transferring or contributing substantially all of the proceeds of such Indebtedness to the Company or a Restricted Subsidiary; (b) conducting any activities reasonably incidental to the Incurrence of such Indebtedness, including performance of the terms and conditions of such Indebtedness; and (c) the granting of Liens to secure such Indebtedness, in each of the foregoing clauses, in compliance with the provisions of the Indenture;

(3) activities undertaken with the purpose of, and directly related to, fulfilling its obligations or exercising its rights under the Existing Indenture, the Indenture, the Proceeds Loan Agreements, the Intercreditor Agreement (or any Additional Intercreditor Agreement), the Security Documents, any finance document relating to Indebtedness not prohibited to be Incurred under the Indenture and any related finance documents or security documents;

(4) the ownership of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(5) any activity reasonably relating to the servicing, purchase, redemption, amendment, exchange, refinancing or retirement of Indebtedness (or other items that are specifically excluded from the definition of Indebtedness) not prohibited to be Incurred under the Indenture; or

(6) other activities not specifically enumerated above that are de minimis in nature.

Reports

So long as any Senior Secured Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Company's fiscal year beginning with the fiscal year in which the Senior Secured Notes are issued, annual reports containing: (i) information with a level and type of detail that is substantially comparable in all material respects to information in the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" in this Offering Memorandum; (ii) unaudited *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Company will provide, in the case of a material acquisition, acquired company financials; (iii) the audited consolidated balance sheet of the Company as at the end of the most recent two fiscal years and audited consolidated income statements and statements of cash flow of the Company for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (iv) a description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material debt instruments; (v) a description of material risk factors and material subsequent events; and (vi) Consolidated EBITDA; *provided* that the information described in clauses (iv), (v) and (vi) may be provided in the footnotes to the audited financial statements;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Company, beginning with the quarter ended on or about March 31, 2017, quarterly financial statements containing the following information: (i) the Company's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) unaudited *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Company will provide, in the case of a material acquisition, acquired company financials; (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, Consolidated EBITDA and material changes in liquidity and capital resources of the Company; (iv) a discussion of material changes in material debt instruments since the most recent report; and (v) material subsequent events and any material changes to the risk factors disclosed in the most recent annual report; *provided* that the information described in clauses (iv) and (v) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Company announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Company and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Company or a change in auditors of the Company, a report containing a description of such event.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Senior Secured Notes are not freely transferable under the Exchange Act by persons who are not "affiliates" under the Securities Act.

The Issuer shall also make available to Holders and prospective holders of the Senior Secured Notes copies of all reports furnished to the Trustee on the Issuer's website and if and for so long as the Senior Secured Notes are listed on the Official List of the Exchange and if and to the extent the rules of the Exchange so require, at the offices of the Listing Sponsor in Jersey.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided, however,* that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. GAAP.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Company's total revenue or Consolidated EBITDA for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Company's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Company, then the quarterly and annual financial information required by the first paragraph of this "Reports" covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

In the event that (i) the Company becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Company elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Company) the

reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d).

All reports provided pursuant to this "Reports" covenant shall be made in the English language, or with a certified English translation.

Subject to compliance with the final paragraph of this covenant, in the event that, and for so long as, the equity securities of the Issuer or any Parent or IPO Entity are listed on the Main Market of the London Stock Exchange (or one or more of the equivalent regulated markets of the Frankfurt Stock Exchange, the Irish Stock Exchange or the Luxembourg Stock Exchange) and the Issuer or such Parent or IPO Entity is subject to the Admission and Disclosure Standards applicable to issuers of equity securities admitted to trading on the Main Market of the London Stock Exchange (or the equivalent standards applicable to issuers of equity securities admitted to trading on one or more of the equivalent regulated markets of the Frankfurt Stock Exchange, the Irish Stock Exchange or the Luxembourg Stock Exchange), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent or IPO Entity is, or would be, required to file with the London Stock Exchange pursuant to such Admission and Disclosure Standards (or the applicable standards of one or more of the equivalent regulated markets of the Frankfurt Stock Exchange, the Irish Stock Exchange or the Luxembourg Stock Exchange, as applicable). Upon complying with the foregoing requirements, and *provided* that such requirements require the Issuer or any Parent or IPO Entity to prepare and file annual reports, information, documents and other reports with the Main Market of the London Stock Exchange, or one or more of the equivalent regulated markets of the Frankfurt Stock Exchange, the Irish Stock Exchange or the Luxembourg Stock Exchange, as applicable, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

The Issuer may comply with any requirement to provide reports or financial statements under this covenant by providing any report or financial statements of a direct or indirect Parent of the Issuer so long as such reports (if an annual, half yearly or quarterly report) (a) meet the requirements (including as to content and time of delivery) of the first paragraph of this covenant as if references to the Company therein were references to such Parent and (b) include condensed consolidated financial information together with separate columns for: (i) such Parent; (ii) the Company, the Issuer and the Restricted Subsidiaries on a combined basis; (iii) any other Subsidiaries of the Parent on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts. Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Merger and Consolidation

The Company

The Company will not, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "*Successor Company*") will be a Person organized and existing under the laws of the United Kingdom or any member state of the European Union, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Company) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company under the Company's Notes Guarantee and the Indenture and (b) all obligations of the Company under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional £1.00 of Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Company or the Successor Company, as the case may be, shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in a form satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*."

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor Person will not be released from its obligations under the Indenture or the Senior Secured Notes.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions, other than the requirements of clause (2) of the first paragraph of this "*Merger and Consolidation—The Company*" covenant, shall not apply to (i) any transactions which constitute an Asset Disposition if the Company has complied with the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*" or (ii) the creation of a new subsidiary as a Restricted Subsidiary of the Company.

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "*Successor Issuer*") will be a Person organized and existing under the laws of the United Kingdom or any member state of the European Union, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in a form satisfactory to the Trustee, all the obligations of the Issuer under the Senior Secured Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Issuer would be able to Incur at least an additional £1.00 of Indebtedness pursuant to clause (1) of the first paragraph

of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in a form satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*."

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor Person will not be released from its obligations under the Indenture or the Senior Secured Notes.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this "*Merger and Consolidation—The Issuer*" covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*" or (ii) the creation of a new subsidiary as a Restricted Subsidiary of the Issuer.

The Subsidiary Guarantors

No Subsidiary Guarantor (other than a Subsidiary Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into it unless:

  (A) the other Person is the Company or any Restricted Subsidiary that is the Issuer or a Guarantor or becomes a Guarantor substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition;

  (B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Notes Guarantee, the New Proceeds Loan (as applicable) and the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents, the Existing Indenture and the Indenture (pursuant to a supplemental indenture, accession agreement and appropriate security documents executed and delivered in a form satisfactory to the Trustee and the Security Agent) (such resulting, surviving or transferee Person, the "*Successor Guarantor*"); and (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture,

provided, however, that the prohibition in clauses (1), (2) and (3) of this covenant shall not apply to the extent that compliance with clauses (A) and (B)(1) could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses.

The provisions set forth in this "*Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not the Issuer or a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not the Issuer or a Guarantor; (ii) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) any consolidation or merger of the Issuer into any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Senior Secured Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents and clauses (1) and (4) under the heading "*—The Issuer*" shall apply to such transaction; and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided, however,* that clauses (1), (2) and (4) under the heading "*—The Issuer*" or "*The Company*" or clause (3) under the heading "*—The Subsidiary Guarantors*," as the case may be, shall apply to any such transaction.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to obtain and maintain the listing of the Senior Secured Notes on the Exchange for so long as the Senior Secured Notes are outstanding; provided that if the Issuer is unable to obtain admission to listing of the Senior Secured Notes on the Exchange or if at any time the Issuer determines that it will not maintain such listing, it will use its commercially reasonable efforts to obtain and maintain a listing of such Senior Secured Notes on another stock exchange.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Senior Secured Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day and continuing until such time, if any, at which the Senior Secured Notes cease to have Investment Grade Status (the "Reversion Date"), the provisions of the Indenture summarized under the following captions will not apply to the Senior Secured Notes:

(1) "*—Limitation on Restricted Payments*";

(2) "*—Limitation on Indebtedness*";

(3) "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";

(4) "*—Limitation on Affiliate Transactions*";

(5) "*—Limitation on Sales of Assets and Subsidiary Stock*";

(6) "*—Additional Guarantees*" and

(7) the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Company*" and the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Issuer*,"

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*." In addition, the Indenture will also permit, without causing a Default or Event of Default, the Company or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Senior Secured Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Senior Secured Notes no longer having an Investment Grade Status. The Issuer shall notify the Trustee that the conditions set forth in the first paragraph under this caption has been satisfied, *provided* that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. The Trustee shall be under no obligation to notify the Holders that the conditions set forth in the first paragraph have been satisfied. There can be no assurance that the Senior Secured Notes will ever achieve or maintain an Investment Grade Status.

Impairment of Security Interest

The Company shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) the Company and its Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of Incurring Permitted Collateral Liens, (ii) the Company and its Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of undertaking a Permitted Reorganization, (iii) the Collateral may be discharged and released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect, error or inconsistency therein and (v) the Company and its Restricted Subsidiaries may amend the Security Interests in any manner that does not adversely affect Holders of the Senior Secured Notes in any material respect; *provided, however,* that in the case of clause (i), (ii) and (v) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (1) a solvency opinion, in a form satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person, which confirms the solvency of the Person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (3) an Opinion of Counsel, in a form satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement. In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications and each of the Trustee and the Security Agent being indemnified and secured to its satisfaction) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness outstanding under the the Senior Facilities, any Credit Facility or any Public Debt, in each case of the Issuer or a Guarantor unless such Restricted Subsidiary is the Issuer or a Guarantor or becomes a Guarantor on the date on which the Notes Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness; *provided, however,* that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Notes Guarantee is contrary to the Agreed Security Principles or could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses. At the option of the Issuer, any Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "*—Notes Guarantees—Notes Guarantees Release*." A Notes Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Notes Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Risk Factors—Risks Relating to the Notes and Notes Guarantees—The Notes Guarantees and the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability*."

Financial Calculations for Limited Condition Acquisitions

When calculating the availability under any basket or ratio under the Indenture, in each case in connection with a Limited Condition Acquisition, the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Company, be the date the definitive agreements for such Limited Condition Acquisition are entered into and such baskets or ratios shall be calculated with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* provisions set forth in the definition of Fixed Charge Coverage Ratio after giving effect to such Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such Limited Condition Acquisition (and not for purposes of any subsequent availability of any basket or ratio), and, for the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA of the Company or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant Limited Condition Acquisition, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Acquisition is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such Limited Condition Acquisition or related transactions; *provided further* that if the Company elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any incurrence of Indebtedness and the use of proceeds

therefrom) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such Limited Condition Acquisition.

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer or the Company, in connection with the Incurrence by the Company or its Restricted Subsidiaries of any (x) Indebtedness permitted pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or clause (1), (2), (3), (4), (5), (6), (7) (other than with respect to Capitalized Lease Obligations), (11), (12) or (13) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" and (y) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x), the Company, the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including substantially the same terms with respect to release of Guarantees and priority and release of the Security Interests; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture, any Additional Intercreditor Agreement or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Issuer or the Company and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Company or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Senior Secured Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Senior Secured Notes (including Additional Senior Secured Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Senior Secured Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect, making all necessary provisions to ensure that the Senior Secured Notes and the Notes Guarantees are secured by first-ranking Liens over the Collateral. The Issuer or the Company shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Senior Secured Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*," and the Issuer or the Company may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Senior Secured Notes thereby; *provided, however,* that such transaction would comply with the covenant described under "*—Limitation on Restricted Payments*."

The Indenture also will provide that each Holder, by accepting a Senior Secured Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices or at the offices of the listing agent.

Events of Default

Each of the following is an "*Event of Default*" under the Indenture:

(1) default in any payment of interest on any Senior Secured Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Senior Secured Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Company or any of its Restricted Subsidiaries to comply for 60 days after notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Senior Secured Notes with its other agreements contained in the Indenture;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

   (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or

   (b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"),

and, in each case, either (i) the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates £20.0 million or more or (ii) such Indebtedness is Incurred pursuant to clause (1) or (6) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" secured by Collateral that is, in each case, granted super senior priority rights with respect to proceeds of enforcement of Collateral under the Intercreditor Agreement, and the Majority Super Senior Creditors (as defined in the Intercreditor Agreement or any Additional Intercreditor Agreement) have instructed the Security Agent to commence enforcement of Collateral with a fair market value in excess of £20.0 million in circumstances where the Security Agent is permitted to take enforcement action in accordance with such instructions;

(5) certain events of bankruptcy, insolvency or court protection of the Company, the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(6) failure by the Company, the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of £20.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "*judgment default provision*");

(7) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) with respect to Collateral having a fair market value in excess of £15.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such security interest created thereunder shall be declared invalid or unenforceable or the Company, the Issuer or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days; and

(8) any Notes Guarantee of the Company or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is

declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for 10 days.

However, a default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Senior Secured Notes under the Indenture notify the Issuer of the default and, with respect to clauses (3), (4) and (6) the Issuer does not cure such default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Senior Secured Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Senior Secured Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Senior Secured Notes because an Event of Default described in clause (4) under "*—Events of Default*" has occurred and is continuing, the declaration of acceleration of the Senior Secured Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Senior Secured Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Senior Secured Notes that became due solely because of the acceleration of the Senior Secured Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Senior Secured Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Senior Secured Notes may not enforce the Indenture or the Senior Secured Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Senior Secured Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any) and rescind any such acceleration with respect to such Senior Secured Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Senior Secured Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Senior Secured Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security or indemnity or prefunding satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of such security or indemnity or prefunding; and

(5) the Holders of a majority in principal amount of the outstanding Senior Secured Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Senior Secured Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or other security (including by way of pre-funding) satisfactory to it in its sole discretion against all losses, liabilities and expenses caused by taking or not taking such action. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed in writing of such occurrence by the Company, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Senior Secured Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Company is required to deliver to the Trustee, within 30 days after any Officer becoming aware thereof, written notice of any events of which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified or secured (including by way of pre-funding) to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Senior Secured Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Senior Secured Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Senior Secured Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Secured Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Senior Secured Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Secured Notes). However, without the consent of Holders holding not less than 90% (or, in the case of clause (8) below, 75%) of the then outstanding principal amount of the Senior Secured Notes affected, an amendment or waiver may not, with respect to any Senior Secured Notes held by a non-consenting Holder:

(1) reduce the principal amount of Senior Secured Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Senior Secured Note;

(3) reduce the principal of or extend the Stated Maturity of any Senior Secured Note;

(4) reduce the premium payable upon the redemption of any Senior Secured Note or change the time at which any Senior Secured Note may be redeemed, in each case as described under "*—Optional Redemption*";

(5) make any Senior Secured Note payable in money other than that stated in the Senior Secured Note;

(6) impair the right of any Holder to institute suit for the enforcement of any payment of principal of and interest or Additional Amounts, if any, on such Holder's Senior Secured Notes on or after the due dates therefor;

(7) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such Senior Secured Notes in any material respect or amends the terms of such Senior Secured Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release any security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Senior Secured Notes (except pursuant to a rescission of acceleration of the Senior Secured Notes by the Holders of at least a majority in aggregate principal amount of such Senior Secured Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Company, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Senior Secured Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Company or any Restricted Subsidiary under any Senior Secured Notes Document;

(3) add to the covenants or provide for a Notes Guarantee, in each case for the benefit of the Holders, or surrender any right or power conferred upon the Company or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Senior Secured Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or a member of Senior Management of the Company) for the issuance of Additional Senior Secured Notes that may be issued in compliance with the Indenture;

(6) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Additional Guarantees*," to add Guarantees with respect to the Senior Secured Notes, to add security to or for the benefit of the Senior Secured Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Senior Secured Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents or the Senior Secured Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents or the Senior Secured Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or

Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Senior Secured Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Senior Facilities Agreement, in any property which is required by the Security Documents or the Senior Facilities Agreement (as in effect on the Existing Notes Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with; or

(10) as provided in "*—Certain Covenants—Additional Intercreditor Agreements*."

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems appropriate, including Officer's Certificates and Opinions of Counsel.

For so long as the Senior Secured Notes are listed on the Exchange and the rules of the Exchange so require, the Issuer will notify the Exchange of any amendment, supplement or waiver of any Senior Secured Notes Document.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Senior Secured Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Senior Secured Notes given in connection with a tender of such Holder's Senior Secured Notes will not be rendered invalid by such tender. The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment authorized by subsections (3) and (6) in respect of providing for a Notes Guarantee, it shall only be necessary for the supplemental indenture or guarantee agreement of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Trustee.

Acts by Holders

In determining whether the Holders of the required principal amount of the Senior Secured Notes have concurred in any direction, waiver or consent, the Senior Secured Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and each Guarantor under the Senior Secured Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Senior Secured Notes, registration of Senior Secured Notes, mutilated, destroyed, lost or stolen Senior Secured Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantors' obligations under the covenants described under "*Certain Covenants*" (other than with respect to the covenant described under "*—Certain Covenants—Merger and Consolidation—The Issuer*," clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Company*") and "*—Change of Control*" and the default provisions relating to such covenants described under "—Events of Default" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Significant Subsidiaries (other than the Issuer), the judgment default provision, the guarantee provision and the security default provision described under "*—Events of Default*" ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Senior Secured Notes may not be accelerated because of an Event of Default with respect to such Senior Secured Notes. If the Issuer exercises its covenant defeasance option with respect to the Senior Secured Notes, payment of the Senior Secured Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to the covenant described under "*—Certain Covenants—Merger and Consolidation—The Issuer*," clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Company*"), and clauses (4), (5) with respect to the Significant Subsidiaries (other than the Issuer), (6), (7) or (8) under "*—Events of Default*."

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or another entity designated (or appointed (as agent)) by the Trustee for this purpose) cash in sterling or sterling-denominated U.K. Government Securities or a combination thereof sufficient (without reinvestment), in the opinion of the Issuer, acting in good faith, for the payment of principal, premium, if any, and interest on the Senior Secured Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders and beneficial owners of the relevant Senior Secured Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(4) the Issuer delivers to the Trustee all other documents or other information that the Trustee may require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Senior Secured Notes, as expressly provided for in the Indenture) as to all outstanding Senior Secured Notes when (1) either (a) all the Senior Secured Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Senior Secured Notes, and certain Senior Secured Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all Senior Secured Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated (or appointed (as agent)) by the Trustee for this purpose), money or sterling-denominated U.K. Government Securities, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Senior Secured Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Senior Secured Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "Satisfaction and Discharge" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact

(including as to compliance with the foregoing clauses (1), (2) and (3)) and (5) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money towards the payment of the Senior Secured Notes at maturity or on the redemption date, as the case may be.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Company or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Senior Secured Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Senior Secured Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Secured Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

U.S. Bank Trustees Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Trustee, the Security Agent, the Paying Agent or any other such agent will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries. If the Trustee, the Security Agent, the Paying Agent or any other Agent becomes the Holder, beneficial owner or pledgee of any Senior Secured Notes, it may deal with the Issuer or its Affiliates with the same rights it would have if it were not the Trustee, Security Agent, Paying Agent or any other such Agent. For the avoidance of doubt, the Security Agent, the Paying Agent, the Authenticating Agent or any other Agent or Registrar may do the same with like rights.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Senior Secured Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, Taxes or expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any Senior Secured Notes are represented by Global Notes, all notices to Holders of the Senior Secured Notes will be delivered by or on behalf of the Issuer to Euroclear and Clearstream.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given in via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Senior Secured Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Senior Secured Notes will be prescribed six years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Sterling-Denominated Restrictions

Sterling is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors, if any, under or in connection with the Senior Secured Notes and the Notes Guarantees, if any, including damages. Any amount received or recovered in a currency other than sterling, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the sterling amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that sterling amount is less than the sterling amount expressed to be due to the recipient or the Trustee under any Senior Secured Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Senior Secured Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Senior Secured Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Senior Secured Note or any Notes Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any sterling-denominated restriction herein, the Sterling Equivalent amount for purposes hereof that is denominated in a non-sterling currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-sterling amount is Incurred or made, as the case may be.

Listing

Application will be made to list the Senior Secured Notes on the Official List of the Exchange and for permission to be granted to deal in the Senior Secured Notes on the Official List of the Exchange. There can be no assurance that the application to list the Senior Secured Notes on the Official List of the Exchange will be approved or that permission to deal in the Senior Secured Notes thereon will be granted, and settlement of the Senior Secured Notes is not conditioned on obtaining this listing or permission.

Enforceability of Judgments

Since all the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Senior Secured Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Senior Secured Notes, the Issuer and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. The Senior Secured Indenture will provide that the

Issuer and each Guarantor will appoint an agent for service of process in any suit, action or proceeding with respect to the Indenture, the Senior Secured Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York.

Governing Law

The Indenture and the Senior Secured Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the New Proceeds Loan Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England and Wales. The Security Documents will be governed by the law of the location of the relevant asset that is part of the Collateral.

Certain Definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Company or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agent*" means the Paying Agent, the Registrar, the Calculation Agent and the Transfer Agent.

"*Agreed Security Principles*" means the agreed security principles appended to the Senior Facilities Agreement, as of the Existing Notes Issue Date, as applied *mutatis mutandis* with respect to the Senior Secured Notes in good faith by the Issuer.

"*Applicable Premium*" means with respect to any Senior Secured Note on any redemption date prior to , 2018, the greater of:

(2)

(a) 1.0% of the principal amount of such Senior Secured Note; and

(b) the excess of (to the extent positive):

(i) the present value at such redemption date of (i) the redemption price of such Senior Secured Note at , 2018 (such redemption price being set forth in the table appearing above under the caption "—*Optional Redemption*"), plus (ii) all required interest payments due on such Senior Secured Note to and including , 2018 (excluding accrued but unpaid interest to such redemption date), computed using a discount rate equal to the Gilt Rate as of such redemption date plus 50 basis points and assuming that the rate of interest on such Senior Secured Note from the redemption date to and including , 2018 will equal the rate of interest on such Senior Secured Note in effect on the date on which the applicable notice of redemption is given; over

(ii) the outstanding principal amount of such Senior Secured Note.

The calculation of the Applicable Premium shall be performed by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of Applicable Premium shall not be an obligation or duty of the Trustee or any Paying Agent.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales,

leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "*disposition*") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall be deemed not to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or a member of Senior Management of the Company) of less than £10.0 million;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) the granting of Liens not prohibited by the covenant described above under the caption "*—Certain Covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Company or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Company or any Restricted Subsidiary;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables in connection with any Qualified Securitization Financing or any factoring transaction or otherwise in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom

such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person; *provided, however,* that the Board of Directors of the Company shall certify that in the opinion of the Board of Directors of the Company, the outsourcing transaction will be economically beneficial to the Company and its Restricted Subsidiaries (considered as a whole); *provided, further,* that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (18), does not exceed £10.0 million;

(19) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary, an issuance or sale by a Restricted Subsidiary of Preferred Stock that is permitted by the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" or an issuance of Capital Stock by the Company pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company;

(20) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" covenant;

(21) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture; and

(22) any contribution to or conversion of intercompany Indebtedness into equity of the Company or a Restricted Subsidiary.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Company or any Restricted Subsidiary of the Company.

"*Avenue Capital*" means funds advised by Avenue Europe International Management, L.P. and sub-advised by Avenue Europe Management, LLP.

"*Board of Directors*" means: (1) with respect to the Company or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in London, United Kingdom or the Bailiwick of Jersey are authorized or required by law to close.

"*Calculation Agent*" means a financial institution appointed by the Company to calculate the interest rate payable on the Senior Secured Notes in respect of each Interest Period, which shall initially be Elavon Financial Services DAC, UK Branch.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, the United Kingdom, Switzerland or Norway whose long-term debt is rated "A-1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another internationally recognized rating agency or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Senior Facilities or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of £250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, the United Kingdom, any member of the European Union, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB–" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a member state of the European Union, the United Kingdom, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

"*Change of Control*" means the occurrence of any of the following:

(1) the Company becoming aware that (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Existing Notes Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Existing Notes Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders,

provided that, in each case, a Change of Control shall not be deemed to have occurred if such a Change of Control is also a Specified Change of Control Event.

"*Clearstream*" means Clearstream Banking, *société anonyme*, or any successor thereof.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Senior Secured Notes and/or any Notes Guarantee of the Senior Secured Notes.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (whether or not successful) (including any such fees, expenses or charges related to the Refinancing (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by the Board of Directors or a member of Senior Management of the Company;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, except to the extent of dividends declared or paid on, or other cash payments in respect of, equity interests held by such third parties;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*";

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received or that become receivable with respect to, expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and

(11) any Receivables Fees and discounts on the sale of accounts receivables in connection with any Qualified Securitization Financing representing, in the Company's reasonable determination, the implied interest component of such discount for such period.

"*Consolidated Income Taxes*" means Taxes or other payments, including deferred taxes, based on income, profits or capital (including, without limitation, withholding taxes with respect to the foregoing) of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income (expense) of the Company and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses);

(3) non-cash interest expense;

(4) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(5) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a Subsidiary of the Company, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Company;

(6) the consolidated interest expense that was capitalized during such period (but excluding any interest capitalized, accrued, accreted or paid in respect of Subordinated Shareholder Funding); and

(7) interest actually paid by the Company or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person,

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (iii) interest with respect to Indebtedness of any Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS, (iv) any Additional Amounts with respect to the Senior Secured Notes or other similar tax gross up on any Indebtedness (including, without limitation, under any Credit Facility), which is included in interest expenses under IFRS, and (v) any interest expense related to a Guarantee of Indebtedness of a Parent Incurred in compliance with the Indenture to the extent that the interest expense of any Proceeds Loan related thereto is included in the calculation of Consolidated Interest Expense in an equal or greater amount.

"*Consolidated Leverage*" means the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries described in clause (1), (2), (3) (only in the case of drawn letters of credit that have not been reimbursed within 30 days of Incurrence), (4), (5) and (9) (excluding Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management of the Company)) of the definition of "Indebtedness" herein.

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available. In the event that the Company or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company), in addition to any anticipated expense and cost reductions and synergies, to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same

had occurred at the beginning of the applicable reference period; *provided, however,* that the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than for the purposes of the calculation of the Consolidated Senior Secured Leverage Ratio under clause (5) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*."

In addition, for purposes of calculating the Consolidated Leverage Ratio (in each case, without duplication):

(1) acquisitions and Investments that have been made by the Company or any of its Restricted Subsidiaries (including through mergers or consolidations or investments in new hotels) or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Company or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by an Officer of the Company responsible for accounting or financial reporting and may include anticipated expense and cost reduction synergies and may give estimated full-year effect to earnings of all hotels opened during the period (without double-counting any synergies or earnings actually achieved) as if they had occurred (or been opened) on the first day of the reference period, *provided* that the aggregate amount of *pro forma* adjustments with respect to any estimated full-year effect of earnings of hotels opened during the period included in any such *pro forma* calculation will not exceed 15% of Consolidated EBITDA for such period);

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein and including hotels, sites or leases)) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however,* that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than a Guarantor) if such Restricted Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Company (or any Guarantor that holds the equity interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Senior Secured Notes or the Indenture, (c) contractual restrictions in effect on the Existing Notes Issue Date with respect to a Restricted Subsidiary (including pursuant to the Senior Facilities and the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to

the Holders than such restrictions in effect on the Existing Notes Issue Date, and (d) restrictions specified in clause (11) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/ leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Company);

(4) any special, extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Refinancing or any investments), acquisition costs, business optimization, system establishment, software or information technology implementation or development costs, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*";

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write- off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(11) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Refinancing or any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Company or any of its Subsidiaries;

(12) any goodwill or other intangible asset amortization charge, impairment charge or write-off or write-down; and

(13) the impact of capitalized, accrued or accreting or pay-in- kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Net Leverage*" means the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries described in clause (1), (2), (3) (only in the case of drawn letters of credit that have not been reimbursed within 30 days of Incurrence), (4), (5) and (9)

(excluding Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management of the Company)) of the definition of "Indebtedness" herein less the sum of the aggregate amount of cash and Cash Equivalents of the Company and its Restricted Subsidiaries.

"*Consolidated Net Leverage Ratio*" means as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date by (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to such date of determination for which internal consolidated financial statements of the Company are available, in each case calculated with such *pro forma* provisions as set forth in the definition of Consolidated Leverage Ratio.

"*Consolidated Senior Secured Leverage*" means the sum of the aggregate outstanding Senior Secured Indebtedness of the Company and its Restricted Subsidiaries that is described in clause (1), (2), (3) (only in the case of drawn letters of credit that have not been reimbursed within 30 days of Incurrence), (4), (5) and (9) (excluding Hedging Obligations entered into for bona fide hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management of the Company)) of the definition of "Indebtedness" herein.

"*Consolidated Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (x) the Consolidated Senior Secured Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available, in each case calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Leverage Ratio.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (i) for the purchase or payment of any such primary obligation; or

  (ii) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Senior Facilities or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Senior Facilities Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Notes Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Board of Directors or a member of Senior Management of the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Designated Preference Shares*" means, with respect to the Company or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Senior Secured Notes or (b) the date on which there are no Senior Secured Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*Equity Offering*" means (x) a sale of Capital Stock of the Company (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person, the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions) of the Company or any of its Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euroclear*" means Euroclear Bank SA/NV or any successor thereof.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Company after the Existing Notes Issue Date as (i) capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company or (ii) from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*Existing Indenture*" means the indenture dated as of May 10, 2016, governing the Existing Notes, entered into among, *inter alios*, the Issuer, as issuer, the Company and the other guarantors named therein, as guarantors and U.S. Bank Trustees Limited as trustee and security agent, as amended from time to time.

"*Existing Notes*" means the Existing Senior Secured Fixed Rate Notes together with the Existing Senior Secured Floating Rate Notes.

"*Existing Notes Guarantees*" means the Guarantees of the Existing Senior Secured Fixed Rate Notes by a Guarantor.

"*Existing Notes Issue Date*" means May 10, 2016, the date on which the Existing Notes were issued.

"*Existing Proceeds Loan*" means the loan made by the Issuer to Full Moon Holdco 6 Limited for the amount of the gross proceeds received by the Issuer from the offering of the Existing Notes on or about May 10, 2016, pursuant to the Existing Proceeds Loan Agreement.

"*Existing Proceeds Loan Agreement*" means that certain loan agreement, dated as of May 10, 2016, by and between the Issuer, as lender, and Full Moon Holdco 6 Limited, as borrower, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*Existing Senior Secured Fixed Rate Notes*" means the £290,000,000 8½% Senior Secured Fixed Rate Notes due 2023 that were issued by the Issuer on May 10, 2016, pursuant to the Existing Indenture.

"*Existing Senior Secured Floating Rate Notes*" means the £100,000,000 Senior Secured Floating Rate Notes due 2023 that were issued by the Issuer on May 10, 2016, pursuant to the Existing Indenture.

"*fair market value*" wherever such term is used in this "Description of the Notes" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "Description of the Notes" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA of such Person for the period of the four most recent fiscal quarters prior to the date of such determination for which internal consolidated financial statements are available to (y) the Fixed Charges of such Person for such four fiscal quarters.

In the event that the specified Person or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), in addition to any anticipated expense and cost reductions and synergies, to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable

four-quarter reference period; *provided, however,* that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under clause (5) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*."

In addition, for purposes of calculating the Fixed Charge Coverage Ratio (in each case, without duplication):

(1) acquisitions and Investments that have been made by the Company or any of its Restricted Subsidiaries (including through mergers or consolidations or investments in new hotels) or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Company or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by an Officer of the Company responsible for accounting or financial reporting and may include anticipated expense and cost reduction synergies and may give estimated full-year effect to earnings of all hotels opened during the period (without double-counting any synergies or earnings actually achieved) as if they had occurred (or been opened) on the first day of the reference period, *provided* that the aggregate amount of *pro forma* adjustments with respect to any estimated full-year effect of earnings of hotels opened during the period included in any such *pro forma* calculation will not exceed 15% of Consolidated EBITDA for such period);

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein and including hotels, sites or leases) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein and including hotels, sites or leases) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(6) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(7) Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense of such Person for such period; plus

(2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Company or any Restricted Subsidiary or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on Capital Stock payable to the Company or a Restricted Subsidiary.

"*Gilt Rate*" means, with respect to any redemption date, the yield to maturity as of two Business Days in London prior to such redemption date of U.K. Government Securities with a fixed maturity (as

compiled by the Office for National Statistics and published in the most recent Financial Statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such Financial Statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to , 2018, provided, however, that if the period from the redemption date to , 2018, is less than one year, the weekly average yield on actually traded U.K. Government Securities denominated in sterling adjusted to a fixed maturity of one year shall be used, and *provided further*, that in no case shall the Gilt Rate be less than zero.

"*GoldenTree Asset Management*" means funds and/or accounts affiliated with, managed and/or advised by, GoldenTree Asset Management L.P.

"*GS Sponsor*" means ELQ Investors VIII Limited, a wholly owned subsidiary of Goldman Sachs Group Holdings (UK) Limited.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided, however,* that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantors*" means the Company and any Restricted Subsidiary that Guarantees the Senior Secured Notes.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*Holder*" means each Person in whose name the Senior Secured Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"*Holding Company*" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply, as in effect on the Existing Notes Issue Date or, with respect to the covenant described under the caption "Reports", as in effect from time to time.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided, however,* that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "*Incurred*" and "*Incurrence*" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Person that is a Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however,* that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or a member of Senior Management of the Company) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "*Indebtedness*" shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Existing Notes Issue Date, (iii) prepayments of deposits received from clients or customers in the ordinary course of business or (iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Existing Notes Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clauses (6), (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(2) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however,* that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(3) any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes or under any Tax Sharing Agreement.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided, however,* that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investors*" means any funds or limited partnerships managed or advised by Avenue Capital, GoldenTree Asset Management, GS Sponsor or any of their respective Affiliates or direct or indirect Subsidiaries or any trust, fund, company or partnership owned, managed or advised by Avenue Capital, GoldenTree Asset Management, GS Sponsor or any of their respective Affiliates or direct or indirect Subsidiaries or any entity controlled by all or substantially all of the managing directors of such fund or Avenue Capital, GoldenTree Asset Management or GS Sponsor from time to time.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Company or any Parent or any successor of the Company or any Parent (the "*IPO Entity*") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the Intercreditor Agreement dated May 10, 2016, by and among, *inter alios*, the Company, the Issuer, the Security Agent and the Trustee, as amended from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided, however,* that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the penultimate paragraph of the covenant described under the caption "—Certain Covenants—Limitation on Restricted Payments."

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*":

(1) "*Investment*" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Company at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or a member of Senior Management of the Company.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, the United Kingdom, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB–" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when all of the Senior Secured Notes receive both of the following:

(1) a rating of "BBB–" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

"*IPO Entity*" has the meaning given in the definition of Initial Public Offering.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means , 2017.

"*Issuer*" means TVL Finance plc, and its successors and assigns.

"*Letter of Credit Facility*" means the letter of credit facility established under the Senior Facilities Agreement among, *inter alios*, the Company, the Issuer, the Guarantors (as named therein), the agent and the senior lenders (as named therein), as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Limited Condition Acquisition*" means any acquisition, including by way of merger, amalgamation or consolidation, by the Company or one or more of its Restricted Subsidiaries whose consummation is not conditioned upon the availability of, or on obtaining, third party financing; *provided* that the Consolidated Net Income (and any other financial term derived therefrom), other than for purposes of calculating any ratios in connection with the Limited Condition Acquisition, shall not include any Consolidated Net Income of or attributable to the target company or assets associated with any such Limited Condition Acquisition unless and until the closing of such Limited Condition Acquisition shall have actually occurred.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Company or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Company, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors of the Company;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding £3.0 million in the aggregate outstanding at any time.

"*Management Investors*" means (i) members of the management team of the Company or any Restricted Subsidiary investing, or committing to invest, directly or indirectly, in the Company as at the Existing Notes Issue Date and any subsequent members of the management team of the Company or any Restricted Subsidiary who invest directly or indirectly in the Company from time to time and (ii) such entity as may hold shares transferred by departing members of the management team of the Company or any Restricted Subsidiary for future redistribution to such management team.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale received, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any Tax Sharing Agreements).

"*New Proceeds Loan*" means the loan made by the Issuer to Full Moon Holdco 6 Limited for the amount of the gross proceeds received by the Issuer from the offering of the Senior Secured Notes on or about the Issue Date, pursuant to the New Proceeds Loan Agreement.

"*New Proceeds Loan Agreement*" means that certain loan agreement, dated on or about the Issue Date, by and between the Issuer, as lender, and Full Moon Holdco 6 Limited, as borrower, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*Notes Guarantee*" means a Guarantee of the Senior Secured Notes by a Guarantor.

"*Offering Memorandum*" means this offering memorandum in relation to the Senior Secured Notes.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*operating lease*" means a lease that would be considered an operating lease under IFRS.

"*Opinion of Counsel*" means a written opinion from legal counsel in form satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Parent*" means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;

(4) (a) fees and expenses payable by any Parent in connection with the Refinancing (b) payments necessary to permit any Parent to pay the consideration to finance any Permitted Investment;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries, (b) costs and expenses with respect to the ownership, directly or indirectly, of the Company or any of its Subsidiaries by any Parent and, (c) any Taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent to the extent such salary, bonuses and other benefits or indemnities in respect of any of the foregoing are directly attributable and reasonably allocated to the ownership of the Company or any of its Subsidiaries by any Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Refinancing or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Company, in an amount not to exceed £2.0 million in any fiscal year;

(7) any income taxes payable by any Parent, to the extent such income taxes are attributable to the income of the Company and its Restricted Subsidiaries and, to the extent of the amount actually received by the Company in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided, however,* that the amount of Parent expenses under this clause (7) in any fiscal year shall not exceed the amount that the Company and its Subsidiaries would be required to pay in respect of such taxes on a consolidated basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries; and

(8) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness:

  (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;

  (b) in connection with (i) a sale of Capital Stock or assets of the Company or any of its Subsidiaries or (ii) a sale of a direct or indirect Parent of the Company (that in the case of this clause (ii) results in or would have resulted in a Change of Control or Specified Change of Control Event);

  (c) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

  (d) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer or any Guarantor which does not constitute Subordinated Indebtedness.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Senior Secured Note on behalf of the Issuer.

"*Permitted Business*" means (a) any business, services or activities engaged in by the Company or any Restricted Subsidiary on the Existing Notes Issue Date or which is contemplated by the Company on the Existing Notes Issue Date and (b) any business, services and activities engaged in by the Company or any Restricted Subsidiary that are related, complimentary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(a) that are described in one or more of clauses (3), (4), (5), (6), (8), (9), (11), (12), (18), (20), (23), (24) and (30) of the definition of "Permitted Liens" and Liens arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(b) to secure all obligations (including paid-in-kind interest) in respect of:

  (i) the Senior Secured Notes (other than Additional Senior Secured Notes) and any related Notes Guarantees and the Existing Senior Secured Fixed Rate Notes and any related Existing Notes Guarantees;

  (ii) Indebtedness permitted to be Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

  (iii) Indebtedness described under clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," up to the greater of (x) 75% of Consolidated EBITDA and (y) £100.0 million of aggregate principal amount of which Indebtedness may have super senior priority status in respect of the proceeds from the enforcement of the Collateral and certain distressed disposals of assets, not materially less favorable to the Holders than that accorded to the Senior Facilities pursuant to the Intercreditor Agreement as in effect on the Existing Notes Issue Date;

  (iv) Indebtedness described under clause (2) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

  (v) Indebtedness described under clause (5) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and that is Incurred by the Issuer or a Guarantor *provided* that, at the time of such acquisition or other transaction and after giving *pro forma* effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, the Consolidated Senior Secured Leverage Ratio of the Company would have been either (x) no greater than 3.25 to 1.0 or (y) no greater than it was immediately prior to giving effect to the relevant transaction;

  (vi) Indebtedness described under clause (6) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided* that Currency Agreements and Interest Rate Agreements entered into with respect to any Indebtedness Incurred in compliance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" that is not subordinated in right of payment to the Senior Secured Notes and that is permitted under the Indenture to be secured by a Permitted Collateral Lien which ranks *pari passu* with the Lien on the Collateral securing the Senior Secured Notes may have super senior priority status in respect of the proceeds from the enforcement of the Collateral and certain distressed disposals of assets, not materially less favorable to the Holders than that accorded to the Senior Facilities pursuant to the Intercreditor Agreement as in effect on the Existing Notes Issue Date;

  (vii) Indebtedness described under clauses (7) (other than with respect to Capitalized Lease Obligations), (11) or (13) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; or

(viii) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (i) to (vii); or

(c) Incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries with respect to obligations that in total do not exceed £10.0 million at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Company's or such Restricted Subsidiary's business,

provided that each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided, further*, that all property and assets (including, without limitation, the Collateral) securing such Indebtedness (including any guarantees thereof) or Refinancing Indebtedness secure the Senior Secured Notes and the Indenture on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement or any Additional Intercreditor Agreement), except to the extent provided in clauses (iii) and (vi) above.

"*Permitted Holders*" means, collectively, (1) the Initial Investors, (2) the Management Investors, (3) any Related Person of any Persons specified in clauses (1) and (2), (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Company, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing (including any Persons mentioned in the following sentence) are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Initial Investors and such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Company held by such group. Any person or group whose acquisition of beneficial ownership constitutes (1) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (2) a Change of Control which is also a Specified Change of Control Event, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Existing Notes Issue Date, and any extension, modification or renewal of any such

Investment; *provided* that the amount of the Investment may be increased (i) as required by the terms of the Investment as in existence on the Existing Notes Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of 23% of Consolidated EBITDA of the Company and £25.0 million; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);

(15) Guarantees of Indebtedness of the Company or the Restricted Subsidiaries permitted to be Incurred by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(16) Investments in loans under the Senior Facilities Agreement, the Senior Secured Notes and any Additional Senior Secured Notes;

(17) any Investment in connection with a Qualified Securitization Financing; and

(18) Investments in joint ventures that principally conduct a Permitted Business and Investments in Unrestricted Subsidiaries, taken together with all other Investments made pursuant to this clause (18) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of 23% of Consolidated EBITDA of the Company and £25.0 million; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not the Issuer or a Guarantor permitted by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts

(or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens (a) in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Company or any Restricted Subsidiary in the ordinary course of its business and (b) securing obligations in respect of letters of credit, bank guaranties, surety bonds, performance bonds or similar instruments permitted to be Incurred pursuant to the second paragraph of the covenant entitled "*—Certain Covenants—Limitation on Indebtedness*";

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(7) Liens on assets or property of the Company or any Restricted Subsidiary (other than Collateral) securing Hedging Obligations permitted under the Indenture relating to Indebtedness permitted to be Incurred under the Indenture and which is secured by a Lien on the same assets or property that secures such Indebtedness;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from New York Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Existing Notes Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); *provided* that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary of the Company has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens over accounts receivable (and related assets) in connection with any Qualified Securitization Financing;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(24) Liens (a) that are contractual rights of setoff or netting relating to (i) the establishment of depositary relations with banks not granted in connection with the issuance of Indebtedness, (ii) pooled deposit or sweep accounts of the Company or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations Incurred in the ordinary course of business of the Company or any Restricted Subsidiary, (iii) purchase orders and other agreements entered into with customers of the Company or any Restricted Subsidiary in the ordinary course of business and (iv) commodity trading or other brokerage accounts incurred in the ordinary course of business, (b) Liens encumbering reasonable customary initial deposits and margin deposits and (c) bankers Liens and rights and remedies as to deposit accounts;

(25) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(27) [Reserved];

(28) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary;

(29) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(30) (a) Liens created for the benefit of or to secure, directly or indirectly, the Senior Secured Notes, the Notes Guarantees, the Existing Senior Secured Fixed Rate Notes and the Existing Notes Guarantees and (b) Liens securing the Senior Facilities and described under "*—Description of Certain Indebtedness—Senior Facilities Agreement*" and any other Lien *provided* to the Senior Facilities to the extent the Agreed Security Principles would permit such Lien to be granted to the Senior Facilities and not to the Senior Secured Notes;

(31) Liens; *provided* that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (31) does not exceed the greater of 20% of Consolidated EBITDA of the Company and £20.0 million; and

(32) Liens securing Indebtedness permitted to be Incurred under clause (14) of the definition of Permitted Debt.

"*Permitted Reorganization*" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Company or any of its Restricted Subsidiaries (a "Reorganization") that is made on a solvent basis; *provided* that:

(a) any payments or assets distributed in connection with such Reorganization remain within the Company and its Restricted Subsidiaries; and

(b) if any shares or other assets form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Proceeds Loans*" means the Existing Proceeds Loan together with the New Proceeds Loan.

"*Proceeds Loan Agreements*" means the Existing Proceeds Loan Agreement together with the New Proceeds Loan Agreement.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional and other investors, in each case, that are not Affiliates of the Company, in accordance with Section 4(a)(2) of and/or Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of £100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Securitization Financing*" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary or (b) any other Person, or may grant a security interest in, Securitization Assets, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which in each case are customarily transferred or in respect of which security interest are customarily granted in connection with receivables securitization transactions or invoice discounting involving accounts receivable, securitizations and invoice discounting facilities, and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable; *provided* that with respect to any such transaction or series of transactions, such financing shall substantially be on market terms as determined in good faith by an Officer of the Company.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Senior Secured Notes, any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Company as a replacement agency.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Securitization Financing.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Securitization Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any other Restricted Subsidiary of the Company (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Company or any other Restricted Subsidiary of the Company, (iii) is recourse to or obligates the Company or any other Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company nor any other Restricted Subsidiary of the Company has any contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(3) to which neither the Company nor any other Restricted Subsidiary of the Company has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge

mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing*" shall have the meaning assigned to such term in this Offering Memorandum under the caption "*Summary—The Refinancing*";

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however,* that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Stated Maturity of the Senior Secured Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Senior Secured Notes, such Refinancing Indebtedness is subordinated to the Senior Secured Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (*provided* such Taxes are in fact paid) by any Parent by virtue of its:

(a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Company or any of the Company's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or

(e) having made any payment with respect to any of the items for which the Company is permitted to make payments to any Parent pursuant to "—Certain Covenants—Limitation on Restricted Payments."

"*Replacement Assets*" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Company's business or in that of the Restricted Subsidiaries or any and all other businesses that in the good faith judgment of the Board of Directors or any member of Senior Management of the Company are reasonably related thereto.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the revolving credit facility under the Senior Facilities Agreement among, *inter alios*, the Company, the Issuer, the Guarantors (as named therein), the agent and the senior lenders (as named therein), as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Securitization Assets*" means any accounts receivable, inventory, royalty or revenue streams from sales of inventory subject to a Qualified Securitization Financing.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Company or any of its Restricted Subsidiaries in connection with any Qualified Securitization Financing.

"*Securitization Repurchase Obligation*" means any obligation of a seller of Securitization Assets in a Qualified Securitization Financing to repurchase Securitization Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Senior Facilities*" means collectively the Revolving Credit Facility and the Letter of Credit Facility.

"*Senior Facilities Agreement*" means the senior facilities agreement dated April 26, 2016, as amended and restated on May 10, 2016, between, *inter alios*, the Company, and certain financial institutions named therein, as further amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*Senior Management*" means the officers, directors, and other members of senior management of the Company or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent.

"*Senior Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness that (a) is secured by a first ranking Lien on the Collateral, or (b) is Incurred by a Restricted Subsidiary that is not a Guarantor and that, in the case of each of (a) and (b), is Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or clauses (1), (4), (5), (7), (11), (13) or (14) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect thereof, in all cases without double-counting.

"*Senior Secured Notes Documents*" means the Senior Secured Notes (including Additional Senior Secured Notes), the Indenture, the Security Documents, the New Proceeds Loan Agreement, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Company's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Company's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Existing Notes Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Specified Change of Control Event*" means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof, *provided* that immediately after the occurrence of such event and giving *pro forma* effect thereto, the Consolidated Net Leverage Ratio of the Company and its Subsidiaries would have been less than 3.0 to 1.0 (for any Change of Control occurring on or prior to the 24-month anniversary of the Existing Notes Issue Date) or less than 2.5 to 1.0 (for any Change of Control occurring thereafter).

Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Existing Notes Issue Date.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which are reasonably customary in securitization of Receivables transactions.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*—Change of Control*" and the covenant under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Sterling Equivalent*" means, with respect to any monetary amount in a currency other than sterling, at any time of determination thereof by the Company or the Trustee, the amount of sterling obtained by converting such currency other than sterling involved in such computation into sterling at the spot rate for the purchase of sterling with the applicable currency other than sterling as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Board of Directors or a member of Senior Management of the Company) on the date of such determination.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Senior Secured Notes or any Guarantee of the Senior Secured Notes pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Company by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however,* that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the date that is six months after the Stated Maturity of the Senior Secured Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition) or the making of any such payment prior to the date that is six months after the Stated Maturity of the Senior Secured Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the date that is six months after the Stated Maturity of the Senior Secured Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the date that is six months after the Stated Maturity of the Senior Secured Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the date that is six months after the Stated Maturity of the Senior Secured Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the date that is six months after the Stated Maturity of the Senior Secured Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries;

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Senior Secured Notes, any Notes Guarantee and the New Proceeds Loan pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Existing Notes Issue Date with respect to the "Shareholder Liabilities" (as defined therein); and

(6) contains restrictions on transfer to a Person who is not a Parent, any Affiliate of any Parent, any holder of Capital Stock of a Parent or any Affiliate of a Parent or any Permitted Holder or any Affiliate thereof; *provided* that any transfer of Subordinated Shareholder Funding to any of the foregoing persons shall not be deemed to be materially adverse to the interest of the Holders.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

  (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

  (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Subsidiary Guarantor*" means a Guarantor other than the Company.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, and any arrangements or transactions made between the Company and/or any of its Subsidiaries and any Parent in order to satisfy the obligations arising under any such Tax Sharing Agreement (including, for the avoidance of doubt, distributions for purposes of compensating accounting losses in relation to a profit and loss pooling agreement and/or upstream loans to any Parent to enable a Parent to compensate the Company or such Subsidiary for losses incurred which may need to be compensated by a Parent under any profit and loss pooling agreement).

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, assessments, duties, governmental charges and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in:

  (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state whose long-term debt is rated "A-1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another internationally recognized rating agency, (iii) the United Kingdom, Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

  (b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

  (a) any lender under the Senior Facilities Agreement;

  (b) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (1)(a) above; or

  (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of £250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(1) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(2) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(3) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member state or the United Kingdom, Switzerland, Norway or by

any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(4) bills of exchange issued in the United States, Canada, a member state of the European Union, the United Kingdom, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(5) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of £250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(6) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(7) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*U.K. Government Securities*" means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own, or hold any Lien on, any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Company in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Company could Incur at least £1.00 of additional Indebtedness under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary of the Company, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes sold to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). The Notes sold outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note ("Rule 144A Book-Entry Interests") and ownership of interests in the Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons who hold interests through such participants. Euroclear and for Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in the book-entry form by Euroclear and for Clearstream and their participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of £100,000 and in integral multiples of £1,000. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or the common depositary's nominee), will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and for Clearstream, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither we nor the Trustee nor any of our or their respective agents will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream or their respective nominees, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and for Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate unless otherwise required by law or applicable stock exchange or depositary requirements; provided, however, that no Book-Entry Interest of less than £100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest, if any) to the Paying Agent. The Paying Agent will, in turn, make such payments to Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties,

assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes*." If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Withholding Taxes*" above, the Issuer will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, any Paying Agent, the Registrar and the Trustee will treat the registered holders of the Global Notes (i.e. the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of their respective agents has or will have any responsibility or liability for any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in pound sterling.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, any Paying Agent, any of the Initial Purchasers or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the Book-Entry Interests are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in jurisdictions that require physical delivery of securities or to pledge such Notes, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set out in the Indenture.

The Global Notes will have a legend to the effect set out under "*Transfer Restrictions*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Transfer Restrictions*."

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with

Regulation S or Rule 144 under the Securities Act or any other exemption (if available under the Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of Rule 144A Book-Entry Interests denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by us within 120 days; or
- if the owner of a Book-Entry Interest requests such an exchange in writing delivered through either Euroclear or Clearstream following an event of default under the Indenture and enforcement action is being taken in respect thereof.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar or Transfer Agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than £100,000 will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

We will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, we are not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer. In the event of the transfer of any Definitive Registered Note, the Trustee, the Transfer Agent and the Registrar may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. We may require a holder to pay any taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of the Transfer Agent, we will issue and the Trustee (or an authentication agent appointed by it) will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Trustee or the Paying Agents appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by us in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant

to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in the Global Notes only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the Issuer's Paying Agent in London.

To the extent permitted by law, the Issuer, the Trustee, any Paying Agents, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the registrar, and such registration is a means of evidencing title to the Notes.

The Issuer will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor any of the Initial Purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed and admitted to trading on the Exchange. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantors, the Initial Purchasers, the Trustee, the Security Agent, the Transfer Agent, the Registrar, the Paying Agent, the Calculation Agent nor any of their respective agents will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in pounds sterling. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX CONSIDERATIONS

Certain Jersey Tax Considerations

The following summary of the anticipated treatment of the Issuer and holders of the Notes (other than residents of Jersey) is based on Jersey taxation law and practice as they are understood to apply at the date of this document and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice (including such tax law and practice as they apply to any land or building situated in Jersey). Prospective investors in the Notes should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of the Notes under the laws of any jurisdiction in which they may be liable to taxation.

Taxation of the Issuer

The Issuer is not regarded as resident for tax purposes in Jersey. Therefore, the Issuer will not be liable to Jersey income tax other than on Jersey source income (except where such income is exempted from income tax pursuant to the Income Tax (Jersey) Law 1961, as amended) and payments in respect of the Notes may be paid by the Issuer without withholding or deduction for or on account of Jersey income tax. The holders of the Notes (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Notes.

Stamp Duty

In Jersey, no stamp duty is levied on the issue or transfer of the Notes except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer the Notes on the death of a holder of such Notes where such Notes are situated in Jersey. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of the Notes domiciled in Jersey, or situated in Jersey in respect of a holder of the Notes domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75% of such estate and such duty is capped at £100,000. Where the Notes are in registered form and the register is not maintained in Jersey, such Notes should not be considered to be situated in Jersey for tax purposes.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

Certain United Kingdom Tax Considerations

The comments below are of a general nature based on the Issuer's understanding of current UK law as applied in England and Wales and HMRC practice (which may not be binding on HMRC), both of which may be subject to change (including with retrospective effect), and are not intended to be exhaustive, relating only to certain aspects of UK taxation. They do not necessarily apply where the income is deemed for tax purposes to be the income of any person other than holders of the Notes. They relate only to the position of persons who are the absolute beneficial owners of their Notes and may not apply to certain classes of persons such as dealers in securities or certain professional investors.

The UK tax treatment of prospective holders of Notes depends upon their individual circumstances and may be subject to change in the future. This description does not purport to constitute legal or tax advice and any prospective holders of the Notes who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult their professional advisers. Further, these comments do not address the tax consequences for holders of Notes who are individuals treated as non-domiciled and resident in the United Kingdom for UK tax purposes.

Interest

Whilst the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007, payments of interest by the Issuer may be made without withholding or deduction for or on account of UK income tax. The Exchange is a recognised stock exchange for these purposes. The Notes will be treated as listed on the Exchange if they are both admitted to dealing on the Official List in accordance with the rules of the Exchange and officially listed on the Official List in accordance with provisions corresponding to those generally applicable in European Economic Area states.

If the Notes are not listed on a "recognised stock exchange" or cease to be so listed, interest will generally be paid by the Issuer under deduction of income tax at the basic rate (currently 20%) unless (i) any other exemption or relief applies; or (ii) the Issuer has received a direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Any premium payable on redemption may be treated as a payment of interest for UK tax purposes and may accordingly be subject to the withholding tax treatment described above.

The UK withholding tax treatment of payments by a Guarantor under the terms of a Notes Guarantee in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, such payments by a Guarantor may not be eligible for the exemption in respect of bonds listed on a recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if a Guarantor makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate.

Interest and premium on the Notes has a UK source and accordingly may be chargeable to UK tax by direct assessment (including self-assessment). Where interest and premium is paid without withholding or deduction, the interest and premium will not be assessed to UK tax in the hands of holders of the Notes (other than certain Trustees) who are not resident in the United Kingdom, except where the holder of the Note carries on a trade, profession or vocation through a branch or agency, or in the case of a corporate holder, carries on a trade through a permanent establishment in the United Kingdom, in connection with which the interest and premium is received or to which the Notes are attributable, in which case (subject to exemptions for interest and premium received by certain categories of agent) UK tax may be levied on the UK branch or agency, or permanent establishment.

If interest and premium were paid under deduction of UK income tax (e.g. if the Notes lost their listing on a "recognised stock exchange"), holders of the Notes who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Holders of the Notes should note that the provisions relating to additional amounts referred to in "*Description of the Notes—Withholding Taxes*" would not apply if HMRC sought to assess directly the person entitled to the relevant interest and premium to UK tax. However, exemption from, or reduction of, such UK tax liability might be available under an applicable double taxation treaty.

Provision of Information

Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual or (ii) paying amounts due on redemption of the Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual may be required to provide certain information to HMRC regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

UK Corporation Tax Payers

Holders of the Notes within the charge to UK corporation tax (including non-resident holders whose Notes are used, held or acquired for the purposes of a trade carried on in the United Kingdom through a permanent establishment) will be subject to tax on income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment. Fluctuations in value relating to foreign exchange gains and losses in respect of the Notes will be brought into account as income.

Other Holders of the Notes

Taxation of Chargeable Gains

If the Notes constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of Income Tax (Trading and Other Income) Act 2005 (as to which, please see "Taxation of Discount" below), the Notes should also constitute "qualifying corporate bonds" within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992, with the result that on a disposal of the Notes neither chargeable gains nor allowable losses should arise for the purposes of United Kingdom

taxation of capital gains. If Notes are not deeply discounted securities, they will fall outside the definition of "qualifying corporate bond" mentioned above. Accordingly, any disposal of such a Note by an individual holder who is resident for tax purposes in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which such a Note is attributable may give rise to a chargeable gain or allowable loss for the purposes of United Kingdom tax on chargeable gains, depending on individual circumstances.

Accrued Income Profits

On a disposal of Notes by a holder of the Notes, any interest that has accrued since the last interest payment date may be chargeable to tax as income under the rules relating to accrued income profits as set out in Part 12 of the Income Tax Act 2007 if that holder of the Notes is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable. Those provisions will not apply to Notes that are deemed to be "deeply discounted securities" (as to which, see "—*Taxation of Discounts*" below).

Taxation of Discounts

Dependent, amongst other things, on the discount (if any) at which a future issue (if any) of Notes are issued, or, in certain cases the premium (if any) payable on redemption, Notes may be deemed to constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. In respect of any Notes that are deemed to constitute "deeply discounted securities," individual holders of the Notes who are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable generally will be liable to UK income tax on any profit made on the sale or other disposal (including redemption) of the Notes however such holders will not be able to claim relief from United Kingdom income tax in respect of costs incurred on the acquisition, transfer or redemption of, or losses incurred on the transfer or redemption of, the Notes. Holders of the Notes are advised to consult their own professional advisers if they require any advice or further information relating to "deeply discounted securities."

The references to "interest," "premium" and "discount" above are to "interest," "premium" and "discount" as understood for the purposes of UK tax law. They do not take into account any different definitions of "interest," "premium" and "discount" that may prevail under any other tax law or that may apply under the terms and conditions of the Notes or any related document.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax is payable on the issue of or on a transfer of, or an agreement to transfer, Notes.

Certain United States Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Notes issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The discussion is limited to considerations relevant to a U.S. Holder (as defined below), except to the extent discussed in "—*Foreign Account Tax Compliance Act*," and does not address the effects of other U.S. federal tax laws, such as estate and gift tax laws, or any state, local or foreign tax laws. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations (including Proposed Treasury Regulations) promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "IRS"), in each case in effect as at the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a holder of the Notes. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of the Notes. This discussion is limited to holders who hold the Notes as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, this discussion is limited to persons purchasing the Notes for cash at original issue and at their original "issue price" within the meaning of Section 1273 of the Code (i.e., the first price at which a substantial amount of the Notes is sold to the public for cash). This discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances, including the

impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States or entities covered by the U.S. anti-inversion rules;
- persons liable for the alternative minimum tax;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding the Notes as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts and regulated investment companies;
- brokers, dealers and traders in securities;
- individual retirement and other tax-deferred accounts;
- S corporations, partnerships or other pass-through entities for U.S. federal income tax purposes (and investors therein);
- persons that are members of an "expanded group" or a "modified expanded group" within the meaning of Treasury Regulations Section 1.385-1 of which the Issuer is also a member;
- persons who actually or constructively own more than 10% of our voting stock;
- tax-exempt organizations and governmental organizations; and
- persons deemed to sell the Notes under the constructive sale provisions of the Code.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of a Note that, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding the Notes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES ARISING UNDER OTHER U.S. FEDERAL TAX LAWS (INCLUDING ESTATE AND GIFT TAX LAWS), UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Characterization of the Issuer

The Issuer has filed U.S. Internal Revenue Service Form 8832, electing to be treated as a disregarded entity for U.S. federal income tax purposes. As a result, for U.S. federal income tax purposes, the Notes will be treated as issued by Full Moon Holdco 5 Limited. Furthermore, references in this section "*Certain United States Federal Income Tax Considerations*" to "Issuer" are deemed to refer to Full Moon Holdco 5 Limited.

Characterization of the Notes

Under certain circumstances (e.g., Description of the Notes—Change of Control), the Notes provide for payments in excess of stated interest and principal and/or redemption prior to their stated maturity. The Issuer intends to take the position that these provisions will not cause the Notes to be subject to the contingent payment debt instrument rules of applicable Treasury Regulations (the "CPDI Rules"). This position is based in part on assumptions that, as of the date of issuance of the Notes, the possibility that additional amounts will have to be paid is a "remote" or "incidental" contingency within the meaning of the applicable Treasury Regulations. The Issuer's determination that this contingency is remote or incidental is binding on a U.S. Holder, unless the U.S. Holder discloses in the proper manner to the IRS that it is taking a different position. The Issuer's position is not, however, binding on the IRS. If the IRS successfully challenged the Issuer's position, the tax consequences of owning and disposing of the Notes could be materially different than those described herein, including with respect to the character, timing and amount of income, gain or loss recognized. The remainder of this discussion assumes that the Notes are not subject to the CPDI Rules, but there can be no assurances in this regard. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI Rules and the consequences thereof.

Payments of Stated Interest

Payments of stated interest on a Note (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes. A U.S. Holder who uses the cash method of accounting for U.S. federal income tax purposes and that receives a payment of stated interest on the Notes will be required to include in income (as ordinary income) the U.S. dollar value of the pound interest payment (determined based on the spot rate on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at such time. A cash method U.S. Holder will not recognize exchange gain or loss on the receipt of such stated interest, but may have exchange gain or loss attributable to the actual disposition of the pounds received. A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes will be required to include in income (as ordinary income) the U.S. dollar value of the amount of stated interest income in pounds that has accrued with respect to the Notes during an accrual period. The U.S. dollar value of such pound denominated accrued stated interest will be determined by translating such amount at the average spot rate for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate for the partial period within each taxable year. An accrual method U.S. Holder may elect to translate such accrued stated interest income into U.S. dollars using the spot rate on the last day of the interest accrual period or, with respect to an accrual period that spans two taxable years, using the spot rate on the last day of the portion of the accrual period within the relevant taxable year. Alternatively, if the last day of an accrual period is within five business days of the date of receipt of the accrued stated interest, a U.S. Holder that has made the election described in the prior sentence may translate such interest using the spot rate on the date of receipt of the stated interest. The above election will apply to other debt instruments held by an electing U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes will recognize exchange gain or loss with respect to accrued stated interest on the date such interest is received. The amount of exchange gain or loss recognized will equal the difference, if any, between the U.S. dollar value of the pound payment received (determined based on the spot rate on the date such stated interest is received) in respect of such accrual period and the U.S. dollar value of the stated interest income that has accrued during such accrual period (as determined above), regardless of whether the payment is in fact converted into U.S. dollars at such time. Any such exchange gain or loss generally will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Foreign Tax Credit

Subject to the discussion of exchange gain or loss above, stated interest income on a Note generally will constitute foreign source income and generally will be considered "passive category income" or, in the case of certain U.S. Holders, "general category income" in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. There are significant complex limitations on a U.S. Holder's ability to claim foreign tax credits. U.S. Holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. Holder generally will recognize U.S. source gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount attributable to accrued but unpaid stated interest, which will be taxable as such to the extent not previously included in income as described above under "*—Payments of Stated Interest*") and such U.S. Holder's adjusted tax basis in the Note.

The amount realized by a U.S. Holder is the sum of the cash plus the fair market value of all other property received on the sale or other taxable disposition. If a U.S. Holder receives foreign currency on a sale or other taxable disposition of a Note, the amount realized generally will be based on the U.S. dollar value of the foreign currency translated into U.S. dollars based on the spot rate on the date of disposition. If the Notes are traded on an established securities market, a cash basis U.S. Holder and an electing accrual basis U.S. Holder will determine the U.S. dollar value of such foreign currency based on the spot rate in effect on the settlement date of the disposition. If an accrual basis U.S. Holder makes this election, the election must be applied consistently by such holder from year to year and cannot be revoked without the consent of the IRS. If the Notes are not traded on an established securities market (or, if the Notes are so traded, but an accrual basis U.S. Holder has not made the settlement date election), a U.S. Holder generally will recognize exchange gain or loss (as U.S. source ordinary income or loss) to the extent that the U.S. dollar value of the foreign currency received (based on the spot rate on the date of settlement) differs from the U.S. dollar value of the amount realized (based on the spot rate on the date of disposition).

A U.S. Holder's adjusted tax basis in a Note generally will be its cost for the Note. The cost of a Note purchased with foreign currency generally will be the U.S. dollar value of the purchase price determined based on the spot rate on the date of purchase. The conversion of U.S. dollars to a foreign currency and the immediate use of that currency to purchase a Note generally will not result in taxable gain or loss for a U.S. Holder.

A U.S. Holder will recognize exchange gain or loss (taxable as ordinary income or loss) on the sale or other taxable disposition of a Note equal to the difference, if any, between the U.S. dollar value of the U.S. Holder's purchase price for the Note on (i) the date of sale or other taxable disposition and (ii) the date on which the U.S. Holder acquired the Note. In addition, upon the sale or other taxable disposition of a Note, a U.S. Holder may realize exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest, which will be treated as discussed above under "*—Payments of Stated Interest*." Any such exchange gain or loss (including any exchange gain or loss with respect to accrued interest) will be realized only to the extent of the total gain or loss realized on the sale or other taxable disposition by a U.S. Holder, and generally will be treated as U.S. source income or loss.

Gain or loss in excess of exchange gain or loss a U.S. Holder recognizes on the sale or other taxable disposition of the Notes generally will be U.S. source capital gain or loss. Such gain or loss generally will be long-term capital gain or loss if a U.S. Holder has held the Notes for more than one year. For non-corporate U.S. Holders, long-term capital gains are generally eligible for preferential rates of taxation. The deductibility of capital losses is subject to limitations. A U.S. Holder should consult its own tax advisor regarding the deductibility of capital losses in its particular circumstances.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of interest on the Notes and to the proceeds of the sale or other disposition (including a redemption or retirement) of a Note paid to a U.S. Holder, unless such U.S. Holder is an exempt recipient and, when required, provides evidence of such exemption. A U.S. Holder that is not an exempt recipient may be subject to U.S. federal backup withholding at the applicable rate (currently 28 per cent) with respect to payments on the Notes and the proceeds of a sale or other taxable disposition of the Notes, unless the U.S. Holder provides its taxpayer identification number to the Paying Agent and certifies on IRS Form W-9, under penalties of perjury, that it is not subject to backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. The amount of any backup withholding withheld from a payment to a U.S. Holder may be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided the required information is furnished to the IRS in a timely manner.

Tax Return Disclosure Requirements

Treasury Regulations issued under the Code meant to require the reporting to the IRS of certain tax shelter transactions cover certain transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses in excess of a certain minimum amount, such as the receipt or accrual of interest on a foreign currency note or a sale or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note. U.S. Holders should consult their tax advisors to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Individuals that own "specified foreign financial assets" with an aggregate value in excess of certain thresholds generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements, unless the Notes are held in an account at certain financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for non-compliance. Under certain circumstances, an entity may be treated as an individual for purposes of these rules.

Foreign Account Tax Compliance Act

Pursuant to Sections 1471 through 1474 of the Code and the Treasury Regulations promulgated thereunder (provisions commonly known as "FATCA"), a "foreign financial institution" may be required to withhold U.S. tax on certain foreign passthru payments to the extent such payments are treated as attributable to certain U.S. source payments. The Treasury Department has announced that withholding for foreign passthru payments will not start until the later of January 1, 2019 or the publication date of final regulations defining foreign passthru payments. Obligations issued on or prior to the date that is six months after the date on which applicable final Treasury Regulations defining foreign passthru payments are filed generally would be "grandfathered" from FATCA unless "materially modified" (for U.S. federal income tax purposes) after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after expiration of the grandfather period. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is required or advisable with respect to any payments on the Notes, there generally will be no additional amounts payable to compensate for the withheld amount.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE NOTES GUARANTEES AND THE SECURITY INTERESTS

The following is a summary of certain insolvency law considerations in the jurisdictions in which the Issuer, the Guarantors and certain subsidiaries are incorporated or organized, and a summary of certain limitations on the validity and enforceability of the Notes Guarantees and the security interests for the Notes. The description is only a summary and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes and the Notes Guarantees and the security interests. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

European Union

Each of the Guarantors is incorporated under the laws of the United Kingdom which is a Member State of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 of May 29, 2000, on insolvency proceedings, as amended (the "EU Insolvency Regulation"), which applies within the European Union, other than Denmark, the courts of the Member State in which a company's "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that a company has its "centre of main interests" in the Member State in which it has its registered office in the absence of proof to the contrary, Preamble 13 of the EU Insolvency Regulation states that the "centre of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties." The courts have taken into consideration a number of factors in determining the "centre of main interests" of a company, including, in particular, where board meetings are held, the location where the company conducts the majority of its business or has its head office, and the location where the large majority of the company's creditors are established. A company's "centre of main interests" may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition.

The EU Insolvency Regulation applies to insolvency proceedings that are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation.

If the "centre of main interests" of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open territorial insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State. An "establishment" is defined to mean a place of operations where the company carries on non-transitory economic activity with human means and goods. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings have been opened in the Member State in which the company has its centre of main interests, any proceedings opened subsequently in another Member State in which the company has an establishment (secondary proceedings) are limited to "winding up proceedings" listed in Annex B of the EU Insolvency Regulation. Where main proceedings in the Member State in which the company has its centre of main interests have not yet been opened, territorial insolvency proceedings can be opened in another Member State where the company has an establishment only where either (i) insolvency proceedings cannot be opened in the Member State in which the company's centre of main interests is situated under that Member State's law; or (ii) the territorial insolvency proceedings are opened at the request of a creditor that is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from the operation of the establishment.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening the main proceedings, which will be given the same effect in the other Member States so long as no secondary proceedings have been opened there. The liquidator appointed by a court in a Member State that has jurisdiction to open main proceedings (because the company's centre of main interests is there) may exercise the powers conferred on him or her by the law of that Member State in

another Member State (such as to remove assets of the company from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

Jersey

Insolvency

The Issuer is incorporated under the laws of Jersey. Consequently, in the event of an insolvency of the Issuer, insolvency proceedings may be initiated in Jersey. There are two principal regimes for corporate insolvency in Jersey: désastre and winding up (including just and equitable winding up and creditor's winding up). The principal type of insolvency procedure available to creditors under Jersey law is the application for an Act of the Royal Court of Jersey under the Bankruptcy (Désastre) (Jersey) Law 1990, as amended (the "Jersey Bankruptcy Law") declaring the property of a debtor to be "en désastre" (a "declaration").

On a declaration of "désastre," title and possession of the property of the debtor vest automatically in the Viscount, an official of the Royal Court (the "Viscount"). With effect from the date of declaration, a creditor has no other remedy against the property or person of the debtor, and may not commence or, except with the consent of the Viscount or the Royal Court, continue any legal proceedings to recover the debt. With effect from the date of declaration, a secured party may, however, without the consent of the Viscount and without an order of the court, exercise any power of enforcement it may have under Part 7 (Enforcement of Security Interests) of the Security Interests (Jersey) Law 2012 (the "2012 Law"). To the extent that the proceeds of such enforcement are insufficient to discharge liabilities owed, that secured party has no other remedy against the property or person of the debtor, and may not commence any legal proceedings or, except with the consent of the Viscount or the Royal Court, continue any legal proceedings to recover the balance of the debt.

Additionally, the shareholders of a Jersey company (but not its creditors) can instigate a winding up of an insolvent company, which is known as a "creditors' winding up" pursuant to Chapter 4 of Part 21 of the Companies (Jersey) Law 1991, as amended (the "Jersey Companies Law"). On a creditors' winding up, a liquidator is nominated by the shareholders. The creditors may approve such a liquidator or apply to appoint a different liquidator. The liquidator will stand in the shoes of the directors and administer the winding up, gather assets, make appropriate disposals of assets, settle claims and distribute assets as appropriate. After the commencement of the winding up, no action can be taken or continued against the company except with the leave of court. The shareholders must give creditors 14 days' notice of the meeting to commence the creditors' winding up. After the commencement of the creditors' winding up, a secured party may, however, without the sanction of a liquidator and without an order of the court, exercise any power of enforcement it may have under Part 7 (Enforcement of Security Interests) of the 2012 Law. To the extent that the proceeds of such enforcement are insufficient to discharge liabilities owed, that secured party has no other remedy against the company without the leave of the court. The corporate state and capacity of the company continues until the end of the winding up procedure, when the company is dissolved. The Jersey Companies Law requires a creditor of a company (subject to appeal) to be bound by an arrangement entered into by the company and its creditors immediately before or in the course of its winding up if (inter alia) three quarters in number and value of the creditors acceded to the arrangement.

Transactions at an Undervalue

Under Article 17 of the Jersey Bankruptcy Law and Article 176 of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "en désastre") or liquidator (in the case of a creditors' winding up, a procedure which is instigated by shareholders not creditors), set aside a transaction (including any guarantee or security interest) entered into by a company with any person (the "other party") at an undervalue. There is a five-year look-back period from the date of commencement of the winding up or declaration of "désastre" during which transactions are susceptible to examination pursuant to this rule (the "relevant time").

The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction at an undervalue, the operation of the relevant time and the effect of entering into such a transaction with a person connected with the company or with an associate of the company. In particular, a company will enter into a transaction at an undervalue if it makes a gift to that person or it enters into a transaction with that person on terms

for which there is no cause or for a cause the value of which, in money or money's worth, is significantly less than the value, in money or money's worth, of the cause provided by the company (whilst cause cannot for all purposes in connection with Jersey contract law be treated as identical to the concept of consideration, references to cause in relation to transactions at an undervalue may be generally considered in the same manner and subject to the same issues as set out in the Insolvency Act 1986 of the United Kingdom).

If the court determines that the transaction was a transaction at an undervalue, the court can make such order as it thinks fit to restore the position to what it would have been in if the transaction had not been entered into (although, there is a protection for a third-party which benefits from the transaction and has acted in good faith, for value and without notice). The court shall not make such an order if it is satisfied that the company entered into the transaction in good faith for the purpose of carrying on its business and that, at the time it entered into the transaction, there were reasonable grounds for believing that the transaction would be of benefit to the company. In any proceedings, it is for the Viscount or liquidator to prove that the company was insolvent at the relevant time unless the transaction was entered into with a connected person or associate of the company, in which case there is a presumption of insolvency and the connected person or associate must prove in such proceedings that the company was not insolvent when it entered the transaction, and did not become insolvent as a result of the transaction.

Preference

Under Article 17A of the Jersey Bankruptcy Law and Article 176A of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "en désastre") or liquidator (in the case of a creditors' winding up), set aside a preference (including any guarantee or security interest) given by the company to any person (the "other party"). There is a 12-month look-back period from the date of commencement of the winding up or declaration of "désastre" during which transactions are susceptible to examination pursuant to this rule (the "relevant time").

The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a preference, the operation of the relevant time and the effect of entering into a preference with a person connected with the company or with an associate of the company. In particular, a transaction will constitute a preference if it has the effect of putting a creditor of the Jersey company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into an insolvent winding up or "désastre") than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction constituted such a preference, the court can make such order as it thinks fit to restore the position to what it would have been if that preference had not been given (although there is protection for a third-party which benefits from that the transaction in good faith, for value and without notice). The court shall not make such an order unless it can be shown that in deciding to give the preference the company was influenced by a desire to produce the preferential effect. In any proceedings, it is for the Viscount or liquidator to prove that the company was insolvent at the relevant time and that the company was influenced by a desire to produce the preferential effect, unless the person to whom the preference was given was a connected person or associate of the Company, in which case there is a presumption of insolvency and that the company was influenced by a desire to produce the preferential effect and the connected person or associate must prove in such proceedings that the company was not insolvent when it entered the transaction, and did not become insolvent as a result of the transaction, and was not influenced by such a desire.

Extortionate Credit Transactions

Under Article 17C of the Jersey Bankruptcy Law and Article 179 of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared "en désastre") or liquidator (in the case of a creditors' winding up), set aside a transaction providing credit to the debtor company which is or was extortionate. There is a three-year look-back period from the date of commencement of the winding up or declaration of "désastre" during which transactions are susceptible to examination pursuant to this rule. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction which is extortionate.

Disclaimer of Onerous Property

Under Article 15 of the Jersey Bankruptcy Law, the Viscount may within six months following the date of the declaration of "désastre" and under Article 171 of the Jersey Companies Law, a liquidator may within six months following the commencement of a creditors' winding up, disclaim any onerous property of the company. "Onerous property" is defined to include any moveable property, a contract lease or other immoveable property if it is situated outside of Jersey that is unsaleable or not readily saleable or is such that it might give rise to a liability to pay money or perform any other onerous act, and includes an unprofitable contract.

A disclaimer operates to determine, as of the date it is made, the "rights, interests and liabilities of the company/debtor in or in respect of the property disclaimed" and "discharge(s) the company/Viscount from all liability in respect of the property as of the date of the declaration or commencement of the creditors' winding up/from the date of the declaration" but "shall not, except so far as is necessary for the purpose of releasing the company/debtor from liability, affect the rights or liabilities of any other person." A person sustaining loss or damage as a result of a disclaimer is deemed to be a creditor of the company to the extent of the loss or damage and shall have standing as a creditor in the "désastre" or creditors' winding up. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) in relation to the power to disclaim onerous property.

Fraudulent Dispositions

In addition to the Jersey statutory provisions referred to above, there are certain principles of Jersey customary law (for example, a Pauline action) under which dispositions of assets with the intention of defeating creditors' claims may be set aside.

Floating Charges

Under the laws of Jersey, a person incorporated, resident or domiciled in Jersey is deemed to have capacity to grant security governed by foreign law over property situated outside the Island of Jersey, but to the extent that any floating charge or other security interest governed by foreign law is expressed to apply to any asset, property and undertaking of a person incorporated, resident or domiciled in Jersey such floating charge or other security interest is not likely to be held valid and enforceable by the Jersey courts in respect of Jersey situs assets.

Administrators, Receivers and Statutory and Non-statutory Requests for Assistance

The Insolvency Act 1986 (either as originally enacted or as amended, including by the provisions of the Enterprise Act 2002) does not apply in Jersey and receivers, administrative receivers and administrators are not part of the laws of Jersey. Accordingly, the Jersey courts may not recognize the powers of an administrator, administrative receiver or other receiver appointed in respect of Jersey situs assets.

The Royal Court (in its inherent jurisdiction) may, however, under Article 49(1) of the Jersey Bankruptcy Law, the Jersey court may assist the courts of prescribed countries and territories and, applying general principles of comity, assist the courts in other jurisdictions, in all matters relating to the insolvency of any person to the extent that the Royal Court thinks fit. These prescribed jurisdictions include the United Kingdom. Further, in doing so, the Royal Court may have regard to the UNCITRAL model law, even though the model law has not been (and is unlikely to be) implemented as a separate law in Jersey.

If insolvency proceedings have been commenced in another jurisdiction in relation to the company, the nature and extent of the cooperation from Jersey is likely to depend on the nature of the requesting country's insolvency regime.

In the case of both statutory and non-statutory requests for assistance, it should be noted that the UNCITRAL provisions will not automatically be followed as this is a matter for the discretion of the Royal Court. The court's position may also not be in accordance with the EU Insolvency Regulation. Jersey does not form part of the European Community for the purposes of implementation of its directions. Accordingly, the EU Insolvency Regulation does not apply as a matter of Jersey domestic law and the automatic test of centre of main interests does not apply.

Enforcement of Security and Security in Insolvency

Enforcement of a security interest against a Jersey company may be limited by bankruptcy, insolvency, liquidation, dissolution, re-organization or other laws of general application relating to or

affecting the rights of creditors, but insolvency or bankruptcy alone will not render such security interest invalid or non-binding on the parties thereto or any liquidator of a Jersey company or the Viscount in a "désastre" of a Jersey company's property.

Under Jersey law, security over Jersey situs assets is created in accordance with the provisions of Jersey law. The shares held by Full Moon Holdco 5 Limited in the Issuer are secured pursuant to a Jersey law governed security interest agreement and will be secured pursuant to a Jersey law governed supplemental security interest agreement. The 2012 Law provides that a secured party may enforce security over intangible movable assets by way of sale or appropriation of the collateral or proceeds. In addition a secured party may take certain ancillary actions including any bespoke enforcement powers included in a security agreement to the extent not in conflict with the 2012 Law. More than one enforcement option can be taken, and taking one or more of the enforcement options specified above does not preclude the exercise of other rights of a secured party. The power of enforcement is exercisable once an event of default has occurred and written notice specifying the event of default has been served on the grantor by the secured party. If enforcement is by way of sale or appropriation, the secured party must give the grantor 14 days' prior written notice. Importantly, the grantor may agree in writing to waive its right to notice of appropriation or sale and it is usual to include such a waiver in a security agreement. The secured party is obliged on sale or appropriation, to give at least 14 days' prior written notice to: (i) any person who 21 days before the sale or appropriation has a registered security interest in the collateral; and (ii) any person other than the grantor who has an interest in the collateral and has, not less than 21 days before the sale or appropriation, given the secured party notice of that interest unless, in each case, the secured party and such person have otherwise agreed in writing. There are specific carve-outs from the obligation to give notice of sale. On exercising the power of enforcement by appropriation or sale, the secured party must: (i) take all commercially reasonable steps to determine or, in the case of a sale, obtain the fair market value of the collateral, as at the time of the relevant appropriation or sale; (ii) act in a commercially reasonable manner in relation to the appropriation or sale; and (iii) (in the case of a sale only) enter into any agreement for or in relation to the sale only on commercially reasonable terms. The duty of the secured party is owed to the grantor and also to any other person to whom the secured party was required to give notice of sale or appropriation (whether or not they have agreed in writing to waive the notice requirements). If, in exercising its powers of enforcement, a secured party appropriates or sells collateral, it must, within 14 days after the day on which the collateral is appropriated or sold, give certain persons (being the grantor (subject to it having waived this requirement), any person with a registered subordinate security interest and certain persons claiming an interest in the collateral) a written statement of account setting out certain information in relation to that appropriation or sale. If a secured party has sold or appropriated the collateral and the net value or proceeds of appropriation or sale (as appropriate) of the collateral exceeds the amount of the debt owed to the secured party, the secured party shall pay the amount of any resulting surplus in the following order: (i) in payment, in due order of priority, to any person who has a subordinate security interest in the collateral and has registered a financing statement over that security interest (where the registration remained effective immediately before the appropriation or sale); (ii) in payment to any other person (other than the grantor) who has given the secured party notice that that person claims an interest in the collateral and in respect of which the secured party is satisfied that that person has a legally enforceable interest in the collateral; and (iii) as to the balance (if any) in payment to the relevant debtor grantor. Alternatively, the secured party may discharge its obligation above with respect to any surplus by paying that amount into the Royal Court. The surplus may then only be paid out on the order of the court on application by a person entitled to the surplus.

England and Wales

Each of the Guarantors is incorporated under the laws of England and Wales and is subject to an English law debenture and supplemental debenture. Therefore, any insolvency proceedings by or against the Guarantors would likely be based on English insolvency laws. However, pursuant to the EU Insolvency Regulation on Insolvency Proceedings, where a company incorporated under English law has its "centre of main interests" in a Member State of the European Union other than England and Wales, then the main insolvency proceedings for that company may be opened in the Member State in which its centre of main interests is located and be subject to the laws of that Member State. The point at which this issue falls to be determined is at the time that the relevant insolvency proceedings are opened. The European Commission has published amendments to the EU Insolvency Regulation which may alter the manner in which the test for determining where a company has its centre of main interests might be applied during the term of the Notes. At this stage it is not possible to conclusively determine what (if any) impact there might be in relation to the Notes.

Similarly, the UK Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in the United Kingdom, provide that a foreign (i.e., non-English) court may have jurisdiction where any English company has its centre of main interests in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services). To the extent that the UK Cross-Border Insolvency Regulations 2006 conflict with an obligation of the United Kingdom under the EU Insolvency Regulation, the requirements of the EU Insolvency Regulation will prevail.

English insolvency law is different to the laws of the United States and other jurisdictions with which investors may be familiar and it is not possible to predict with certainty the outcome of insolvency or similar proceedings.

Formal insolvency proceedings under the laws of England and Wales may be initiated in a number of ways, including by the company or a creditor making an application for administration in court, the company or the holder of a "qualifying floating charge" (discussed below) making an application for administration out of court, or by a creditor filing a petition to wind up the company or the company resolving to do so (in the case of a liquidation). A company may be wound up if it is unable to pay its debts, and may be placed into administration if it is, or is likely to become, unable to pay its debts, and the administration is reasonably likely to achieve one of three statutory purposes.

Under the Insolvency Act 1986, as amended (the "Insolvency Act"), a company is insolvent if it is unable to pay its debts. A company is deemed unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due), if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities), or, among other matters, if it fails either to satisfy a creditor's statutory demand for a debt exceeding £750 or to satisfy in full a judgment debt (or similar court order).

The obligations under the Notes are secured by English law governed security interests over the Collateral and therefore English insolvency laws and other limitations could limit the enforceability of security interests over the Collateral.

The following is a brief description of certain aspects of English insolvency law relating to certain limitations on the security interests over the Collateral that are governed by English law. The application of these laws could adversely affect investors and their ability to enforce their rights and/or the Collateral securing the Notes and therefore may limit the amounts that investors may receive in an insolvency of an English company.

Fixed and Floating Charges

Fixed charge security has a number of advantages over floating charge security: (a) an administrator appointed to the company which granted the floating charge can dispose of floating charge assets for cash or collect receivables charged by way of floating charge and use the proceeds and/or cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business while in administration) in priority to the claims of the floating charge holder; (b) a fixed charge over assets, even if created after the date of a floating charge over the assets, may rank prior to the floating charge over the relevant assets providing that the floating charge has not crystallized at the time the fixed charge is granted; (c) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of floating charge assets to the extent the assets of the company available for creditors generally are otherwise insufficient to meet them (subject to certain restrictions for the costs of litigation) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of its business, meaning that such assets can be effectively disposed of by the charging company so as to give a third-party good title to the assets free of the floating charge; (e) floating charge security is subject to certain challenges under English insolvency law (see "*—Grant of Floating Charge*"); and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees (subject to a cap per employee) and holiday pay owed to employees) and, where the floating charge is not a security financial collateral arrangement, to the claims of unsecured creditors in respect of a ring fenced amount of the proceeds (see "*—Administration and Floating Charges*").

Under English law there is a possibility that a court could recharacterize as floating charges any security interests expressed to be created by a security document as fixed charges where the chargee

does not have the requisite degree of control over the relevant chargor's ability to deal with the relevant assets and the proceeds thereof or does not exercise such control in practice as the description given to the charges in the relevant security document as fixed charges is not determinative. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Administration and Floating Charges

Under English insolvency law, English courts are empowered to order the appointment of an administrator in respect of an English company in certain circumstances. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor. During the administration of a company, a statutory moratorium is imposed and a creditor would not be able to enforce any security interest (other than security financial collateral arrangements) or guarantee granted by it without the consent of the administrator or the court. The moratorium does not, however, apply to a "financial collateral agreement" (such as a charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. In addition, in limited circumstances (as set out in more detail below) a secured creditor can appoint an administrative receiver, at which time no automatic statutory moratorium is created and creditors may begin or continue any legal action against the company, including petitioning for liquidation.

A chargee can appoint its choice of administrator by the out of court route or an administrative receiver if it holds a qualifying floating charge and such floating charge security, together with fixed charge security charges the whole or substantially the whole of the relevant English chargor's property. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the chargeholder to appoint an administrator of the company or (c) purports to empower the chargeholder to appoint an administrative receiver. Even if the chargee holds a qualifying floating charge it can only appoint an administrative receiver if one of the exceptions to the general prohibition of appointing an administrative receiver applies. The most relevant exception to the prohibition on the appointment is that the chargee can appoint an administrative receiver under security forming part of a "capital market arrangement" (as defined in the Insolvency Act, as amended), which is the case if the issuer of the notes incurs (or expected to incur) a debt of at least £50,000,000 for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the Insolvency Act, as amended, but is generally a rated, listed or traded debt instrument). Once an administrative receiver is appointed by the chargee the company or its directors will not be permitted to appoint an administrator by the out of court route and a court will only appoint an administrator if the charge under which the administrative receiver is appointed is successfully challenged or the chargee agrees. If an administrator is appointed to a company, any administrative receiver then in office must vacate office and any receiver of part of the company's property must resign if requested to do so by the administrator.

Liquidation/Winding-Up

Liquidation is an asset realization and distribution procedure under which the assets of the company are realized and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act, as amended. At the end of the liquidation process the company will normally be dissolved. In the case of a liquidation commenced by way of a court order, no proceedings or other actions may be commenced or continued against the company except by leave of the court and subject to such terms as the court may impose (although security enforcement is not affected).

Under English insolvency law, a liquidator has the power to disclaim any onerous property by serving the prescribed notice on the relevant party. Onerous property, for these purposes, is any unprofitable contract and any other property of the company which is unsaleable or not readily saleable or is such that it may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company which may be regarded as detrimental to creditors. A contract will not be unprofitable merely because it is financially disadvantageous or because the company could have made, or could make, a better bargain. This power does not apply to a contract all the obligations under which have been performed nor can it be used to disturb accrued rights and liabilities.

A liquidator has the power to bring or defend legal proceedings on behalf of the company, to carry on the business of the company as far as it is necessary for its beneficial winding up, to sell the company's property and execute documents in the name of the company; and to challenge antecedent transactions.

Priority of Claims

One of the primary functions of liquidation (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realize the assets of the insolvent company and to distribute realizations made from those assets to its creditors. Under the Insolvency Act and the Insolvency Rules 1986, creditors are placed into different classes, with the proceeds from the realization of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the "Prescribed Part" (see "—*Prescribed Part*" below), distributions cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been paid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

The general priority of claims on insolvency is as follows (in descending order of priority):

- First ranking claims: holders of fixed charge security and creditors with a proprietary interest in assets of the debtor;
- Second ranking claims: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);
- Third ranking claims: preferential creditors. Preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (i) contributions to occupational and state pension schemes; (ii) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; and (iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date. As between one another, preferential debts rank *pari passu*;
- Fourth ranking claims: holders of floating charge security, according to the priority of their security. However, before distributing asset realizations to the holders of floating charges, the Prescribed Part (as defined below) must be set aside for distribution to unsecured creditors (see "—*Prescribed Part*");
- Fifth ranking claims: unsecured creditors. However, any secured creditor not repaid in full from the realization of assets subject to its security can also claim the remaining debt due to it (a shortfall) from the insolvent estate as an unsecured claim. To pay a shortfall, the officeholder can only use realization from unsecured assets, as secured creditors are not entitled to any distribution from the Prescribed Part in respect of a shortfall unless the Prescribed Part is sufficient to pay out all unsecured creditors; and
- Sixth ranking claims: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Prescribed Part

An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of the relevant company's net property and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant English chargor's assets at the time that the floating charges are enforced will be a question of fact at that time.

Foreign Currency

Under English insolvency law any debt of a company payable in a currency other than pounds sterling (such as euro or U.S. dollars) must be converted into pounds sterling at the "official exchange rate" prevailing at the date when the company went into liquidation or, if the liquidation was immediately preceded by an administration, on the date that the company entered administration.

This provision overrides any agreement between the parties. The "official exchange rate" for these purposes is the middle exchange rate in the London Foreign Exchange Market at close of business as published for the date in question or, if no such rate is published, such rate as the court determines. Accordingly, in the event that an English company which has granted a guarantee or security or the Issuer goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date that such English company went into liquidation or administration and receipt of any amounts to which such holders of the Notes may become entitled.

Challenges to Guarantees and Security

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases this will only arise if an administrator or liquidator is appointed to the company within a specified period (as set out in more detail below) of the granting of the guarantee or security and, in addition, the company was "unable to pay its debts" when the security interest or guarantee was granted or "unable to pay its debts" as a result.

If security or a guarantee granted by an English company is challenged under the laws of England and Wales, and the court makes certain findings (as described further below), it may be permitted to:

- avoid or invalidate all or a portion of an English company's obligations under the security and/or guarantee provided by such English company;
- direct that the holders of the Notes return any amounts paid by or realized from an English company under a guarantee or security to the relevant English company or to a fund for the benefit of the English company's creditors; and/or
- take other action that is detrimental to the holders of the Notes.

The Issuer cannot be certain that, in the event that the onset of an English company's insolvency (as described further below) is within any of the requisite time periods set out below, the grant of a security interest or guarantee in respect of the relevant Notes would not be challenged or that a court would uphold the transaction as valid.

Onset of Insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges (as discussed below), depends on the insolvency procedure in question.

In administration, the onset of insolvency is the date on which (a) the court application for an administration order is issued or (b) the notice of intention to appoint an administrator is filed at court, or (c) otherwise, the date on which the appointment of an administrator takes effect.

In a compulsory liquidation the onset of insolvency is the date the winding-up petition is presented to court, whereas in a voluntary liquidation it is the date the company passes a winding-up resolution. Where liquidation follows administration, the onset of insolvency will be as for the initial administration.

Connected Persons

If the given transaction at an undervalue, preference, or invalid floating charge has been entered into by the company with a "connected person," then particular specified time periods and presumptions will apply to any challenge by an administrator or liquidator (as set out more particularly below).

A "connected person" of a company granting a security interest or guarantee for the purposes of transactions at an undervalue, preferences and invalid floating charges is a party who is (i) a director of the company, (ii) a shadow director, (iii) an associate of such director or shadow director or (iv) an associate of the relevant company.

A party is associated with an individual if they are (i) a relative of the individual, (ii) the individual's husband, wife or civil partner, (iii) a relative of the individual's husband, wife or civil partner or (iv) the husband, wife or civil partner of a relative of the individual.

A party is associated with a company if they are employed by that company.

A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his

associates have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same person by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

The following potential grounds for challenge may apply to guarantees and security interests:

Transaction at an Undervalue

Under English insolvency law, a liquidator or administrator of an English company could apply to the court for an order to set aside a security interest or a guarantee granted by the company (or give other relief) on the grounds that the creation of such security interest or guarantee constituted a transaction at an undervalue. The grant of a security interest or guarantee will only be a transaction at an undervalue if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. For a challenge to be made, the guarantee or security must be granted within a period of two years ending with the onset of insolvency (as defined in section 240 of the Insolvency Act, as amended). A court will not generally make an order in respect of a transaction at an undervalue if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit the company. Subject to this, if the court determines that the transaction was a transaction at an undervalue the court can make such order as it thinks fit to restore the position to what it would have been if the transaction had not been entered into (which could include reducing payments under the guarantees or setting aside any security interests or guarantees although there is protection for a third-party which benefits from the transaction and has acted in good faith for value). In any challenge proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts unless a beneficiary of the transaction was a "connected person" (as defined in the Insolvency Act, as amended and as set out in detail above), in which case there is a presumption the company was unable to pay its debts and the connected person must demonstrate the company was not unable to pay its debts in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of a company could apply to the court for an order to set aside a security interest or a guarantee granted by such company (or give other relief) on the grounds such security interest or such guarantee constituted a preference. The grant of a security interest or guarantee is a preference if it has the effect of placing a creditor (or a surety or guarantor of the company) in a better position in the event of the company's insolvent liquidation than if the security interest or guarantee had not been granted. For a challenge to be made, the decision to prefer must be made within the period of six months ending with the onset of insolvency (as defined in section 240 of the Insolvency Act, as amended) if the beneficiary of the security interest or the guarantee is not a connected person, or two years if the beneficiary is a connected person. A court will not make an order in respect of a preference of a person unless it is satisfied the company was influenced in deciding to give it by a desire to produce the "better position" for that person. Case law suggests there must be a desire to prefer one creditor over another and not just other commercial motives even if they had the inevitable result of producing the better position. Subject to this, if the court determines that the transaction was a preference, the court can make such order as it thinks fit to restore the position to what it would have been if that preference had not been given (which could include reducing payments under the guarantees or setting aside the security interests or guarantees). There is protection for a third-party which benefits from the transaction and acted in good faith for value. In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Transaction Defrauding Creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purpose of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim

which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction and is not therefore limited to liquidators or administrators. There is no statutory time limit in the English insolvency legislation within which the challenge must be made and the relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction.

Extortionate Credit Transaction

An administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by an English company up to three years before the day on which that company entered into administration or went into liquidation. A transaction is "extortionate" if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing.

Account Banks' Right to Set-off

With respect to English law governed charges over cash deposits (each an "Account Charge") granted by an chargor over any of its bank accounts, the banks with which some of those accounts are held (each an "Account Bank") may have reserved their right at any time (whether prior to or upon a crystallization event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangement with that chargor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's netting and set-off rights with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallized and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant chargor) the Account Bank will no longer be entitled to exercise its netting and set-off rights in relation to the account, except where the Account Banks have expressly reserved set-off rights.

Limitation on Enforcement

The grant of an English law governed Notes Guarantee or security interest by any obligor guaranteeing or securing (as the case may be) the obligations of another member of the Group must satisfy certain legal requirements. More specifically, such transaction must be allowed by the respective obligor's memorandum and articles of association. To the extent these do not allow such an action, there is the risk that the grant of the Note Guarantee and the subsequent Collateral can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an obligor in good faith; however, the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for each obligor that is incorporated in England and Wales by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he considers, in good faith, would be most likely to promote success of the relevant obligor for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Under the Companies Act 2006, subject to limited exceptions, any security (including where not governed by English law) granted by a chargor incorporated in England and Wales (together with prescribed particulars of the security constituted thereby) must be received by the Registrar of Companies in England and Wales for registration within 21 days after the date of creation of the security constituted by the applicable security document. Such security, if not registered within the 21 day period, will be deemed to be void against a liquidator, administrator and a creditor of the applicable chargor. Further, failure to register also means that the debt which was intended to be secured is deemed to have become immediately payable.

In the event where the relevant security document is not registered, a chargor incorporated in England and Wales may be required to enter into a new security document and register that with Companies House within 21 days of its creation.

Alternatively it may be possible to apply to the English courts for an order to rectify the position and allow the charge to be registered after the 21 day period has expired. This application can be made by a chargor incorporated in England and Wales or by any person interested in the relevant security. The court will grant leave to register the security out of time if it considers it "just and expedient" to do so, and will have particular regard to whether the failure to register was merely accidental and whether a late registration will prejudice the position of creditors or shareholders. The court order will have to be enclosed with any delayed application for registration of the security.

Security created on or after October 1, 2011 by overseas companies over assets in England and Wales do not need to be registered with the Registrar of Companies (although they may still need to be registered with the applicable asset registry).

Guarantees and security granted by a guarantor or security provider a chargor who is incorporated in England and Wales are also subject to limitations to the extent they would result in unlawful financial assistance within the meaning of the Companies Act 2006.

Grant of Floating Charge

Under English insolvency law, if an English company is unable to pay its debts at the time of (or as a result of) granting a floating charge then such floating charge can be avoided on the action of a liquidator or administrator if it was granted in the period of one year ending with the onset of insolvency (as defined in section 245 of the Insolvency Act 1986, as amended). The floating charge will, however, be validated to the extent of the value of the consideration provided for the creation of the charge in the form of money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English company at the same time as or after the creation of the floating charge plus interest payable on such amounts. Where the floating charge is granted to a "connected person" the charge can be challenged if given within two years of the onset of insolvency and the prerequisite to challenge that the company is unable to pay its debts does not apply. However, if the floating charge qualifies as a "security financial collateral agreement" under the Financial Collateral Arrangements (No. 2) Regulations 2003, the floating charge will not be subject to challenge as described in this paragraph.

Schemes of Arrangement

Pursuant to Part 26 of the Companies Act 2006 the English courts have jurisdiction to sanction the compromise of a company's liabilities where such company (i) is liable to be wound-up under the UK Insolvency Act and (ii) has "sufficient connection" to the English jurisdiction.

In practice, any foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied by the English courts where, among other things, the company's "centre of main interests" is in England, or the company's finance documents are English law governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law.

Before the court considers the sanction of a scheme of arrangement, affected creditors will vote on a detailed debt restructuring compromise. Such restructuring compromise can be proposed by the company or its creditors. If 75% by number and 50% by value of those creditors present and voting at the creditor meeting(s) vote in favor of the proposed restructuring compromise, irrespective of the terms and approval thresholds contained in the finance documents, that restructuring compromise will be binding on all affected creditors, including those affected creditors who did not participate in the vote on the scheme of arrangement and those who voted against the scheme of arrangement.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the purchase agreement between the Issuer and the Initial Purchasers dated on or about the date of this offering memorandum, the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Issuer, the entire principal amount of the Notes.

Under the purchase agreement, we have agreed not to offer, sell, contract to sell or otherwise dispose of, except as provided under the purchase agreement, any securities of, or guaranteed by, the Issuer or any of the Guarantors or affiliates that are substantially similar to the Notes during the period from the date of the purchase agreement through and including the date that is 45 days after the date of the purchase agreement.

The Initial Purchasers propose to offer the Notes to purchasers at the price to investors indicated on the cover page of this offering memorandum. After the initial offering of the Notes, the Initial Purchasers may from time to time vary the offering price and other selling terms without notice. The offering of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part. Each of the Initial Purchasers reserves the right to withdraw, cancel or modify offers to investors and to reject any orders in whole or in part. The Initial Purchasers may offer and sell the Notes through certain of its affiliates or through registered broker-dealers.

The Issuer expects that delivery of the Notes will be made against payment therefor on or about the business day following the date of pricing of the Notes. Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to such trades expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the next succeeding business days will be required, by virtue of the fact that the Notes will initially settle business days following the date of pricing of the Notes, to specify an alternative settlement cycle at the time of such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of this offering memorandum or the next three succeeding business days should consult their own advisors.

The Issuer has agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments which the Initial Purchasers may be required to make in respect of any such liabilities. The Issuer will pay the Initial Purchasers a commission and pay certain expenses of the Offering.

No action has been or will be taken in any jurisdiction by us or the Initial Purchasers that would permit a public offering of the Notes and the Notes Guarantees, or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for that purpose is required. Accordingly, the Notes and the Notes Guarantees may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about, and to observe, any restrictions relating to the offering of the Notes, the distribution of this offering memorandum and resales of the Notes. See "*Transfer Restrictions*."

The Notes are a new issue of securities with no established trading market. Application will be made to the Exchange for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

The Initial Purchasers have advised us that they presently intend to make a market in the Notes after completion of this Offering. However, the Initial Purchasers are under no obligation to do so and may discontinue any market-making activities at any time without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, or that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you, if at all.

In connection with the offering, the Initial Purchasers may purchase and sell Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions

created by short sales. Short sales involve the sale by the Initial Purchasers of a greater number of Notes than they are required to purchase in the Offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the Offering is in progress.

These activities by the Initial Purchasers, as well as other purchases by the Initial Purchasers for their own account, may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Initial Purchasers at any time. These transactions may be effected in the over-the-counter market or otherwise. Neither we nor any of the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, there is no obligation on any of the Initial Purchasers to engage in such transactions and neither we nor any of the Initial Purchasers make any representation that the Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of this Offering is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilization action or over-allotment must be conducted in accordance with all applicable laws and rules.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes, and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Notes (including the Notes Guarantees) have not been and will not be registered under the Securities Act, and may not be offered or sold except (i) to QIBs in offers and sales that occur within the United States, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A; and (ii) in offers and sales that occur outside the United States, in reliance on Regulation S, and in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Initial Purchasers have represented and agreed that they have not offered or sold, and will not offer or sell, any of the Notes (including the Notes Guarantees) as part of their allocation at any time other than to QIBs in the United States in accordance with Rule 144A or outside of the United States in accordance with Regulation S. Transfer of the Notes (including the Notes Guarantees) will be restricted and each purchaser of the Notes (including the Notes Guarantees) in the United States will be required to make certain acknowledgements, representations and agreements, as described under "*Transfer Restrictions*."

Any offer or sale in the United States will be made by affiliates of the Initial Purchasers who are broker-dealers registered under the Exchange Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A of the Securities Act and in connection with any applicable state securities laws.

Each of the Initial Purchasers has represented and warranted to us that:

(1) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(2) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or instrument to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to us.

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order")), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in

connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person. The Notes are not being offered to the public in the United Kingdom.

In relation to each Member State of the European Economic Area (each, a "Member State"), each of the Initial Purchasers has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this offering memorandum to the public in that Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Initial Purchasers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall result in a requirement for the publication by the Issuer, the Guarantors or the Initial Purchasers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase any Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC as amended (including by Directive 2010/73/EU), and includes any relevant implementing measure in such Member State.

Investment funds advised by entities affiliated with the Sponsors may purchase Notes in the Offering at a purchase price per Note equal to the issue price set forth on the cover page of this offering memorandum, and in the case of investment funds registered under the Investment Company Act of 1940, as amended (the "1940 Act"), subject to the limitations of the 1940 Act. The purchase agreement between the Issuer and the Initial Purchasers will not restrict the ability of the funds and the affiliates of any of the Sponsors to buy or sell the Notes in the future and, as a result, these investment funds and affiliates of the Sponsors may buy or sell Notes in open market transactions at any time following the consummation of the Offering.

Each of the Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and each of their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuer and its affiliates, for which they received or will receive customary fees and expenses.

In the ordinary course of their business activities, each of the Initial Purchasers and each of their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve the Notes, securities and instruments of ours or our affiliates. If the Initial Purchasers or any of their respective affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and each of their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and each of their respective affiliates may also make investment recommendations and publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain affiliates of the Initial Purchasers are arrangers and lenders under the Senior Facilities and will receive customary fees and commissions in such capacities. GS Sponsor, one of our ultimate shareholders, is an affiliate of Goldman Sachs International. Certain affiliates of the Initial Purchasers may place orders and be allocated Notes in connection with the Offering.

TRANSFER RESTRICTIONS

The following restrictions will apply to the Notes. You are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Notes.

None of the Notes have been registered under the Securities Act, and the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes are only being offered and sold (A) to qualified institutional buyers in compliance with Rule 144A and (B) outside the U.S. in accordance with Regulation S.

Each purchaser of Notes will be deemed to have acknowledged, represented and agreed with us and the Initial Purchasers as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) It is purchasing the Notes for its own account or for an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a qualified institutional buyer, and is aware that the sale to it is being made in reliance on Rule 144A or (B) outside the U.S.

(2) It acknowledges that the Notes are being offered for resale in a transaction not involving a public offering in the U.S. (within the meaning of the Securities Act) and have not been registered under the Securities Act or any other securities laws and may not be reoffered, resold, pledged or otherwise transferred within the U.S.

(3) It shall not offer, resell, pledge or otherwise transfer the Notes except (A) to the Issuer or any of its subsidiaries, (B) inside the U.S. to a qualified institutional buyer in a transaction complying with Rule 144A, (C) outside the U.S. in an offshore transaction in compliance with Regulation S under the Securities Act, (D) pursuant to an exemption from the registration requirements of the Securities Act (if available), (E) in accordance with another exemption from the registration requirements of the Securities Act or (F) pursuant to an effective registration under the Securities Act. It acknowledges that no representation is made as to the availability of the exemption provided by Rule 144 for resale of the Notes.

(4) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(5) It is relying on the information contained in this offering memorandum in making its investment decision with respect to the Notes. It acknowledges that neither we nor the Initial Purchasers have made any representation to it with respect to us or the offering or sale of any Notes, other than the information contained in this offering memorandum which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase the Notes, including an opportunity to ask questions of and request information from us and the Initial Purchasers.

(6) It acknowledges that prior to any proposed transfer of Notes in certificated form or of beneficial interests in a Global Note (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in a Global Note, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture.

(7) It understands that all of the Notes will bear a legend to the following effect unless otherwise agreed by us and the holder thereof:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT."

(8) It understands that all of the Notes sold in reliance on Rule 144A will bear a legend to the following effect unless otherwise agreed by us and the holder thereof:

"THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT: (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTES, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THE NOTES (OR ANY PREDECESSOR OF THE NOTES) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE; AND AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT."

(9) It acknowledges that the Trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set forth herein have been complied with.

(10) It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify us and the Initial Purchasers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

(11) It agrees to indemnify and hold us, the Trustee, the Initial Purchasers and their respective affiliates harmless from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.

(12) It acknowledges that any purported acquisition or transfer of the Notes or beneficial interest therein to an acquirer or transferee that does not comply with the requirements of the above provisions shall be null and void ab initio.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us by Kirkland & Ellis International LLP, as to matters of United States federal, New York state and English law and by Carey Olsen, as to matters of Jersey law. Certain legal matters in connection with this Offering will be passed upon for the Initial Purchasers by Shearman & Sterling (London) LLP, as to matters of United States federal, New York state and English law and by Ogier, as to matters of Jersey law.

INDEPENDENT AUDITOR

The consolidated financial statements of the Parent Guarantor as at and for the years ended December 31, 2014, 2015 and 2016 included in this offering memorandum have been audited by PricewaterhouseCoopers LLP, independent auditor, as stated in their reports appearing herein. PricewaterhouseCoopers LLP is a member of The Institute of Chartered Accountants in England and Wales.

In accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, each of the independent auditor's reports of PricewaterhouseCoopers LLP state: "This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the UK Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing." The independent auditors report for the audited consolidated financial statements of the Parent Guarantor as at and for the year ended December 31, 2014 is included on pages F-60 and F-61, the independent auditor's report for the audited consolidated financial statements of the Parent Guarantor as at and for the year ended December 31, 2015 is included on pages F-33 and F-34 and the independent auditor's report for the audited consolidated financial statements of the Parent Guarantor as at and for the year ended December 31, 2016 is included on pages F-3 and F-4 of this offering memorandum.

You should understand that in making these statements, the independent auditor confirmed that it does not accept or assume any liability to parties (including the Initial Purchasers of the Notes and you) other than to the respective company and its members as a body, with respect to such reports and to the independent auditor's audit work and opinions. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the Exchange Act. If a U.S. court (or any other court) were to give effect to such limiting language, the recourse that you may have against the independent auditor based on its reports or the consolidated financial statements to which they relate could be limited.

ENFORCEABILITY OF JUDGMENTS

The Issuer is a company incorporated under the laws of Jersey. The Guarantors are entities organized under the laws of England and Wales. The documents relating to the Collateral for the Notes will be governed by the laws of England and Wales and Jersey. The Indenture (including the Notes Guarantees) and the Notes will be governed by New York law. The Intercreditor Agreement is governed by English law. All of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Since all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States, any monies owed under a judgment obtained in the United States against the Issuer or a Guarantor or any such other non-U.S. resident person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws, whilst such appointments are effective. It may be possible for investors to effect service of process within other jurisdictions upon those persons, the Issuer or the Guarantors provided that, for example, The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor or any of their directors or executive officers, investors will need to enforce such judgment in jurisdictions where the relevant defendant has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Jersey and England and Wales, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

Jersey

The United States and Jersey currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in Jersey. In order to enforce any such U.S. judgment in Jersey, proceedings must first be initiated before a court of competent jurisdiction in Jersey. In such an action, a Jersey court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by a Jersey court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to Jersey conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt or definite sum of money (although there are circumstances where non-money judgments may also be recognized);
- the recognition or enforcement of the U.S. judgment not contravening Jersey public policy;
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the United Kingdom Protection of Trading Interests Act 1980 (as extended to Jersey by the Protection of Trading Interests Act 1980 (Jersey) Order 1983);
- the U.S. judgment not having been obtained by fraud or in breach of Jersey principles of natural justice or rights under the European Convention on Human Rights; and

- there not having been a prior inconsistent decision of a Jersey court in respect of the same matter.

Subject to the foregoing, investors may be able to enforce in Jersey judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, there can be no assurances that those judgments will be recognized or enforceable in Jersey. In addition, it is questionable whether a Jersey court would accept jurisdiction and impose civil liability if the original action was commenced in Jersey, instead of the United States, and predicated solely upon U.S. federal securities laws.

England and Wales

The United States and England and Wales currently do not have a treaty between them providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England and Wales. In order to enforce any such U.S. judgment in England and Wales, fresh proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, an English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Summary judgment is a procedure by which the English court can dispose of all or part of a claim without proceeding to trial. Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English conflicts of laws principles and rules of English private international law (in other words, it does not matter that the U.S. court had jurisdiction according to its own law, but instead whether it had jurisdiction according to the rules of English private international law);
- the U.S. judgment not having been given in breach of a jurisdiction or arbitration clause;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt for a definite sum of money;
- the U.S. judgment not contravening English public policy, the European Convention on Human Rights or the Human Rights Act 1998 (or any subordinate legislation made thereunder, to the extent applicable);
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine, or otherwise involving the enforcement of a non-English penal or revenue law;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of the Protection of Trading Interests Act 1980;
- the U.S. judgment not having been obtained by fraud or in breach of English principles of natural justice;
- there not having been a prior inconsistent, determinative or conflicting judgment of an English or other non-U.S. court in respect of the same matter involving the same parties and/or prior inconsistent judgment given in a Hague Convention Member State of the European Union or a Member State of the European Economic Area which the English Court must recognize and enforce under the Hague Convention Choice of Court Agreements of June 30, 2005 and/or Council Regulation (EC) 1215/2012 and/or the Lugano Conventions of 1988 and 2007;
- the U.S. judgment not having been wholly satisfied or not being enforceable by execution in the U.S.;
- the party seeking enforcement providing security for costs, if ordered to do so by the English court; and
- the English enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce judgments in England and Wales in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in England and Wales. In addition, it is questionable whether an English court would accept jurisdiction and impose civil liability if proceedings were commenced in England and Wales, instead of the United States, in an original action predicated solely upon U.S. federal securities laws. Further, it may not be possible to obtain a judgment in England and Wales or to enforce the judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any setoff or counterclaim against the judgment creditor. Finally, note that, in any enforcement proceedings, the judgment debtor may raise any counterclaim that could have been brought if the action had been originally brought in England and Wales unless the subject of the counterclaim was in issue and denied in the U.S. proceedings.

WHERE YOU CAN FIND OTHER INFORMATION

Each purchaser of Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

(i) such person has been afforded an opportunity to request from the Issuer, and to review and has received all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein;

(ii) such person has not relied on the Initial Purchasers or any person affiliated with any of the Initial Purchasers in connection with its investigation of the accuracy of such information or its decision to invest in the Notes; and

(iii) except as provided pursuant to (i) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

We have agreed in the Indenture that, if at any time we are not subject to Section 13 or Section 15(d) of the Exchange Act, or are exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, we will, upon the request of a holder of the Notes, furnish to such holder or beneficial owner or to the Trustee or the Paying Agent for delivery to such holder or beneficial owner or prospective purchaser of the Notes, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of the Notes. Any such request should be directed to the Issuer at Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, United Kingdom, Attention: The Directors.

The Issuer is not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indenture, the Issuer has agreed to furnish periodic information to the holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*."

Our website can be found at www.travelodge.co.uk. Information contained on our website is not incorporated by reference into this offering memorandum and is not part of this offering memorandum.

LISTING AND GENERAL INFORMATION

Listing

Application will be made to the Exchange for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

Clearing Information

The Notes have been, or will be, accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set out below.

	ISIN	Common Codes
Rule 144A Global Note		
Regulation S Global Note		

Issuer and Guarantor Information

The Issuer

The Issuer is a public limited company incorporated under the laws of Jersey on April 15, 2016, with registered number 121092 and with the name TVL Finance plc. The Issuer's registered office is at 47 Esplanade, St Helier, Jersey JE1 0BD. The authorized share capital of the Issuer is £10,000 divided into 10,000 shares of £1.00 each, of which three shares have been issued. The Issuer is a wholly owned subsidiary of Full Moon Holdco 5 Limited, which is an indirect, wholly-owned subsidiary of the Parent Guarantor. For a full description of the principal shareholders of the Issuer, see "*Principal Shareholders*."

The secretary of the Issuer is Joanna Boydell of Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, United Kingdom. The statutory accounts of the Issuer are audited by PricewaterhouseCoopers LLP.

Guarantors

The corporate information of the Guarantors of the Notes is as follows:

Thame and London Limited was incorporated in England on August 7, 2012. It is a private company, incorporated and established under the laws of England and Wales, registered under number 08170768 and having its registered office at Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, United Kingdom. Thame and London Limited has a share capital of £1.

Full Moon Holdco 4 Limited was incorporated in England on August 2, 2006. It is a private company, incorporated and established under the laws of England and Wales, registered under number 05893849 and having its registered office at Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, United Kingdom. Full Moon Holdco 4 Limited has a share capital of £2,000,000.

Full Moon Holdco 5 Limited was incorporated in England on August 2, 2006. It is a private company, incorporated and established under the laws of England and Wales, registered under number 05893954 and having its registered office at Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, United Kingdom. Full Moon Holdco 5 Limited has a share capital of £2,000,000.

Full Moon Holdco 6 Limited was incorporated in England on August 2, 2006. It is a private company, incorporated and established under the laws of England and Wales, registered under number 05893977 and having its registered office at Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, United Kingdom. Full Moon Holdco 6 Limited has a share capital of £2,950,000.

Full Moon Holdco 7 Limited was incorporated in England on June 25, 2015. It is a private company, incorporated and established under the laws of England and Wales, registered under number 09657187 and having its registered office at Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, United Kingdom. Full Moon Holdco 7 Limited has a share capital of £399,430,743.

Travelodge Hotels Limited was incorporated in England on July 29, 1963. It is a private company, incorporated and established under the laws of England and Wales, registered under number 00769170 and having its registered office at Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT, United Kingdom. Travelodge Hotels Limited has a share capital of £300,000,000.

Resolutions, Authorizations and Approvals by Virtue of which the Notes have been Issued

The Issuer and the Guarantors have obtained all necessary consents, approvals and authorizations (if any) in connection with the issue of the Notes. The issue of the Notes was approved by resolutions of the board of directors of the Issuer passed on April , 2017.

Material Adverse Change in the Issuer's Financial Position

Except as disclosed elsewhere in this offering memorandum, there has been no material adverse change in our consolidated financial position since the date of our last published audited financial statements.

Litigation

Except as disclosed elsewhere in this offering memorandum, neither we, the Issuer nor any of the Guarantors is involved, or has been involved during the twelve months preceding the date of this offering memorandum, in any litigation, arbitration, governmental or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on our results of operations, condition (financial or other) or general affairs and, so far as each is aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

Post-Issue Reporting

Except as otherwise provided in this Offering Memorandum or as required by applicable law or regulation, we do not intend to provide post issue information regarding the Notes. For as long as the Notes are listed on the Exchange and the rules of the Exchange shall so require, the organizational documents of the Issuer, along with the Indenture, the Guarantees, the Intercreditor Agreement and the financial statements and related notes included elsewhere herein will be available for inspection at the office of the Paying Agent during normal business hours.

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REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THAME AND LONDON LIMITED

Report on the group financial statements

Our opinion

In our opinion, Thame and London Limited's Group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2016 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Report and financial statements (the "Annual Report"), comprise:

- the consolidated balance sheet as at 31 December 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the parent company financial statements of Thame and London Limited for the year ended 31 December 2016.

John Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 April 2017

THAME AND LONDON LIMITED

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Notes	Year ended 31 December 2016			Year ended 31 December 2015		
		Before exceptional items	Exceptional items	After exceptional items	Before exceptional items	Exceptional items	After exceptional items
		£m	£m	£m	£m	£m	£m
Revenue	4	597.8	—	**597.8**	559.6	—	**559.6**
Operating expenses	6 / 7	(316.0)	—	**(316.0)**	(298.0)	(8.4)	(306.4)
Rent	6 / 7	(175.1)	(0.3)	**(175.4)**	(161.1)	0.4	(160.7)
EBITDA[1]	4	**106.7**	**(0.3)**	**106.4**	**100.5**	**(8.0)**	**92.5**
Depreciation/ amortisation	6 / 7	(45.7)	(6.0)	**(51.7)**	(37.6)	—	(37.6)
Operating profit/ (loss)		**61.0**	**(6.3)**	**54.7**	**62.9**	**(8.0)**	**54.9**
Finance costs	11	(53.3)	(4.2)	**(57.5)**	(49.5)	—	(49.5)
Finance income	10	1.1	—	**1.1**	0.5	—	0.5
Profit/(loss) before tax		**8.8**	**(10.5)**	**(1.7)**	**13.9**	**(8.0)**	**5.9**
Income tax	12	(0.9)	—	**(0.9)**	(3.8)	—	(3.8)
Profit/(loss) for the year		**7.9**	**(10.5)**	**(2.6)**	**10.1**	**(8.0)**	**2.1**

All results are derived from continuing operations.

Memorandum—EBITDA

	Year ended 31 December 2016	Year ended 31 December 2015
	£m	£m
EBITDA before exceptional items and IFRS rent charge	**110.1**	**105.1**
IFRS rent charge (note 6)	(3.4)	(4.6)
EBITDA pre exceptional items	106.7	100.5
Exceptional items	(0.3)	(8.0)
EBITDA after exceptional items	**106.4**	**92.5**

1. EBITDA = Earnings before interest, taxes, depreciation and amortisation.

THAME AND LONDON LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Year ended 31 December 2016	Year ended 31 December 2015
	£m	£m
(Loss) / profit for the year recognised directly in the income statement	(2.6)	2.1
Items that will subsequently be reclassified into profit and loss:		
Movement on fair value of cash flow hedges	0.6	—
Currency translation differences	(0.6)	0.2
Other comprehensive income for the year, net of tax	**—**	**0.2**
Total comprehensive (expense) / income for the year	**(2.6)**	**2.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share Capital	Foreign Exchange Reserve	Cash Flow Hedge Reserve	Accumulated Losses	Total Equity
	£m	£m	£m	£m	£m
1 January 2016	**—**	**0.4**	**—**	**(76.2)**	**(75.8)**
Loss for the year	—	—	—	(2.6)	**(2.6)**
Other comprehensive income / (expense)					
Movement in fair value of hedging derivatives	—	—	0.6	—	**0.6**
Currency translation differences	—	(0.6)	—	—	**(0.6)**
Total comprehensive (expense) / income	**—**	**(0.6)**	**0.6**	**(2.6)**	**(2.6)**
31 December 2016	**—**	**(0.2)**	**0.6**	**(78.8)**	**(78.4)**

For the year ended 31 December 2015

	Share Capital	Foreign Exchange Reserve	Cash Flow Hedge Reserve	Accumulated Losses	Total Equity
	£m	£m	£m	£m	£m
1 January 2015	**—**	**0.2**	**—**	**(78.3)**	**(78.1)**
Profit for the year	—	—	—	2.1	**2.1**
Other comprehensive income					
Currency translation differences	—	0.2	—	—	**0.2**
Total comprehensive income	**—**	**0.2**	**—**	**2.1**	**2.3**
31 December 2015	**—**	**0.4**	**—**	**(76.2)**	**(75.8)**

THAME AND LONDON LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Notes	2016	2015
		£m	£m
NON CURRENT ASSETS			
Intangible assets	14	**389.6**	**402.5**
Property, plant and equipment	15	**121.3**	**123.9**
Financial derivative asset	19	**0.6**	**—**
Deferred tax asset	20	**52.2**	**59.4**
		563.7	**585.8**
CURRENT ASSETS			
Inventory		**1.4**	**1.4**
Trade and other receivables	16	**47.1**	**43.3**
Cash and cash equivalents	19	**73.9**	**76.9**
		122.4	**121.6**
TOTAL ASSETS		**686.1**	**707.4**
CURRENT LIABILITIES			
Trade and other payables	17	**(115.5)**	**(116.5)**
		(115.5)	**(116.5)**
NON-CURRENT LIABILITIES			
Bank loans	19	**—**	**(384.3)**
Bond related debt	19	**(379.9)**	**—**
Investor loan	19	**(138.1)**	**(143.1)**
Obligations under finance leases	18	**(31.8)**	**(31.1)**
Deferred tax liability	20	**(66.2)**	**(72.5)**
Deferred income	17	**(9.8)**	**(7.1)**
Provisions	21	**(23.2)**	**(28.6)**
		(649.0)	**(666.7)**
TOTAL LIABILITIES		**(764.5)**	**(783.2)**
NET LIABILITIES		**(78.4)**	**(75.8)**
EQUITY			
Share capital	22	**—**	**—**
Foreign exchange reserve		**(0.2)**	**0.4**
Cash flow hedge reserve	19	**0.6**	**—**
Accumulated losses		**(78.8)**	**(76.2)**
TOTAL EQUITY		**(78.4)**	**(75.8)**

Memorandum—Analysis of net funding		
	£m	***£m***
Cash at bank	***73.9***	***76.9***
External debt redeemable:		
Fixed Rate Bond	***(290.0)***	***—***
Floating Rate Bond	***(100.0)***	***—***
Issue Costs	***10.1***	***—***
Senior 1st Lien	***—***	***(335.9)***
Senior 2nd Lien	***—***	***(35.5)***
Flare	***—***	***(12.9)***
Gross debt	***(379.9)***	***(384.3)***
Net debt	***(306.0)***	***(307.4)***
Investor Loan	***(138.1)***	***(143.1)***
Finance leases	***(31.8)***	***(31.1)***
Net Funding	***(475.9)***	***(481.6)***

These financial statements of Thame and London Limited on pages 22 to 42 were approved by the Board of Directors and signed on its behalf by

Joanna Boydell
Director

4 April 2017

Thame and London Limited Company registration number 08170768

THAME AND LONDON LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2016

	Notes	Year ended 31 December 2016	Year ended 31 December 2015
		£m	£m
NET CASH GENERATED FROM OPERATING ACTIVITIES	26	**106.3**	**118.1**
INVESTING ACTIVITIES			
Interest received	10	**1.1**	**0.4**
Purchases of property, plant and equipment and other intangible assets	14 / 15	**(37.4)**	**(51.1)**
Net cash used in investing activities		**(36.3)**	**(50.7)**
FINANCING ACTIVITIES			
Finance fees paid (including exceptional items)	11	**(4.4)**	**(0.4)**
Interest paid	11	**(38.8)**	**(14.8)**
Finance lease payments	11	**(4.5)**	**(4.2)**
Repayment of Flare facility	19	**(12.9)**	**(10.0)**
Issue of fixed and floating rate bonds	19	**390.0**	**—**
Redemption of bank debt	19	**(371.3)**	**—**
Finance issue transaction costs	19	**(11.1)**	**—**
Repayment of investor loan	19	**(20.0)**	**—**
Net cash used in financing activities		**(73.0)**	**(29.4)**
Net (decrease) / increase in aggregate cash and cash equivalents		**(3.0)**	**38.0**
Cash and cash equivalents at beginning of the year		76.9	38.9
Cash and cash equivalents at end of the year		**73.9**	**76.9**

Memorandum—Analysis of free cash flow[1]

	Notes	Year ended 31 December 2016	Year ended 31 December 2015
		£m	*£m*
EBITDA before exceptional items and IFRS rent charge		***110.1***	***105.1***
Working capital[2]		***7.7***	***20.3***
Net cash flows from operating activities before exceptionals		***117.8***	***125.4***
Capital expenditure	14 /15	***(37.4)***	***(51.1)***
Free cash flow generated for the year		***80.4***	***74.3***
Non-trading cash flow			
Interest costs			
—bank interest paid	11	***(22.0)***	***(14.8)***
—bond interest paid	11	***(16.8)***	***—***
—finance fees paid	11	***(0.2)***	***(0.4)***
Interest income	10	***1.1***	***0.4***
Interest element of finance lease rental payments	11	***(4.5)***	***(4.2)***
Repayment of Flare facility	19	***(12.9)***	***(10.0)***
Cash spend on provisions and exceptional items[3]	21 /26	***(26.8)***	***(7.3)***
Non-trading cash flow		***(82.1)***	***(36.3)***
Cash (used) / generated		***(1.7)***	***38.0***
Opening Cash		***76.9***	***38.9***
Movement in cash		***(1.7)***	***38.0***
Net refinancing proceeds		***18.7***	***—***
Repayment of investor loan		***(20.0)***	***—***
Closing Cash		***73.9***	***76.9***
Opening net external debt		***(307.4)***	***(355.4)***
Net (decrease) / increase in aggregate cash		***(3.0)***	***38.0***
Repayment of flare facility		***12.9***	***10.0***
Net refinancing		***(7.6)***	***—***
Amortised bond transaction costs		***(0.9)***	***—***
Closing net debt	19	***(306.0)***	***(307.4)***

1. Free cash flow is defined as cash generated by the Company before interest, exceptional costs, spend on provisions and financing.

2. Working capital movement of £7.7m (2015: £20.3m) is before exceptional outflows of £(4.3)m (2015: inflows of £4.7m), cash spend on provisions of £(6.9)m (2015: £4.0m), and after IRFS rent charge of £3.4m (2015: £4.6m). Working capital movement of £(0.1)m (2015: £25.6m) in note 26 to these financial statements is stated after exceptional movements and movement in provisions, and before IFRS rent charge.

3. In 2016, cash spend on provisions and exceptional items of £26.8m includes costs of refinancing the Travelodge group of £15.3m, a payment in relation to the settlement of the CVA entered into in 2012 of £3.9m and other costs of £7.6m. In 2015, exceptional items mainly relate to the strategic review of the Group.

1 GENERAL INFORMATION

Thame and London Limited, formerly Anchor UK Bidco Limited (the Company) is a private company limited by share capital and was incorporated in the United Kingdom on 7th August 2012. The Company changed its name from Anchor UK Bidco Limited on 23rd May 2013. The Company is domiciled in the UK. The address of its registered office and principal place of business are disclosed in the introduction to the annual report. The Company acquired the Travelodge business on 12th October 2012. The principal activities of the parent Company and its subsidiaries (together the Group) are disclosed in the Directors' report.

2 SIGNIFICANT ACCOUNTING POLICIES

Going Concern

a) The Group's business activities, together with its financial position, its cash flows, liquidity position and borrowing facilities, are described in the Directors' Report and Financial Review on page 2. In addition, note 19 includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit and liquidity risk.

As highlighted in note 19, the Group meets its day to day working capital requirements principally through the maintenance of adequate cash and cash equivalent balances. The Group does not operate an overdraft facility.

The Directors have reviewed the Group's financial projections for the foreseeable future and in particular, have reviewed the Group's occupancy and room rate forecasts. The Directors have reviewed the critical assumptions which underpin those projections and have also stress tested those projections with pessimistic, but plausible, changes to those critical assumptions. As a result of these sensitivities, the Directors have a reasonable expectation that the Group has adequate resources to continue to trade into the foreseeable future (being at least for the 12 months from the date of approval of these financial statements) and, as such, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of Accounting

b) The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRS IC interpretations and the Companies Act 2006 applicable to Group reporting at 31 December 2016.

The consolidated financial statements have been prepared under the historical cost convention modified by the revaluation of financial assets and financial liabilities held at fair value through profit and loss. The principal accounting policies adopted have been consistently applied throughout the year and across the Group and are set out below.

The preparation of financial statements in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Group's exposure to interest rate risk, credit risk and liquidity risk is discussed in note 19.

New and Amended standards that are not yet effective

The following new and amended standards have been issued, but are not yet effective for the financial year ending 31st December 2016, and have not been early adopted:

- IAS 7, 'Statement of cash flows'
- IAS 12, 'Income taxes'
- IFRS 9, 'Financial instruments'

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

- IFRS 15, 'Revenue from contracts with customers'
- IFRS 16, 'Leases'

The Directors' are yet to assess the impact of the above standards other than IFRS 16 where the Directors are aware this will have a material impact to the financial position and performance of the group due particularly to the leasehold funded nature of the business.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Group and entities controlled by the Group and its subsidiaries up to 31 December 2016. Control is achieved when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Uniform accounting policies are adopted across the Group.

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or disposal, as appropriate.

All intra-Group transaction balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are expensed through the income statement. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (Revised), Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets (or disposal companies) that are classified as held for sale in accordance with IFRS 5, Non-current assets held for sale and discontinued operations, which are recognised and measured at fair value less costs to sell.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents the amount receivable for goods and services supplied to customers in the normal course of business, net of trade discount and VAT. The principal revenue stream of the Group is providing budget hotel accommodation and is recognised when customers stay.

Exceptional items

In order to understand the underlying performance of the business, material, non-recurring items are separately disclosed as exceptional items in the income statement.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Minimum rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease. Incentives received by the Group to enter into leases as a lessee are credited to the income statement on a straight line basis over the lease term.

Rental income from operating leases (sub-lets) is recognised on a straight line basis over the term of the relevant lease.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as property, plant and equipment and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

The presentational currency of the Group is sterling. The results and financial position of Group entities that have a functional currency different from the Group's presentational currency are translated in the consolidated financial statements. Assets and liabilities denominated in foreign currencies are translated into sterling at rates prevailing at the balance sheet date. Income statement items denominated in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Intangible assets

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised at fair value at the acquisition date.

Lease premiums

Values attributed to lease premiums include those values attributed to those hotels in the UK and Spain which were open and operational or under construction at the time of the acquisition of the Travelodge business at 12th October 2012. The values attributed are amortised on a straight line basis over the length of each lease. Values of interests in hotels held under operating leaseholds at 12th October 2012 have been attributed by estimating the net cash flows expected to be received over the lives of the lease agreements. The resulting cash flows were then discounted to the date of acquisition using an expected rate implicit within each lease to determine the net present value.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent additions to lease premiums are also capitalised as intangible assets and mainly relate to certain legal and professional costs incurred in the process of entering into new lease arrangements at new hotel sites.

IT software

IT software is measured initially at purchase cost and is amortised on a straight line basis over its expected useful life of three years. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to working condition for its intended use. The values attributed are reviewed for impairment if events or changes in circumstances indicate that their carrying value may be impaired.

Brand

The brand name acquired through the acquisition of the Travelodge business was assigned a fair market value at the date of acquisition. The value for the brand name was derived by estimating the amount of royalty income that could be generated from the brand name if it was owned by an independent third-party using a royalty rate Travelodge would expect to receive on forecast future revenues. This is considered to be the market value that could be achieved. The resulting cash flow was discounted to the acquisition date using the Group's pre-tax weighted average cost of capital. The Group considers the value of the brand name, which was first introduced into the UK in 1985, will be maintained almost indefinitely and is therefore not amortised. The Group supports the value of the brand name through investment in consumer marketing and advertising, public relations and hotel maintenance and refurbishment across the business. The value of the brand name is reviewed annually for impairment.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment. Cost includes original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use.

These are depreciated on a straight line basis, over their estimated useful lives as follows:

- Freehold land is not depreciated.
- Freehold buildings are depreciated to their estimated residual values over periods up to fifty years.
- Long leasehold buildings are depreciated to their estimated residual values over fifty years or, where shorter, their remaining lease periods.
- Fixtures and fittings are depreciated over five years for plant and machinery, fixtures, fittings, equipment and over three years for information technology hardware.
- Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Assets under construction are not depreciated. Residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

The recoverable amount is the higher of the fair value less costs to sell and value in use of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in income immediately.

Inventory

Inventory comprises food, bar stocks and hotel consumables and are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis.

Derivative financial Instruments and hedge accounting

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Derivatives are not basic financial instruments. They are initially recognised at fair value, changes in which are recognised in profit or loss unless they are included in a hedging arrangement.

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group uses interest rate swap contracts to hedge these exposures and are designated as cash flow hedges of floating rate borrowings. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provides written principles on the use of financial derivatives.

The fair value of the derivative financial instruments is shown as non-current if the maturity date of the hedged item is more than 12 months after the balance sheet date.

Changes in the fair value of the derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in equity are recognised in the income statement in the same year in which the hedge item affects net profit or loss.

Interest hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedging transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

Trade receivables

Trade receivables are initially measured at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of any direct issue costs.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Pension costs

The Group offers, by way of recommending a third party stakeholder scheme with The Scottish Widows plc, a defined contribution scheme to its employees and National Employment Savings Trust (NEST). The amount charged to the income statement for this scheme in respect of pension costs and other post-retirement benefits is the contributions payable by the Group in respect of the year. Differences between Group contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Provisions recognised as at 31 December 2016 principally relate to onerous leases.

Share Capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Prepaid Room Purchases

Prepaid room purchases are where cash is received at the time of room booking, prior to arrival date. When the cash is received, a liability is held on the balance sheet. Revenue is recognised when the customers stay.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES (Continued)

statements and the reported amounts of revenues and expenses during the reporting year. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below.

Brand

The Group has assigned a fair market value to the Travelodge brand name, acquired through the acquisition of the Travelodge business. Impairment testing is performed annually by comparing the present value of the expected future cash flows from the business with the carrying amount of its net assets, including attributable intangible assets.

The brand name acquired through the acquisition of the Travelodge business was assigned a fair market value at the date of acquisition. The value of the brand name is reviewed annually for impairment. This is derived by estimating the amount of royalty income that could be generated from the brand name if it was owned by an independent third party using a royalty of 4% on forecast future revenues, which is considered to be the market value that could be achieved. The sales forecast is based on a sales forecast for the period 2016—18 and a long term growth rate that broadly follows the Retail Price Index for subsequent years. This is discounted at the weighted average cost of capital for the Group of 10.0%. The Group considers the value of the brand name, which was first introduced into the UK in 1985, will be maintained indefinitely and is therefore not amortised. The model can be sensitised to reduce the royalty rate to 1.3% and the discount factor rate would need to increase to 23.9% before an impairment is triggered.

Intangible assets—Lease premiums

Significant judgement is involved in the process of identifying and evaluating intangible assets. Intangible assets with a finite life are reviewed for impairment when an impairment trigger is identified. Calculating any subsequent impairment, principally in the estimation of the future cash flows of the cash generating units and the discount rate applied to each cash generating unit involves judgement. The Company prepares cash flow forecasts derived from the most recent financial budgets and financial plans approved by the Directors and extrapolates cash flows beyond this time based on an estimated long term growth rate of 2.5%. The key assumptions are consistent with past experience and with external sources of information. The resulting cash flows are discounted at the Company's pre tax weighted average cost of capital, adjusted appropriately to reflect the property yields implicit in the leases to give a rate of 7.5%. Reviews are performed on a site by site basis over the length of the lease. The Directors have considered the Group's financial projections and the assumptions which underpin those projections including future growth of the budget hotel sector, brand demand and occupancy, the new hotel opening profile and development pipeline opportunities. For the purposes of testing for intangible asset impairment, growth rates are assumed to broadly follow the Retail Price Index beyond the life of the financial plan.

Onerous lease provisions

The Group has provided for operating lease rentals where these were above the market rate or where the Group has subsequently vacated the property and rental income is less than the rental expense, or where it is probable a previously sublet unit will revert to the Group. The element of the rental which is above market or above any rental cost paid relating to vacated properties is charged against the provision. Provisions are also made for business rates that the Group is liable to on empty sites and on hotels where it is considered improbable that trading profits will be generated. The key estimation judgement in determining the onerous amount is the period over the remaining lease term that the property will remain either rented or vacant. The Directors have estimated these periods after considering both the quality and the location of each of the units provided for. The cash flows are discounted at 4% representing a risk free rate of return adjusted for property risk.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES (Continued)

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

4 ANALYSIS OF RESULTS BY GEOGRAPHICAL REGION

	Year ended 31 December 2016	Year ended 31 December 2015
	£m	£m
Revenue		
UK	**587.7**	**552.1**
International	**10.1**	**7.5**
	597.8	**559.6**
EBITDA before exceptionals[1]		
UK before IFRS rent charge	**109.4**	**105.3**
IFRS rent charge	**(3.4)**	**(4.6)**
UK	**106.0**	**100.7**
International	**0.7**	**(0.2)**
	106.7	**100.5**
Operating profit / (loss) before exceptionals		
UK	**60.3**	**63.1**
International	**0.7**	**(0.2)**
	61.0	**62.9**
Profit / (loss) before tax before exceptionals		
UK	**8.3**	**14.3**
International	**0.5**	**(0.4)**
	8.8	**13.9**
Exceptional items (note 7)	**(10.5)**	**(8.0)**
(Loss) / profit before tax after exceptionals	**(1.7)**	**5.9**

There is only one operating segment, which is the provision of budget hotel accommodation and related sales.

1. EBITDA = Earnings before interest, taxes, depreciation and amortisation.

5 ANALYSIS OF ASSETS AND LIABILITIES BY GEOGRAPHICAL REGION

	2016 £m	2015 £m
Assets		
Intangible assets	**389.6**	**402.5**
Trading assets		
—UK[1]	**168.3**	**167.2**
—International[2]	**1.5**	**1.4**
Non-trading assets	**52.8**	**59.4**
Total operations	**612.2**	**630.5**
Cash	**73.9**	**76.9**
Total assets	**686.1**	**707.4**
Liabilities		
Trading liabilities		
—UK[3/6]	**(141.5)**	**(145.9)**
—International[4/6]	**(7.0)**	**(6.3)**
Non-trading liabilities[5]	**(66.2)**	**(72.5)**
Total operations	**(214.7)**	**(224.7)**
Bank debt	**—**	**(384.3)**
Bond related debt	**(379.9)**	**—**
Investor Loans	**(138.1)**	**(143.1)**
Finance lease creditor	**(31.8)**	**(31.1)**
Total liabilities	**(764.5)**	**(783.2)**
Net assets / (liabilities)		
Other Intangible assets	**389.6**	**402.5**
Trading net assets / (liabilities)		
—UK[6]	**26.8**	**21.3**
—International[6]	**(5.5)**	**(4.9)**
Non-trading assets	**52.8**	**59.4**
	74.1	**75.8**
Non-trading net liabilities[5]	**(66.2)**	**(72.5)**
	397.5	**405.8**
Cash	**73.9**	**76.9**
Bank debt	**—**	**(384.3)**
Bond related debt	**(379.9)**	**—**
Net Debt	**(306.0)**	**(307.4)**
Investor Loan	**(138.1)**	**(143.1)**
Finance lease creditor	**(31.8)**	**(31.1)**
Net liabilities	**(78.4)**	**(75.8)**

1. UK trading assets of £168.3m (2015: £167.2m) comprise £121.3m (2015: £123.9m) of fixed assets, £35.3m (2015: £34.7m) of prepayments and accrued income, £6.5m (2015: £5.5m) of trade amounts receivable, £3.8m (2015: £1.7m) of other receivables and £1.4m (2015: £1.4m) of stock.

2. International trading assets of £1.5m (2015: £1.4m) comprise £1.5m (2015: £1.4m) of other receivables.

3. UK trading liabilities of £141.5m (2015: £145.9m) comprise £43.4m (2015: £38.4m) of accruals, £18.7m (2015: £24.6m) of provisions, £29.1m (2015: £23.9m) of prepaid room deposits, £8.0m (2015: £20.5m) of other payables, £15.6m (2015: £17.0m) of trade payables, £10.5m (2015: £7.3m) of taxation and other social security, £9.8m (2015: £7.1m) of deferred income, and £6.4m (2015: £7.1m) of capital payables.

5 ANALYSIS OF ASSETS AND LIABILITIES BY GEOGRAPHICAL REGION (Continued)

4. International trading liabilities of £7.0m (2015: £6.3m) comprises £4.5m (2015: £4.0m) of provisions and £2.5m (2015: £2.3m) of accruals.

5. Non-trading liabilities of £66.2m (2015: £72.5m) relate to deferred tax liabilities of £66.2m (2015: £72.5m).

6. In the prior year comparative, £4.0m of provisions which were previously included in UK trading liabilities have been reclassified as international trading liabilities.

6 NET OPERATING EXPENSES (BEFORE EXCEPTIONAL ITEMS)

	Year ended 31 December 2016	Year ended 31 December 2015
	£m	£m
Cost of goods sold	**37.5**	35.8
Employee costs (note 8)	**136.2**	118.7
Fees payable to the Company's auditors[1]		
—audit for the parent company and consolidated financial statements	**0.1**	0.1
—audit fee for subsidiaries	**0.2**	0.2
Operating expenses	**142.0**	143.2
Net operating expenses before rent, depreciation and amortisation	**316.0**	**298.0**
Rent payable (third party landlords) for operating leases	**175.3**	160.0
Rent receivable	**(3.6)**	(3.5)
Net external rent payable	**171.7**	156.5
IFRS rent charge[2]	**3.4**	4.6
Net rent	**175.1**	**161.1**
Net operating expenses	**491.1**	**459.1**
Depreciation	**29.9**	22.4
Amortisation	**15.8**	15.2
Net depreciation and amortisation	**45.7**	**37.6**
Total net operating expenses	**536.8**	**496.7**

1. In the year ended 31 December 2016, remuneration for non audit fees was £0.3m (2015: £1.1m) mainly related to assistance with the refinancing process (2015: financial due diligence).

2. The IFRS rent charge is a non-cash adjustment which reflects spreading lease incentives received by the Group to enter into leases over the full life of the lease rather than to the next rent review.

7 EXCEPTIONAL ITEMS

In the financial year to 31 December 2016, exceptional items of £10.5m consist of £6.0m for the impairment of fixed assets in Aberdeen due to changes in local market demand, financing costs relating to restructuring the Group's debt of £4.2m and a net provision reassessment of £0.3m.

In the financial year to 31 December 2015, exceptional items of £8.0m consist of £0.9m reassessment of provisions (being a £1.4m charge relating to the increase in the CVA Fund due to 2015 performance, and a net credit of £0.5m relating to reassessment of other various provisions), charges of £1.9m for a detailed property review, £1.1m for financial due diligence and £4.1m for other costs relating to advisory fees in respect of corporate strategy including other operating matters.

8 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Directors of the Company are considered to be the key management of the Group.

	Year ended 31 December 2016	Year ended 31 December 2015
	£m	£m
Directors' emoluments		
Directors' emoluments	**3.1**	2.0
Total	**3.1**	**2.0**
Remuneration of the highest paid Director	**1.2**	**0.8**
	Number	Number
Number of Directors accruing benefits under the defined contribution scheme	**—**	**—**

Employee benefit expense	Year ended 31 December 2016	Year ended 31 December 2015
	£m	£m
Employee costs during the year / period (including Directors)		
Wages and salaries	**127.9**	111.5
Social security costs	**6.8**	5.9
Other pension costs	**1.5**	1.3
Total employee costs	**136.2**	**118.7**

	Year ended 31 December 2016 Number	Year ended 31 December 2015 Number
Average FTE number of persons employed[1]		
—UK	**5,363**	4,644
—International	**59**	56
	5,422	**4,700**

	Year ended 31 December 2016 Number	Year ended 31 December 2015 Number
Total number of persons employed[2]		
—UK	**10,294**	9,024
—International	**56**	56
	10,350	**9,080**

The total number of employees at the year ended 31 December 2016 includes all employees whether full time or part time. The average FTE number of employees has been calculated as the average FTE number of people who were included on the Group's payroll during the year.

1. Average FTE number of persons employed includes executive Directors.

2. Total number of persons employed includes executive Directors.

9 OPERATING LEASE COMMITMENTS

Total commitments under operating leases amounted to:

	Year ended 31 December 2016			Year ended 31 December 2015		
	UK	International	Total	UK	International	Total
	£m	£m	£m	£m	£m	£m
Due within one year	**182.2**	**4.1**	**186.3**	170.3	3.6	173.9
Due between two and five years	**739.3**	**16.3**	**755.6**	700.4	14.4	714.8
Due beyond five years	**2,924.8**	**49.3**	**2,974.1**	2,933.6	46.8	2,980.4
Total	**3,846.3**	**69.7**	**3,916.0**	**3,804.3**	**64.8**	**3,869.1**

	UK Years	International Years	Total Years	UK Years	International Years	Total Years
Average lease term remaining	**18.5**	**14.9**	**18.3**	**19.3**	**15.9**	**19.3**

The leases are standard operating leases with normal commercial terms, typically 25 years (though a number of city centre and London properties have 35 year terms), subject to standard upward only rent reviews, with the majority based on RPI indices (though some with caps and collars, some have a fixed up-lift review at 2.5% pa and subsequently to RPI, and others based on CPI), with Group only renewal rights at the end of the lease.

10 FINANCE INCOME

	Year ended 31 December 2016			Year ended 31 December 2015		
	Paid	Accrued	Total	Paid	Accrued	Total
	£m	£m	£m	£m	£m	£m
Interest on bank deposits	0.6	—	**0.6**	0.3	0.1	0.4
Other	0.5	—	**0.5**	0.1	—	0.1
Finance income	**1.1**	**—**	**1.1**	**0.4**	**0.1**	**0.5**

11 FINANCE COSTS

	Year ended 31 December 2016			Year ended 31 December 2015		
	Paid	Capitalised / accrued	Total	Paid	Capitalised / accrued	Total
	£m	£m	£m	£m	£m	£m
Finance fees	0.2	1.1	**1.3**	0.4	1.0	1.4
Interest on bank loans	22.0	(11.8)	**10.2**	14.8	11.6	26.4
Interest on fixed and floating rate bonds	16.8	4.1	**20.9**	—	—	—
Interest on obligations under finance leases	4.5	0.7	**5.2**	4.2	0.6	4.8
Unwinding of discount on provisions	—	0.7	**0.7**	—	0.8	0.8
Finance costs before interest on investor loan and exceptional items	**43.5**	**(5.2)**	**38.3**	**19.4**	**14.0**	**33.4**
Interest on investor loan	—	15.0	**15.0**	—	16.1	16.1
Finance costs before exceptional items	**43.5**	**9.8**	**53.3**	**19.4**	**30.1**	**49.5**
Exceptional items						
Fees in relation to restructuring of debt	4.2	—	**4.2**	—	—	—
Finance costs	**47.7**	**9.8**	**57.5**	**19.4**	**30.1**	**49.5**

12 INCOME TAX

	Year ended 31 December 2016	Year ended 31 December 2015
	£m	£m
Current tax		
UK Corporation tax	**—**	—
Foreign tax	**—**	(0.2)
Deferred tax		
Origination and reversal of temporary timing differences (note 20)	**(1.7)**	(5.1)
Effect of change in tax rate	**0.8**	1.5
Income tax charge	**(0.9)**	**(3.8)**

The main rate of UK corporation tax remained the same at 20% throughout 2016. Further changes are expected to the main rate of UK corporation tax – on 1 April 2017 there will be a reduction to 19%, with a further reduction to 17% from 1 April 2020.

Deferred tax balances have been measured at a rate of 17%, being the rate substantively enacted at the balance sheet date.

Corporation tax is calculated at 20.00% (2015: 20.25%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the profit / loss per the income statement as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
	£m	£m
(Loss) / profit before tax	**(1.7)**	**5.9**
Tax at the UK corporation tax rate of 20.00% (2015: 20.25%)	**0.3**	**(1.2)**
Tax effect of:		
Items not deductible for tax purposes	**(2.9)**	(9.7)
Capital allowances in excess of depreciation	**(1.6)**	4.3
Tax losses	**2.5**	1.5
Effect of change in tax rate	**0.8**	1.5
Foreign tax	**—**	(0.2)
Income tax charge for the year	**(0.9)**	**(3.8)**

A tax charge of £0.9m arose in 2016. The tax charge arose primarily due to the tax effect of items not deductible for tax purposes, and capital allowances claims, partially offset by tax losses.

The deferred tax charge arising in the year is comprised as follows:

	Intangible assets	Tax losses and hold-over relief	Accelerated tax depreciation	Total
	£m	£m	£m	£m
(Credit) / charge due to movement in the year (note 20)	(6.3)	6.2	1.0	**0.9**
(Credit) / charge to income statement	**(6.3)**	**6.2**	**1.0**	**0.9**

13 SUBSIDIARIES

The subsidiaries of the Group are listed below.

Name of subsidiary undertaking	Registered Office	Business Description	Country of Incorporation	% of equity held
Travelodge Hotels Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Trading Company	Great Britain	100
Travelodge Hoteles Espana SL	Calle Santa Leonor, 34, 28037, Madrid, Spain	Trading Company	Spain	100
Full Moon Holdco 4 Limited*	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Holding Company	Great Britain	100
Full Moon Holdco 5 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Holding Company	Great Britain	100
Full Moon Holdco 6 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Holding Company	Great Britain	100
Full Moon Holdco 7 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Holding Company	Great Britain	100
TVL Finance PLC	47 Esplanade, St Helier, Jersey, JE1 0BD	Financing Company	Great Britain	100
TLLC Holdings2 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Holding Company	Great Britain	100
Travelodge Holdings (Malta) Limited	The Landmark, Level 1, Suite 2, Triq L-Iljun, Qormi QRM3800, Malta	Holding Company	Malta	100
FullMoonPropco1 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Dormant Company	Great Britain	100
Travelodge Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Dormant Company	Great Britain	100

* Directly owned

All shares held are ordinary shares

14 INTANGIBLE ASSETS

An analysis of other intangible assets for the year ended 31 December 2016 is given below:

	Brand	Assets under construction[1]	Lease premiums	IT Software	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2016	145.0	4.3	286.9	9.8	446.0
Capital expenditure	—	8.7	—	—	8.7
Movement on capital creditors	—	(0.7)	—	0.2	(0.5)
Capitalisation	—	(9.2)	2.3	6.9	—
Write off fully depreciated assets	—	—	(0.1)	(2.8)	(2.9)
Impairment	—	—	(7.1)	—	(7.1)
At 31 December 2016	**145.0**	**3.1**	**282.0**	**14.1**	**444.2**
Accumulated amortisation					
At 1 January 2016	—	—	(40.2)	(3.3)	(43.5)
Charge for the year	—	—	(12.3)	(3.5)	(15.8)
Write off fully depreciated assets	—	—	0.1	2.8	2.9
Impairment	—	—	1.8	—	1.8
At 31 December 2016	**—**	**—**	**(50.6)**	**(4.0)**	**(54.6)**
Carrying amount at 31 December 2016	**145.0**	**3.1**	**231.4**	**10.1**	**389.6**
Carrying amount at 31 December 2015	145.0	4.3	246.7	6.5	402.5

1. Assets under construction predominantly consists of IT and legal costs in relation to new hotels which have not opened yet.

The brand intangible asset arose on the acquisition of Travelodge. This is not subject to annual amortisation but is assessed for impairment on an annual basis.

Lease premiums are amortised on a straight line basis over the lease period. Each hotel to which a lease premium asset is assigned is considered to be a separate cash generating unit when assessing impairment.

Impairment reviews are performed annually. The Company prepares cash flow forecasts derived from the most recent financial budgets and financial plans approved by the Directors and extrapolates cash flows beyond this time based on an estimated long term growth rate of 2.5%. The key assumptions are consistent with past experience and with external sources of information. The resulting cash flows are discounted at the Company's pre-tax weighted average cost of capital. Reviews are performed on a site by site basis over the length of the lease.

An impairment of £6.5m was made in 2016 (2015: £nil) of fixed assets in Aberdeen due to changes in local market demand. Of this impairment, £0.5m had previously been provided for and £6.0m was charged to the income statement. Of the impairment of £6.5m, £5.3m relates to Intangible assets (note 14) and £1.2m relates to Property, Plant and Equipment (note 15).

IT software is measured initially at purchase cost and is amortised on a straight line basis over three years.

15 PROPERTY, PLANT AND EQUIPMENT

An analysis of property, plant and equipment for 31 December 2016 is given below:

	Assets under construction[1]	Freehold land, freehold and long leasehold buildings	Assets held under finance leases	Fixtures and fittings	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2016	1.4	1.8	18.3	123.6	145.1
Capital expenditure	28.7	—	—	—	28.7
Movement on capital creditors	(0.6)	—	—	0.4	(0.2)
Capitalisation	(26.1)	—	—	26.1	—
Write-down of fully depreciated assets	—	—	—	(5.7)	(5.7)
Impairment	—	—	—	(2.0)	(2.0)
At 31 December 2016	**3.4**	**1.8**	**18.3**	**142.4**	**165.9**
Accumulated depreciation					
At 1 January 2016	—	(0.1)	(1.4)	(19.7)	(21.2)
Charge for the year	—	(0.1)	(0.4)	(29.4)	(29.9)
Write-back of depreciation on fully depreciated assets	—	—	—	5.7	5.7
Impairment	—	—	—	0.8	0.8
At 31 December 2016	**—**	**(0.2)**	**(1.8)**	**(42.6)**	**(44.6)**
Carrying amount at 31 December 2016	**3.4**	**1.6**	**16.5**	**99.8**	**121.3**
Carrying amount at 31 December 2015	1.4	1.7	16.9	103.9	123.9

1. Assets under construction predominantly consists of costs in relation to the construction of new hotels which have not opened yet.

Freehold and long leasehold properties are stated at cost. Depreciation is provided on cost in equal annual instalments over the estimated remaining useful lives of the assets.

An impairment of £6.5m was made in 2016 (2015: £nil) of fixed assets in Aberdeen due to changes in local market demand. Of this impairment, £0.5m had previously been provided for and £6.0m was charged to the income statement. Of the impairment of £6.5m, £5.3m relates to Intangible assets (note 14) and £1.2m relates to Property, Plant and Equipment (note 15).

16 TRADE AND OTHER RECEIVABLES

	31 December 2016	31 December 2015
	£m	£m
Amounts due within one year:		
Trade amounts receivable		
—Gross amounts receivable	**6.6**	5.6
—Bad debt provision	**(0.1)**	(0.1)
—Net amounts receivable	**6.5**	5.5
Other amounts receivable	**5.3**	3.1
Prepayments and accrued income[1]	**35.3**	34.7
	47.1	**43.3**

1. Prepayments and accrued income mainly include prepayments of rent and rates.

16 TRADE AND OTHER RECEIVABLES (Continued)

Management have estimated the fair value of trade and other receivables to be equal to the book value.

Receivables that are neither past due or impaired are considered to be fully recoverable.

Trade Receivable Ageing	31 December 2016	31 December 2015
	£m	£m
Current	**5.2**	4.1
Past due		
30 days	**0.4**	0.6
60 days	**0.1**	0.3
90+ days	**0.8**	0.5
Total	**6.5**	**5.5**

17 TRADE AND OTHER PAYABLES

	31 December 2016	31 December 2015
	£m	£m
Trade payables	**(15.6)**	(17.0)
Other payables	**(8.0)**	(20.5)
Social security and other taxation	**(10.5)**	(7.3)
Accruals	**(45.9)**	(40.7)
Prepaid room purchases[1]	**(29.1)**	(23.9)
Capital payables	**(6.4)**	(7.1)
Amounts falling due within one year	**(115.5)**	**(116.5)**
Amounts falling due after one year		
Deferred income[2]	**(9.8)**	(7.1)
Total	**(125.3)**	**(123.6)**

1. Prepaid room purchases of £29.1m (2015: £23.9m) relate to cash received at the time of room booking prior to arrival date and is recognised when customers stay. Of which 41% (2015: 40%) would be non-refundable on cancellation of the room booking.

2. Certain hotel leases include a rent-free period at the beginning of the lease term. Under IFRS, the benefit of this rent free period is held on the balance sheet and is recognised in the income statement as a deduction to the actual rent expense in each period, on a straight line basis, over the full life of the lease.

The Group pays its trade payables in line with the terms that it has agreed with its suppliers. Typically these terms vary from 30 days to 90 days.

Management have estimated the fair value of trade and other payables to be equal to the book value.

18 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments 2016	Minimum lease payments 2015
	£m	£m
Amounts payable under finance leases:		
Within one year	**(4.6)**	**(4.5)**
In the second to fifth years inclusive	**(18.9)**	**(18.4)**
Greater than five years	**(351.8)**	**(347.3)**
	(375.3)	**(370.2)**
Less: future finance charges	**343.5**	**339.1**
Amount due for settlement after 12 months (Capital liability)	**(31.8)**	**(31.1)**

18 OBLIGATIONS UNDER FINANCE LEASES (Continued)

The Group holds 5 properties (2015: 5 properties) which have been classified as finance leases with an average lease term of 48 years (2015: 49 years).

Amounts due within one year are included in payables.

19 FINANCIAL ASSETS AND LIABILITIES

	Maturity Date	31 December 2016	31 December 2015
		£m	£m
Cash at bank and in hand		**73.9**	76.9
External debt redeemable:			
Fixed Rate Bond	May 2023	**(290.0)**	—
Floating Rate Bond	May 2023	**(100.0)**	—
Issue Costs		**10.1**	—
Senior 1st Lien	June 2017	**—**	(335.9)
Senior 2nd Lien	June 2018	**—**	(35.5)
Flare	June 2017	**—**	(12.9)
External debt		**(379.9)**	(384.3)
Net external debt		**(306.0)**	(307.4)
Investor Loan Note	January 2026	**(138.1)**	(143.1)
Net debt before finance leases		**(444.1)**	(450.5)
Finance leases		**(31.8)**	(31.1)
Net funding including finance leases		**(475.9)**	**(481.6)**

During the year the group completed a refinancing of its existing bank facilities. As part of this:

Senior secured fixed rate sterling denominated notes of £290m were issued on 10 May 2016 with a termination date of 11 May 2023. Interest is fixed at 8.5% and is payable on a semi-annual basis. Senior secured floating rate sterling denominated notes of £100m were issued on 10 May 2016 with a termination date of 11 May 2023. Interest is floating at three month LIBOR plus a margin of 7.5%. Interest is payable on a quarter basis. An Original Issue Discount fee ("OID") of £1.5m was paid on the date of issue of the notes.

The Group also entered into an interest rate hedge against the floating rate bond of £100m with an effective date from 15 November 2016 and a termination date of 15 August 2019.

A sterling denominated revolving credit facility of £50m was made available to the Group. At 31 December 2016, no drawings on this facility had been made.

The letter of credit facility with a maximum usage of £40m was terminated and replaced with a new and equivalent facility with maximum usage of £30m. At 31 December 2016, the Group had utilised £17.2m.

The Senior 1st Lien and 2nd Lien of £335.9m and £35.5m respectively were paid in full. In addition, the Flare facility was also fully repaid in March 2016.

Costs of £11.1m were incurred in issuing the senior secured sterling denominated notes, revolving credit and letter of credit facility and have been deducted from the fair value of the notes and facilities, which are carried at amortised cost.

The interest rate charged on the investor loan note reduced from 17% to 15% and £20m of the loans' outstanding capitalised interest was repaid.

The weighted average interest rate paid in the year ended 31 December 2016 was 7.6% (2015: 6.1%), and the weighted average interest rate charged in the year ended 31 December 2016 was 7.6% (2015: 6.1%).

19 FINANCIAL ASSETS AND LIABILITIES (Continued)

The bonds were variably secured on leases owned by certain subsidiary undertakings and charges over shares in subsidiary undertakings.

The carrying value of the assets and liabilities of the Group represent their fair value.

	2016 Carrying amount	2016 Fair value	2015 Carrying amount	2015 Fair value
	£m	£m	£m	£m
Financial instrument categories				
Loans and receivables[1]	**11.8**	**11.8**	8.6	8.6
Financial derivative asset	**0.6**	**0.6**	—	—
Bank loans	**—**	**—**	(384.3)	(384.3)
Bond related debt	**(379.9)**	**(411.3)**	—	—
Investor Loan Note	**(138.1)**	**(138.1)**	(143.1)	(143.1)
Financial liabilities[2]	**(61.8)**	**(61.8)**	(75.7)	(75.7)
	(567.4)	**(598.8)**	(594.5)	(594.5)

1. Loans and receivables of are made up of trade receivables £6.5m (2015: £5.5m) and other receivables £5.3m (2015: £3.1m).

2. Financial liabilities of £61.8m (2015: £75.7m) are made up of finance lease payables £31.8m (2015: £31.1m), trade payables £15.6m (2015: £17m), capital payables £6.4m (2015: £7.1m) and other payables £8.0m (2015: £20.5m).

Loans and receivables and financial liabilities are due within one year.

Interest rate hedge

The Group uses an interest rate hedge to manage its exposure to interest rate movements relating to the floating rate bonds. Contracts with nominal values of £100m (2015: £nil) have fixed interest payments at a rate of 0.376% (2015: £nil) and have floating rate interest receipts at LIBOR for periods up to and including August 2019.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which uses inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Level 1	Level 2	Level 3	31 December 2016 Total
	£m	£m	£m	£m
Financial assets measured at fair value through profit and loss				
Derivatives (interest rate swaps)	—	0.6	—	**0.6**

The fair value of the Group interest rate hedge is £0.6m (2015: £nil). This interest rate hedge is designated and effective as a cash flow hedge and the movement in fair value of £0.6m (2015: £nil) has been taken through equity.

Risk

Capital risk management: The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings disclosed above, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

19 FINANCIAL ASSETS AND LIABILITIES (Continued)

Interest rate risk: The Group finances its operations through borrowings. The group borrows at fixed and floating rates, and uses an interest rate hedge to generate the desired interest profile. The hedging requirements and actual hedging (in brackets) for the floating rate bond is 100% (100%).

Given the Group's hedging position at 31 December 2016 a movement in interest rates will not affect the group's interest profile and the group's net profit and cash interest payment would be unaffected. However the fair value of the Group's interest rate hedge would, if interest rates increased or decreased by 25 basis points, move via equity by £0.6m and £(0.6m) respectively.

Liquidity risks: The Group has built an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk: The Group does not have any significant credit risk exposure to any single counterparty. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. No collateral is held against liquid funds.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Currency exposures: At 31 December 2016, the Group had no material currency exposures that would give rise to net currency gains or losses being recognised in the income statement.

20 DEFERRED TAX

The following are the major deferred tax (liabilities) and assets recognised by the Group which are expected to be recovered or settled more than twelve months after the reporting period and movements thereon during the current and prior reporting year.

	Tax losses and hold-over relief	Accelerated tax depreciation	Deferred tax asset	Intangible assets	Deferred tax liability	Total
	£m	£m	£m	£m	£m	£m
At 1 January 2016	34.7	24.7	**59.4**	(72.5)	**(72.5)**	**(13.1)**
(Charge)/credit to income	(6.2)	(1.0)	**(7.2)**	6.3	**6.3**	**(0.9)**
At 31 December 2016	28.5	23.7	**52.2**	(66.2)	**(66.2)**	**(14.0)**

The main rate of UK corporation tax remained the same, at 20%, throughout 2016. Further changes are expected to the main rate of UK corporation tax – on 1 April 2017 there will be a reduction to 19%, with a further reduction to 17% from 1 April 2020. Deferred tax balances have been measured at a rate of 17%, being the rate substantively enacted at the balance sheet date.

21 PROVISIONS

	Total
	£m
At 1 January 2016	(28.6)
Cash spend	6.9
Reassessment in provisions	(0.3)
Unwinding of discount of provisions	(0.7)
Foreign exchange rate movement	(0.5)
At 31 December 2016	**(23.2)**

A discount rate of 4% (2015: 4%) being the risk free rate adjusted for property risk is used to calculate the net present value of the provisions.

21 PROVISIONS (Continued)

Provisions of £23.2m can be analysed as: due in less than one year of £2.8m and due after one year of £20.4m which comprises onerous lease provisions of £10.7m relating to future rent and rates liabilities on sub leased historic restaurant units and vacant sites, £2.7m relating to five UK hotels where it is considered improbable that trading profits will be generated within a period of seven years and £9.8m of other provisions.

Onerous lease provisions relate to the future discounted cash outflow in relation to certain rent and rates liabilities where no economic benefit is expected to accrue to the Group. These provisions have an average lease term of 15 years and have been discounted at a risk free rate of 4%.

22 SHARE CAPITAL

	2016 & 2015 Number of shares	2016 & 2015 £
Authorised:		
Ordinary shares of £0.000001 each	**1,000,000**	**1**
	1,000,000	**1**

	2016 & 2015 Number of shares	2016 & 2015 £
Called up, allotted and fully paid:		
Ordinary shares of £0.000001 each	**1,000,000**	**1**
	1,000,000	**1**

23 CAPITAL COMMITMENTS

Contracted future capital expenditure not provided for in these financial statements predominantly relates to expenditure on the refurbishment and maintenance of current hotels. At 31 December 2016 the capital commitment not provided for in the financial statements, subject to satisfactory practical completion, was £6.4m (2015: £1.2m).

24 CONTINGENT LIABILITIES

The Group has contingent liabilities under a number of leases that have been assigned to various third parties. In certain circumstances, should the current lessee default on the payment of rent, a superior landlord may have recourse to the Group. Should a superior landlord make a claim on the Group for unpaid rent, the Group would be required to settle that liability and subsequently the unit / units subject to the claim could be seized by the Group following petitioning of a court. The Group could subsequently, subject to certain conditions, either trade from the unit or reassign or sublet the lease of the unit to a third party.

At 31 December 2016 the estimated annual contingent rental liability was £81k (2015: £81k), represented by 7 units (2015: 7 units) with an average annual rental cost per unit of £12k (2015: £12k) and an average lease term remaining of 33 years (2015: 34 years).

25 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

At 31 December 2016, the Directors regard Anchor Holdings SCA as the ultimate parent undertaking and controlling party, a company incorporated in Luxembourg.

Thame and London Limited is the parent undertaking of the largest and smallest Group of undertakings to consolidate these financial statements at 31 December 2016. The consolidated financial statements of Thame and London Limited are available from Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT.

25 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY (Continued)

Anchor Holdings SCA has provided the Company with an investor loan of £95.0m (2015: £95.0m). £20.0m of the capitalised interest relating to this loan was repaid during 2016. The loan accrues interest at 15.0% (2015: 17.0%) per annum.

Interest accrued in the year is £15.0m (2015: £16.1m) and the total balance including accrued interest was £138.1m (2015: £143.1m). The loan note is due for repayment in 2026.

During 2014, certain property leases the Group had previously entered into with an external third party were sold on an arms length basis to an entity which is controlled by the Group's ultimate owners. During 2016, certain of these property leases were sold to a separate external third party. All terms of these property leases and the value the Group is liable to pay were unchanged as a result of these transactions. In the year ended 31 December 2016, the property costs charged were £36.1m (2015: £35.9m from transfer of ownership) and there were no balances outstanding at 31 December 2016.

Of the total fees paid as part of the Group's refinancing (see note 19), an amount of £9.0m was paid to a syndicate of financial institutions. An entity related to one of the parent undertakings was part of the syndicate.

26 NOTE TO THE CASH FLOW STATEMENT

	Year ended 31 December 2016			Year ended 31 December 2015		
	Before Exceptional Items	Exceptional Items[1]	Total	Before Exceptional Items	Exceptional Items	Total
	£m	£m	£m	£m	£m	£m
Operating profit / (loss)	**61.0**	**(6.3)**	**54.7**	**62.9**	**(8.0)**	**54.9**
Adjustments for non-cash items:						
Depreciation of property, plant and equipment	29.9	—	**29.9**	22.4	—	22.4
Amortisation of other intangible assets	15.8	—	**15.8**	15.2	—	15.2
Impairment of fixed assets (note 14 and 15)	—	6.0	**6.0**	—	—	—
Operating cash flows before movements in working capital	**106.7**	**(0.3)**	**106.4**	**100.5**	**(8.0)**	**92.5**
Increase in inventory	—	—	**—**	(0.1)	—	(0.1)
Movement in receivables	(3.5)	—	**(3.5)**	7.7	—	7.7
Movement in payables	14.6	(4.6)	**10.0**	17.3	3.8	21.1
Movement in provisions	(6.9)	0.3	**(6.6)**	(4.0)	0.9	(3.1)
Total working capital movement	**4.2**	**(4.3)**	**(0.1)**	**20.9**	**4.7**	**25.6**
CASH FLOWS FROM OPERATING ACTIVITIES	**110.9**	**(4.6)**	**106.3**	**121.4**	**(3.3)**	**118.1**

1. Exceptional items of £4.6m (2015: £3.3m) consist mainly of costs relating to financial due diligence and other costs relating to advisory fees in respect of corporate strategy.

THAME AND LONDON LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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THAME AND LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THAME AND LONDON LIMITED

Report on the group financial statements

Our opinion

In our opinion, Thame and London Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Report and financial statements (the "Annual Report"), comprise:

- the consolidated balance sheet as at 31 December 2015;
- the consolidated income statement and statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter

We have reported separately on the parent company financial statements of Thame and London Limited for the year ended 31 December 2015.

John Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 April 2016

THAME AND LONDON LIMITED

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Notes	Year ended 31 December 2015			Year ended 31 December 2014		
		Before exceptional items	Exceptional items	After exceptional items	Before exceptional items	Exceptional items	After exceptional items
		£m	£m	£m	£m	£m	£m
Revenue	4	559.6	—	**559.6**	497.2	—	**497.2**
Operating expenses	6 /7	(298.0)	(8.4)	**(306.4)**	(282.1)	0.6	(281.5)
Rent	6 /7	(161.1)	0.4	**(160.7)**	(154.5)	(1.3)	(155.8)
EBITDA[1]	4	**100.5**	**(8.0)**	**92.5**	**60.6**	**(0.7)**	**59.9**
Depreciation/ amortisation	6	(37.6)	—	**(37.6)**	(30.3)	(4.7)	(35.0)
Operating profit/ (loss)		**62.9**	**(8.0)**	**54.9**	**30.3**	**(5.4)**	**24.9**
Finance costs	11	(49.5)	—	**(49.5)**	(50.6)	—	(50.6)
Finance income	10	0.5	—	**0.5**	0.2	—	0.2
Profit/(loss) before tax		**13.9**	**(8.0)**	**5.9**	**(20.1)**	**(5.4)**	**(25.5)**
Income tax	12	(3.8)	—	**(3.8)**	(5.5)	—	(5.5)
Profit/(loss) for the year		**10.1**	**(8.0)**	**2.1**	**(25.6)**	**(5.4)**	**(31.0)**

Memorandum—EBITDA

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
EBITDA before IFRS rent charge	**105.1**	**66.2**
IFRS rent charge (note 6)	(4.6)	(5.6)
EBITDA pre exceptional items	100.5	60.6
Exceptional items	(8.0)	(0.7)
EBITDA after exceptional items	**92.5**	**59.9**

1. EBITDA = Earnings before interest, taxes, depreciation and amortisation.

THAME AND LONDON LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Profit / (Loss) for the year recognised directly in the income statement	2.1	(31.0)
Currency translation differences	0.2	0.2
Net income recognised directly in equity	**0.2**	**0.2**
Total comprehensive income / (expense) for the year	**2.3**	**(30.8)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share Capital	Foreign Exchange Reserve	Accumulated Losses	Total deficit
	£m	£m	£m	£m
1 January 2015	**—**	**0.2**	**(78.3)**	**(78.1)**
Comprehensive income				
Profit for the year	—	—	2.1	**2.1**
Other comprehensive income				
Currency translation differences	—	0.2	—	**0.2**
Total comprehensive income	**—**	**0.2**	**2.1**	**2.3**
31 December 2015	**—**	**0.4**	**(76.2)**	**(75.8)**

For the year ended 31 December 2014

	Share Capital	Foreign Exchange Reserve	Accumulated Losses	Total deficit
	£m	£m	£m	£m
1 January 2014	**—**	**—**	**(47.3)**	**(47.3)**
Comprehensive loss				
Loss for the year	—	—	(31.0)	**(31.0)**
Other comprehensive income				
Currency translation differences	—	0.2	—	**0.2**
Total comprehensive income / (loss)	**—**	**0.2**	**(31.0)**	**(30.8)**
31 December 2014	**—**	**0.2**	**(78.3)**	**(78.1)**

THAME AND LONDON LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Notes	2015	2014
		£m	£m
NON CURRENT ASSETS			
Intangible assets	14	**402.5**	**410.2**
Property, plant and equipment	15	**123.9**	**102.2**
Deferred tax asset	20	**59.4**	**72.5**
		585.8	**584.9**
CURRENT ASSETS			
Inventory		**1.4**	**1.3**
Trade and other receivables	16	**43.3**	**52.0**
Cash and cash equivalents	19	**76.9**	**38.9**
		121.6	**92.2**
TOTAL ASSETS		**707.4**	**677.1**
CURRENT LIABILITIES			
Trade and other payables	17	**(116.5)**	**(85.1)**
		(116.5)	**(85.1)**
NON-CURRENT LIABILITIES			
Bank loans	19	**(384.3)**	**(394.3)**
Investor loan	19	**(143.1)**	**(127.0)**
Obligations under finance leases	18	**(31.1)**	**(30.5)**
Deferred tax liability	20	**(72.5)**	**(82.0)**
Deferred Income	17	**(7.1)**	**(5.3)**
Provisions	21	**(28.6)**	**(31.0)**
		(666.7)	**(670.1)**
TOTAL LIABILITIES		**(783.2)**	**(755.2)**
NET LIABILITIES		**(75.8)**	**(78.1)**
EQUITY			
Share capital	22	—	—
Foreign Exchange Reserve		**0.4**	**0.2**
Accumulated losses		**(76.2)**	**(78.3)**
TOTAL DEFICIT		**(75.8)**	**(78.1)**

Memorandum—Analysis of net funding	***£m***	***£m***
Cash at bank	***76.9***	***38.9***
Bank debt redeemable:		
Senior 1st Lien	***(335.9)***	***(335.9)***
Senior 2nd Lien	***(35.5)***	***(35.5)***
Flare	***(12.9)***	***(22.9)***
Gross Bank debt	***(384.3)***	***(394.3)***
Net Bank debt	***(307.4)***	***(355.4)***
Investor Loan	***(143.1)***	***(127.0)***
Finance leases	***(31.1)***	***(30.5)***
Net Funding	***(481.6)***	***(512.9)***

These financial statements of Thame and London Limited on pages 18 to 38 were approved by the Board of Directors and signed on its behalf by

Joanna Boydell
6 April 2016

Company registration number 08170768

THAME AND LONDON LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

	Notes	Year ended 31 December 2015	Year ended 31 December 2014
		£m	£m
NET CASH GENERATED FROM OPERATING ACTIVITIES	26	**118.1**	**67.9**
INVESTING ACTIVITIES			
Interest received	10	**0.4**	**0.2**
Purchases of property, plant and equipment and other intangible assets	14 / 15	**(51.1)**	**(52.3)**
Net cash used in investing activities		**(50.7)**	**(52.1)**
FINANCING ACTIVITIES			
Finance fees paid	11	**(0.4)**	**(1.3)**
Interest element of finance lease rental payments	11	**(4.2)**	**(3.9)**
Repayment of Flare facility	19	**(10.0)**	**—**
Interest paid	11	**(14.8)**	**(9.2)**
Net cash used in financing activities		**(29.4)**	**(14.4)**
Net increase in aggregate cash and cash equivalents		**38.0**	**1.4**
Cash and cash equivalents at beginning of the year		38.9	37.5
Cash and cash equivalents at end of the year		**76.9**	**38.9**

Memorandum—Analysis of free cash flow[1]

	Notes	Year ended 31 December 2015	Year ended 31 December 2014
		£m	*£m*
EBITDA before exceptional items and IFRS rent charge		***105.1***	***66.2***
Working capital		***20.3***	***6.4***
Net cash flows from operating activities before exceptionals		***125.4***	***72.6***
Capital expenditure	14 / 15	***(51.1)***	***(52.3)***
Free cash flow generated for the year		***74.3***	***20.3***
Non-trading cash flow			
Interest costs			
—bank interest paid	11	***(14.8)***	***(9.2)***
—finance fees paid	11	***(0.4)***	***(1.3)***
Interest income	10	***0.4***	***0.2***
Interest element of finance lease rental payments	11	***(4.2)***	***(3.9)***
Repayment of Flare facility		***(10.0)***	***—***
Cash spend on provisions	21 / 26	***(4.0)***	***(3.6)***
Exceptional items[2]	26	***(3.3)***	***(1.1)***
Non-trading cash flow		***(36.3)***	***(18.9)***
Cash generated		***38.0***	***1.4***
Opening Cash		***38.9***	***37.5***
Movement in cash		***38.0***	***1.4***
Closing Cash		***76.9***	***38.9***
Opening net bank debt		***(355.4)***	***(336.2)***
Movement in cash		***38.0***	***1.4***
Repayment of flare facility		***10.0***	***—***
Interest accrued into principal		***—***	***(20.6)***
Closing net bank debt	19	***(307.4)***	***(355.4)***

1. Free cash flow is defined as cash generated by the Company before interest, exceptional costs, spend on provisions and financing.

2. Exceptional items mainly relate to the strategic review of the Group.

1 GENERAL INFORMATION

Thame and London Limited, formerly Anchor UK Bidco Limited (the Company) is a limited Company and was incorporated in the United Kingdom on 7th August 2012. The Company changed its name from Anchor UK Bidco Limited on 23rd May 2013. The Company is domiciled in the UK. The address of its registered office and principal place of business are disclosed in the introduction to the annual report. The Company acquired the Travelodge business on 12th October 2012. The principal activities of the parent Company and its subsidiaries (together the Group) are disclosed in the Directors' report.

2 SIGNIFICANT ACCOUNTING POLICIES

Going Concern

a) The Group's business activities, together with its financial position, its cash flows, liquidity position and borrowing facilities, are described in the Directors Report and Financial Review on page 2. In addition, note 19 includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit and liquidity risk.

As highlighted in note 19, the Group meets its day to day working capital requirements principally through the maintenance of adequate cash and cash equivalent balances. The Group does not operate an overdraft facility.

The Directors have reviewed the Group's financial projections for the foreseeable future and in particular, have reviewed the Group's occupancy and room rate forecasts. The Directors have reviewed the critical assumptions which underpin those projections and have also stress tested those projections and the resulting impacts on the loan covenant tests with pessimistic, but plausible, changes to those critical assumptions. As a result of these sensitivities, the Directors have a reasonable expectation that the Group has adequate resources and covenant headroom to continue to trade into the foreseeable future (being at least for the 12 months from the date of these financial statements) and, as such, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of Accounting

b) The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to Group reporting at 31st December 2015.

The consolidated financial statements have been prepared under the historical cost convention modified by the revaluation of financial assets and financial liabilities held at fair value through profit and loss, however there are no such financial instruments disclosed in the financial statements. The principal accounting policies adopted have been consistently applied throughout the year and across the Group and are set out below.

The preparation of financial statements in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Group's exposure to interest rate risk, credit risk and liquidity risk is discussed in note 19.

New and Amended standards that are not yet effective

The following new and amended standards have been issued, but are not yet effective for the financial year ending 31st December 2015, and have not been early adopted:

- Annual improvements 2014 (effective 1 January 2016) endorsed
- IAS 1, 'Presentation of financial statements'
- IAS 7, 'Statement of cash flows'

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

- IAS 12, 'Income taxes'
- IAS 16, 'Property, plant and equipment'
- IAS 38, 'Intangible assets'
- IFRS 9, 'Financial instruments'
- IFRS 15, 'Revenue from contracts with customers'
- IFRS 16, 'Leases'

The Directors' are yet to assess the impact of the above standards.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Group and entities controlled by the Group and its subsidiaries up to 31 December 2015. Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Uniform accounting policies are adopted across the Group.

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or disposal, as appropriate.

All intra-Group transaction balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are expensed through the income statement. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (Revised), Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets (or disposal companies) that are classified as held for sale in accordance with IFRS 5, Non-current assets held for sale and discontinued operations, which are recognised and measured at fair value less costs to sell.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents the amount receivable for goods and services supplied to customers in the normal course of business, net of trade discount and VAT. The principal revenue stream of the Group is providing budget hotel accommodation and is recognised when customers stay.

Exceptional items

In order to understand the underlying performance of the business, material, non-recurring items are separately disclosed as exceptional items in the income statement.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Minimum rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease. Incentives received by the Group to enter into leases as a lessee are credited to the income statement on a straight line basis over the lease term.

Rental income from operating leases (sub-lets) is recognised on a straight line basis over the term of the relevant lease.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as property, plant and equipment and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Foreign currencies

The presentational and functional currencies of the Group are sterling. The results and financial position of Group entities that have a functional currency different from the Group's presentational currency are translated in the consolidated financial statements. Assets and liabilities denominated in foreign currencies are translated into sterling at rates prevailing at the balance sheet date. Income statement items denominated in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Intangible assets

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised at fair value at the acquisition date.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease premiums

Values attributed to lease premiums include those values attributed to those hotels in the UK and Spain which were open and operational or under construction at the time of the acquisition of the Travelodge business at 12th October 2012. The values attributed are amortised on a straight line basis over the length of each lease. Values of interests in hotels held under operating leaseholds at 12th October 2012 have been attributed by estimating the net cash flows expected to be received over the lives of the lease agreements. The resulting cash flows were then discounted to the date of acquisition using an expected rate implicit within each lease to determine the net present value.

Subsequent additions to lease premiums are also capitalised as intangible assets and mainly relate to certain legal and professional costs incurred in the process of entering into new lease arrangements at new hotel sites.

IT software

IT software is measured initially at purchase cost and is amortised on a straight line basis over its expected useful life of three years. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to working condition for its intended use. The values attributed are reviewed for impairment if events or changes in circumstances indicate that their carrying value may be impaired.

Brand

The brand name acquired through the acquisition of the Travelodge business was assigned a fair market value at the date of acquisition. The value for the brand name was derived by estimating the amount of royalty income that could be generated from the brand name if it was owned by an independent third-party using a royalty rate Travelodge would expect to receive on forecast future revenues. This is considered to be the market value that could be achieved. The resulting cash flow was discounted to the acquisition date using the Group's pre-tax weighted average cost of capital. The Group considers the value of the brand name, which was first introduced into the UK in 1985, will be maintained almost indefinitely and is therefore not amortised. The Group supports the value of the brand name through investment in consumer marketing and advertising, public relations and hotel maintenance and refurbishment across the business. The value of the brand name is reviewed annually for impairment.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Cost includes original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use.

These are depreciated on a straight line basis, over their estimated useful lives as follows:

- Freehold land is not depreciated.
- Freehold buildings are depreciated to their estimated residual values over periods up to fifty years.
- Long leasehold buildings are depreciated to their estimated residual values over fifty years or, where shorter, their remaining lease periods.
- Fixtures and fittings are depreciated over five years for plant and machinery, fixtures, fittings, equipment and over three years for information technology hardware.
- Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Assets under construction are not depreciated. Residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of the fair value less costs to sell and value in use of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in income immediately.

Inventory

Inventory comprises food, bar stocks and hotel consumables and are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are initially measured at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of any direct issue costs.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method,

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Pension costs

The Group offers, by way of recommending a third party stakeholder scheme with The Scottish Widows plc, a defined contribution scheme to its employees and National Employment Savings Trust (NEST). The amount charged to the income statement for this scheme in respect of pension costs and other post-retirement benefits is the contributions payable by the Group in respect of the year. Differences between Group contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Provisions recognised as at 31 December 2015 principally relate to onerous leases.

Share Capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Prepaid Room Purchases

Prepaid room purchases are where cash is received at the time of room booking, prior to arrival date, and is recognised when customers stay.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below.

Brand

The Group has assigned a fair market value to the Travelodge brand name, acquired through the acquisition of the Travelodge business. Impairment testing is performed annually by comparing the present value of the expected future cash flows from the business with the carrying amount of its net assets, including attributable intangible assets.

The brand name acquired through the acquisition of the Travelodge business was assigned a fair market value at the date of acquisition. The value of the brand name is reviewed annually for impairment. This is derived by estimating the amount of royalty income that could be generated from

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES (Continued)

the brand name if it was owned by an independent third party using a royalty of 4% on forecast future revenues, which is considered to be the market value that could be achieved. The sales forecast is based on a sales forecast for the period 2016—18 and a long term growth rate that broadly follows the Retail Price Index for subsequent years. This is discounted at the weighted average cost of capital for the Group of 10.0%. The Group considers the value of the brand name, which was first introduced into the UK in 1985, will be maintained almost indefinitely and is therefore not amortised. The model can be sensitised to reduced the royalty rate to 1.3% and the discount factor rate would need to increase to 23.6% before an impairment is triggered.

Intangible assets—Lease premiums

Significant judgement is involved in the process of identifying and evaluating intangible assets. Intangible assets with a finite life are reviewed for impairment when an impairment trigger is identified. Calculating any subsequent impairment, principally in the estimation of the future cash flows of the cash generating units and the discount rate applied to each cash generating unit involves judgement. The Company prepares cash flow forecasts derived from the most recent financial budgets and financial plans approved by the Directors and extrapolates cash flows beyond this time based on an estimated long term growth rate of 2.5%. The key assumptions are consistent with past experience and with external sources of information. The resulting cash flows are discounted at the Company's pre tax weighted average cost of capital, adjusted appropriately to reflect the property yields implicit in the leases to give a rate of 7.5%. Reviews are performed on a site by site basis over the length of the lease. The Directors have considered the Group's financial projections and the assumptions which underpin those projections including future growth of the budget hotel sector, brand demand and occupancy, the new hotel opening profile and development pipeline opportunities. For the purposes of testing for intangible asset impairment, growth rates are assumed to broadly follow the Retail Price Index beyond the life of the financial plan. After considering the sensitivity of the principal assumptions, the Directors do not believe any impairment is required in 2015.

Onerous lease provisions

The Group has provided for operating lease rentals where these were above the market rate or where the Group has subsequently vacated the property and rental income is less than the rental expense, or where it is probable a previously sublet unit will revert to the Group. The element of the rental which is above market or above any rental cost paid relating to vacated properties is charged against the provision. Provisions are also made for business rates that the Group is liable to on empty sites and on hotels where it is considered improbable that trading profits will be generated. The key estimation judgement in determining the onerous amount is the period over the remaining lease term that the property will remain either rented or vacant. The Directors have estimated these periods after considering both the quality and the location of each of the units provided for. The cash flows are discounted at 4% representing a risk free rate of return adjusted for property risk.

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

4 ANALYSIS OF RESULTS BY GEOGRAPHICAL REGION

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Revenue		
UK	**552.1**	**489.9**
International	**7.5**	**7.3**
	559.6	**497.2**
EBITDA before exceptionals[1]		
UK before IFRS rent charge	**105.3**	**68.7**
IFRS rent charge	**(4.6)**	**(5.6)**
UK	**100.7**	**63.1**
International	**(0.2)**	**(2.5)**
	100.5	**60.6**
Operating profit/(loss) before exceptionals		
UK	**63.1**	**33.0**
International	**(0.2)**	**(2.7)**
	62.9	**30.3**
Profit/(loss) before tax before exceptionals		
UK	**14.3**	**(17.4)**
International	**(0.4)**	**(2.7)**
	13.9	**(20.1)**
Exceptional items (note 7)	**(8.0)**	**(5.4)**
Profit/(loss) before tax after exceptionals	**5.9**	**(25.5)**

1. EBITDA = Earnings before interest, taxes, depreciation and amortisation.

5 ANALYSIS OF ASSETS AND LIABILITIES BY GEOGRAPHICAL REGION

	2015 £m	2014 £m
Assets		
Intangible assets	**402.5**	**410.2**
Trading assets		
—UK[1]	**167.2**	**154.1**
—International[2]	**1.4**	**1.4**
Non trading assets	**59.4**	**72.5**
Total operations	**630.5**	**638.2**
Cash	**76.9**	**38.9**
Total assets	**707.4**	**677.1**
Liabilities		
Trading liabilities		
—UK[3]	**(149.9)**	**(119.0)**
—International[4]	**(2.3)**	**(2.4)**
Non trading liabilities[5]	**(72.5)**	**(82.0)**
Total operations	**(224.7)**	**(203.4)**
Bank debt	**(384.3)**	**(394.3)**
Investor Loans	**(143.1)**	**(127.0)**
Finance lease creditor	**(31.1)**	**(30.5)**
Total liabilities	**(783.2)**	**(755.2)**
Net assets / liabilities		
Other Intangible assets	**402.5**	**410.2**
Trading net assets		
—UK	**17.3**	**35.1**
—International	**(0.9)**	**(1.0)**
Non trading assets	**59.4**	**72.5**
	75.8	**106.6**
Non trading net liabilities[5]	**(72.5)**	**(82.0)**
	405.8	**434.8**
Cash	**76.9**	**38.9**
Bank debt	**(384.3)**	**(394.3)**
Net Bank Debt	**(307.4)**	**(355.4)**
Investor Loan	**(143.1)**	**(127.0)**
Finance lease creditor	**(31.1)**	**(30.5)**
Net liabilities	**(75.8)**	**(78.1)**

1. UK operating assets of £167.2m (2014: £154.1m) comprise £123.9m (2014: £102.2m) of fixed assets, £34.7m (2014: £42.7m) of prepayments and accrued income, £5.5m (2014: £6.3m) of trade amounts receivable, £1.7m (2014: £1.6m) of other receivables and £1.4m (2014: £1.3m) of stock.

2. International operating assets of £1.4m (2014: £1.4m) comprise £1.4m (2014: £1.4m) of other receivables.

3. UK operating liabilities of £149.9m (2014: £119.0m) comprise £40.7m (2014: £37.3m) of accruals, £28.6m (2014: £31.0m) of provisions, £23.9m (2014: £22.3m) of prepaid room deposits, £20.5m (2014: £3.8m) of other payables, £14.7m (2014: £2.8m) of trade payables, £7.3m (2014: £9.9m) of taxation and other social security, £7.1m (2014: £5.3m) of deferred income, and £7.1m (2014: £6.6m) of capital payables.

4. International operating liabilities of £2.3m (2014: £2.4m) comprise £2.3m (2014: £2.4m) of trade payables.

5. Non trading liabilities of £72.5m (2014: £82.0m) relate to deferred tax liabilities of £72.5m (2014: £82.0m).

6 NET OPERATING EXPENSES (BEFORE EXCEPTIONAL ITEMS)

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Cost of goods sold	**35.8**	35.0
Employee costs (note 8)	**118.7**	99.7
Fees payable to the Company's auditors[1]		
—audit for the parent company and consolidated financial statements	**0.1**	0.1
—audit fee for subsidiaries	**0.2**	0.2
Operating expenses	**143.2**	147.1
Net operating expenses before rent, depreciation and amortisation	**298.0**	**282.1**
Rent payable (third party landlords) for operating leases	**160.0**	152.1
Rent receivable	**(3.5)**	(3.2)
Net external rent payable	**156.5**	148.9
IFRS rent charge[2]	**4.6**	5.6
Net rent	**161.1**	**154.5**
Net operating expenses	**459.1**	**436.6**
Depreciation	**22.4**	14.3
Amortisation	**15.2**	16.0
Net depreciation and amortisation	**37.6**	**30.3**
Total net operating expenses	**496.7**	**466.9**

1. In the year ended 31 December 2015, remuneration for non audit fees was £1,066k (2014: £16k) mainly related to financial due diligence.

2. The IFRS rent charge is a non-cash adjustment which reflects spreading lease incentives received by the Group to enter into leases over the full life of the lease rather than to the next rent review.

7 EXCEPTIONAL ITEMS

In the financial year to 31 December 2015, the results include a £1.4m charge relating to the increase in the CVA Fund due to 2015 performance, charges of £1.9m for a detailed property review, £1.1m for financial due diligence, £4.1m for other costs relating to advisory fees in respect of corporate strategy including other operating matters, and a net credit of £0.5m relating to reassessment of various provisions of the Group.

In the financial year to 31 December 2014, the results include exceptional charges of £10.4m in Spain relating to the impairment of intangible assets, provisions for rent liabilities at three hotels where it is considered improbable that trading profits will be generated, and in relation to the closure of one hotel during 2014, a charge of £6.9m in the UK relating to the impairment of intangible assets, provisions for rent liabilities at five UK hotels where it is considered improbable that trading profits will be generated, and provisions for rent and rates liabilities at one hotel which is not being traded, partially offset by a release of £11.9m from provisions which includes £10.9m relating to three sites operated under franchise in Ireland.

8 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors of the Company are considered to be the key management of the Group.

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Directors' emoluments		
Directors' emoluments	**2.0**	2.0
Pension costs	**—**	—
Total	**2.0**	**2.0**
Remuneration of the highest paid director	**0.8**	**0.7**
	Number	**Number**
Number of directors accruing benefits under the defined contribution scheme	**—**	**—**

Employee benefit expense	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Employee costs during the year / period (including Directors)		
Wages and salaries	**111.5**	93.0
Social security costs	**5.9**	5.5
Other pension costs	**1.3**	1.2
Total employee costs	**118.7**	**99.7**

	Year ended 31 December 2015 Number	Year ended 31 December 2014 Number
Average FTE number of persons employed1		
—UK	**4,644**	3,651
—International	**56**	58
	4,700	**3,709**

	Year ended 31 December 2015 Number	Year ended 31 December 2014 Number
Total number of persons employed2		
—UK	**9,024**	7,110
—International	**56**	46
	9,080	**7,156**

The total number of employees at the year ended 31 December 2015 includes all employees whether full time or part time. The average FTE number of employees has been calculated as the average FTE number of people who were included on the group's payroll during the year.

1. Average FTE number of persons employed includes executive Directors.

2. Total number of persons employed includes executive Directors.

9 OPERATING LEASE COMMITMENTS

Total commitments under operating leases amounted to:

	Year ended 31 December 2015			Year ended 31 December 2014		
	UK	International	Total	UK	International	Total
	£m	£m	£m	£m	£m	£m
Due within one year	**170.3**	**3.6**	**173.9**	158.9	4.1	163.0
Due between two and five years	**700.4**	**14.4**	**714.8**	641.6	16.3	657.9
Due beyond five years	**2,933.6**	**46.8**	**2,980.4**	2,842.4	59.6	2,902.0
Total	**3,804.3**	**64.8**	**3,869.1**	**3,642.9**	**80.0**	**3,722.9**

	UK Years	International Years	Total Years	UK Years	International Years	Total Years
Average lease term remaining						
Rent payable	**19.3**	**15.9**	**19.3**	**19.9**	**16.9**	**19.9**

The leases are standard operating leases with normal commercial terms, typically 25 years (though a number of city centre and London properties have 35 year terms), subject to standard upward only rent reviews, with the majority based on RPI indices (though some with caps and collars, some have a fixed up-lift review at 2.5% pa and subsequently to RPI, and others based on CPI), with Group only renewal rights at the end of the lease.

10 FINANCE INCOME

	Year ended 31 December 2015			Year ended 31 December 2014		
	Paid	Accrued	Total	Paid	Accrued	Total
	£m	£m	£m	£m	£m	£m
Interest on bank deposits	0.4	0.1	**0.5**	0.2	—	**0.2**

11 FINANCE COSTS

	Year ended 31 December 2015			Year ended 31 December 2014		
	Paid	Capitalised / accrued	Total	Paid	Capitalised / accrued	Total
	£m	£m	£m	£m	£m	£m
Finance fees	0.4	1.0	**1.4**	1.3	—	1.3
Interest on bank loans	14.8	11.6	**26.4**	9.2	17.3	26.5
Interest on obligations under finance leases	4.2	0.6	**4.8**	3.9	0.8	4.7
Unwinding of discount on provisions	—	0.8	**0.8**	—	1.9	1.9
Finance costs before Investor Loan interest	**19.4**	**14.0**	**33.4**	**14.4**	**20.0**	**34.4**
Investor Loan	—	16.1	**16.1**	—	16.2	16.2
Finance costs	**19.4**	**30.1**	**49.5**	**14.4**	**36.2**	**50.6**

12 INCOME TAX

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Current tax		
UK Corporation tax	**—**	—
Foreign tax	**(0.2)**	(0.2)
Deferred tax		
Origination and reversal of temporary timing differences (note 20)	**(5.1)**	(5.3)
Effect of change in tax rate	**1.5**	—
Income tax (charge) / credit	**(3.8)**	**(5.5)**

12 INCOME TAX (Continued)

The main rate of UK corporation tax reduced from 21% to 20% on 1 April 2015. Further changes are expected to the main rate of UK corporation tax—on 1 April 2017 there will be a reduction to 19%, with a further reduction to 17% from 1 April 2020.

Deferred tax balances have been measured at a rate of 18%, being the rate substantively enacted at the balance sheet date.

Corporation tax is calculated at 20.25% (2014: 21.50%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the profit / loss per the income statement as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Profit/(loss) before tax	**5.9**	**(25.5)**
Tax at the UK corporation tax rate of 20.25% (2014: 21.50%)	**(1.2)**	**5.5**
Tax effect of:		
Items not deductible for tax purposes	**(9.7)**	(5.0)
Capital allowances in excess of depreciation	**4.3**	1.0
Tax losses	**1.5**	(6.8)
Effect of change in tax rate	**1.5**	—
Foreign tax	**(0.2)**	(0.2)
Income tax (charge)/credit for the year	**(3.8)**	**(5.5)**

A tax charge of £3.8m arose in 2015. The tax charge arose principally of the movement on the deferred tax balance, and in particular relating to capital allowances claims and tax losses.

The deferred tax charge arising in the year is comprised as follows:

	Intangible assets	Accelerated tax depreciation	Tax losses	Total
	£m	£m	£m	£m
(Charge) / credit due to movement in the year (note 20)	9.5	(6.5)	(6.6)	**(3.6)**
Charge to income statement	**9.5**	**(6.5)**	**(6.6)**	**(3.6)**

13 SUBSIDIARIES

The subsidiaries of the Group are listed below.

Name of subsidiary undertaking	Business Description	Country of Incorporation	% of equity held
Travelodge Hotels Limited	Trading Company	Great Britain	100
Travelodge Hoteles Espana SL	Trading Company	Spain	100
Full Moon Holdco 4 Limited*	Holding Company	Great Britain	100
Full Moon Holdco 5 Limited	Holding Company	Great Britain	100
Full Moon Holdco 6 Limited	Holding Company	Great Britain	100
Full Moon Holdco 7 Limited	Holding Company	Great Britain	100
TLLC Holdings2 Limited	Holding Company	Great Britain	100
Travelodge Holdings (Malta) Limited	Holding Company	Malta	100
FullMoonPropco1 Limited	Holding Company	Great Britain	100
Travelodge Limited	Dormant Company	Great Britain	100

* Directly owned

All shares held are ordinary shares

14 INTANGIBLE ASSETS

An analysis of other intangible assets for the year ended 31 December 2015 is given below:

	Brand	Assets under construction[1]	Lease premiums	IT Software	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2015	145.0	2.2	285.0	7.7	439.9
Capital expenditure	—	6.2	—	—	6.2
Movement on capital creditors	—	0.7	—	0.6	1.3
Capitalisation	—	(4.8)	1.9	2.9	—
Write off fully depreciated assets	—	—	—	(1.4)	(1.4)
At 31 December 2015	**145.0**	**4.3**	**286.9**	**9.8**	**446.0**
Amortisation Accumulated					
At 1 January 2015	—	—	(27.9)	(1.8)	(29.7)
Charge for the year	—	—	(12.3)	(2.9)	(15.2)
Write off fully depreciated assets	—	—	—	1.4	1.4
At 31 December 2015	**—**	**—**	**(40.2)**	**(3.3)**	**(43.5)**
Carrying amount at 31 December 2015	**145.0**	**4.3**	**246.7**	**6.5**	**402.5**
Carrying amount at 31 December 2014	145.0	2.2	257.1	5.9	410.2

1. Assets under construction predominantly consists of IT and legal costs in relation to new hotels which have not opened yet.

The brand intangible asset arose on the acquisition of Travelodge. This is not subject to annual amortisation but is assessed for impairment on an annual basis.

Lease premiums are amortised on a straight line basis over the lease period. Each hotel to which a lease premium asset is assigned is considered to be a separate cash generating unit when assessing impairment.

Impairment reviews are performed annually. The Company prepares cash flow forecasts derived from the most recent financial budgets and financial plans approved by the Directors and extrapolates cash flows beyond this time based on an estimated long term growth rate of 2.5%. The key assumptions are consistent with past experience and with external sources of information. The resulting cash flows are discounted at the Company's pre-tax weighted average cost of capital. Reviews are performed on a site by site basis over the length of the lease.

IT software is measured initially at purchase cost and is amortised on a straight line basis over three years.

15 PROPERTY, PLANT AND EQUIPMENT

An analysis of property, plant and equipment for 31 December 2015 is given below:

	Assets under construction[1]	Freehold land, freehold and long leasehold buildings	Assets held under finance leases	Fixtures and fittings	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2015	0.2	1.8	18.3	86.2	106.5
Capital expenditure	44.8	—	—	0.1	44.9
Movement on capital creditors	0.4	—	—	(1.2)	(0.8)
Capitalisation	(44.0)	—	—	44.0	—
Write-down of fully depreciated assets	—	—	—	(5.5)	(5.5)
At 31 December 2015	**1.4**	**1.8**	**18.3**	**123.6**	**145.1**
Accumulated depreciation					
At 1 January 2015	—	—	(1.0)	(3.3)	(4.3)
Charge for the year	—	(0.1)	(0.4)	(21.9)	(22.4)
Write-back of depreciation on fully depreciated assets	—	—	—	5.5	5.5
At 31 December 2015	**—**	**(0.1)**	**(1.4)**	**(19.7)**	**(21.2)**
Net book value at 31 December 2015	**1.4**	**1.7**	**16.9**	**103.9**	**123.9**
Carrying amount at 31 December 2014	0.2	1.8	17.3	82.9	102.2

1. Assets under construction predominantly consists of costs in relation to the construction of new hotels which have not opened yet.

Freehold and long leasehold properties are stated at cost. Depreciation is provided on cost in equal annual instalments over the estimated remaining useful lives of the assets.

16 TRADE AND OTHER RECEIVABLES

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Amounts due within one year:		
Trade amounts receivable		
—Gross amounts receivable	**5.6**	6.4
—Bad debt provision	**(0.1)**	(0.1)
—Net amounts receivable	**5.5**	6.3
Other amounts receivable	**3.1**	3.0
Prepayments and accrued income[1]	**34.7**	42.7
	43.3	**52.0**

1. Prepayments and accrued income mainly include prepayments of rent and rates.

Management have estimated the fair value of trade and other receivables to be equal to the book value.

16 TRADE AND OTHER RECEIVABLES (Continued)

Receivables that are neither past due or impaired are considered to be fully recoverable.

Trade Receivable Ageing	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Current	**4.1**	4.9
Past due		
30 days	**0.6**	0.4
60 days	**0.3**	0.3
90+ days	**0.5**	0.7
Total	**5.5**	**6.3**

17 TRADE AND OTHER PAYABLES

	Year ended 31 December 2015	Year ended 31 December 2014
	£m	£m
Trade payables	**(17.0)**	(5.2)
Other payables	**(20.5)**	(3.8)
Social security and other taxation	**(7.3)**	(9.9)
Accruals	**(40.7)**	(37.3)
Prepaid room purchases[1]	**(23.9)**	(22.3)
Capital payables	**(7.1)**	(6.6)
Amounts falling due within one year	**(116.5)**	**(85.1)**
Amounts falling due after one year		
Deferred income	**(7.1)**	(5.3)
Total	**(123.6)**	**(90.4)**

1. Prepaid room purchases of £23.9m (2014: £22.3m) relate to cash received at the time of room booking prior to arrival date and is recognised when customers stay. Of which 40% (2014: 40%) would be non-refundable on cancellation of the room booking.

The group pays its trade payables in line with the terms that it has agreed with its suppliers. Typically these terms vary from 30 days to 90 days.

Management have estimated the fair value of trade and other payables to be equal to the book value.

18 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments 2015	Capital liability 2015	Minimum lease payments 2014	Capital liability 2014
	£m	£m	£m	£m
Amounts payable under finance leases:				
Within one year	**(4.5)**	**—**	**(4.2)**	**—**
In the second to fifth years inclusive	**(18.4)**	**—**	**(18.0)**	**—**
Greater than five years	**(347.3)**	**(31.1)**	**(352.2)**	**(30.5)**
	(370.2)	**(31.1)**	**(374.4)**	**(30.5)**
Less: future finance charges	**339.1**		**343.9**	
Amount due for settlement after 12 months	**(31.1)**		**(30.5)**	

The group holds 5 properties (2014: 5 properties) which have been classified as finance leases with an average lease term of 49 years (2014: 50 years).

19 FINANCIAL ASSETS AND LIABILITIES

	Maturity Date	Year ended 31 December 2015	Year ended 31 December 2014
		£m	£m
Cash at bank and in hand		**76.9**	38.9
Bank debt redeemable:			
Senior 1st Lien	June 2017	**(335.9)**	(335.9)
Senior 2nd Lien	June 2018	**(35.5)**	(35.5)
Flare	June 2017	**(12.9)**	(22.9)
Bank debt		**(384.3)**	(394.3)
Net Bank debt		**(307.4)**	(355.4)
Investor Loan Note	January 2026	**(143.1)**	(127.0)
Net debt before finance leases		**(450.5)**	(482.4)
Finance leases		**(31.1)**	(30.5)
Net debt including finance leases		**(481.6)**	**(512.9)**

In addition, the group can utilise a letter of credit up to a maximum of £40.0m, at 31 December 2015 the Company utilised £16.0m (2014: £13.0m).

The weighted average interest rate paid in the year ended 31 December 2015 was 6.1% (2014: 1.1%).

The weighted average interest rate charged in the year ended 31 December 2015 was 6.1% (2014: 6.5%).

The bank loans were variably secured on leases owned by certain subsidiary undertakings and charges over shares in subsidiary undertakings.

The carrying value of the assets and liabilities of the Group represent their fair value.

	2015 Carrying amount	2015 Fair value	2014 Carrying amount	2014 Fair value
	£m	£m	£m	£m
Financial instrument categories				
Loans and receivables[1]	**8.6**	8.6	9.3	9.3
Bank debt	**(384.3)**	(384.3)	(394.3)	(394.3)
Investor Loan Note	**(143.1)**	(143.1)	(127.0)	(127.0)
Financial liabilities[2]	**(75.7)**	(75.7)	(46.1)	(46.1)
	(594.5)	**(594.5)**	(558.1)	(558.1)

The fair values of financial assets and liabilities are determined as follows:

1. Loans and receivables of are made up of trade receivables £5.5m (2014: £6.3m) and other receivables £3.1m (2014: £3.0m).

2. Financial liabilities of £75.7m (2014: £46.1m) are made up of finance lease payables £31.1m (2014: £30.5m), trade payables £17.0m (2014: £5.2m), capital payables £7.1m (2014: £6.6m) and other payables £20.5m (2014: £3.8m).

Loans and receivables and financial liabilities are due within one year.

Risk

Capital risk management: The group manages its capital to ensure that entities in the group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, which includes borrowings disclosed above, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Interest rate risk: The group finances its operations through borrowings. The group borrows at fixed and floating rates. The group manages its interest risk through a periodic review of interest rates. The interest rates are reviewed against the forward interest rates curve.

19 FINANCIAL ASSETS AND LIABILITIES (Continued)

Interest rate sensitivity: The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year.

At 31 December 2015, if interest rates had been 25 basis points higher or lower with all other variables held constant, the group's net profit and cash interest payment would be unaffected, due to the minimum cash pay interest rate being set at the greater of LIBOR and 1.00% in the year ended 31 December 2015.

A sensitivity of 25 basis points is considered a reasonable sensitivity because it reflects a potential interest rate rise.

Liquidity risks: The group has built an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves and by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk: The group does not have any significant credit risk exposure to any single counterparty. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. No collateral is held against liquid funds.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Currency exposures: At 31 December 2015 the group had no material currency exposures that would give rise to net currency gains or losses being recognised in the income statement.

20 DEFERRED TAX

The following are the major deferred tax (liabilities) and assets recognised by the Company which are expected to be recovered or settled more than twelve months after the reporting period and movements thereon during the current and prior reporting year.

	Accelerated tax depreciation	Tax losses and Hold-over relief	Deferred tax asset	Intangible assets	Deferred tax liability	Total
	£m	£m	£m	£m	£m	£m
At 1 January 2015	31.2	41.3	**72.5**	(82.0)	**(82.0)**	**(9.5)**
(Charge)/credit to income	(6.5)	(6.6)	**(13.1)**	9.5	**9.5**	**(3.6)**
At 31 December 2015	24.7	34.7	**59.4**	(72.5)	**(72.5)**	**(13.1)**

The main rate of UK corporation tax reduced from 21% to 20% on 1 April 2015. Further changes are expected to the main rate of UK corporation tax—on 1 April 2017 there will be a reduction to 19%, with a further reduction to 17% from 1 April 2020. Deferred tax balances have neen measured at a rate of 18%, being the rate substantively enacted at the balance sheet date.

21 PROVISIONS

	Total
	£m
At 1 January 2015	(31.0)
Cash spend	4.0
Reassessment in provisions	(0.9)
Unwinding of discount of provisions	(0.8)
Foreign exchange rate movement	0.1
At 31 December 2015	**(28.6)**

21 PROVISIONS (Continued)

A discount rate of 4% (2014: 4%) being the risk free rate adjusted for property risk is used to calculate the net present value of the provisions.

Provisions of £28.6m can be analysed as: due in less than one year of £9.5m and due after one year of £19.1m which comprises onerous lease provisions of £16.6m relating to future rent and rates liabilities on sub leased historic restaurant units and vacant sites, £2.2m relating to five UK hotels where it is considered improbable that trading profits will be generated within a period of seven years and £9.8m of other provisions.

Onerous lease provisions relate to the future discounted cash outflow in relation to certain rent and rates liabilities where no economic benefit is expected to accrue to the Group. These provisions have an average lease term of 16 years and have been discounted at a risk free rate of 4%.

22 SHARE CAPITAL

	2015 & 2014 Number of shares	2015 & 2014 £
Authorised:		
Ordinary shares of £0.000001 each	1,000,000	1
	1,000,000	1

	2015 & 2014 Number of shares	2015 & 2014 £
Called up, allotted and fully paid:		
Ordinary shares of £0.000001 each	1,000,000	1
	1,000,000	1

23 CAPITAL COMMITMENTS

Contracted future capital expenditure not provided for in these financial statements predominantly relates to expenditure on fees and stamp duty on hotels under construction subject to satisfactory completion of the hotel as well as the refurbishment of current hotels. At 31 December 2015 the capital commitment not provided for in the financial statements, subject to satisfactory practical completion, was £1.2m (2014: £7.0m).

24 CONTINGENT LIABILITIES

The Group has contingent liabilities under a number of leases that have been assigned to various third parties. In certain circumstances, should the current lessee default on the payment of rent, a superior landlord may have recourse to the Group. Should a superior landlord make a claim on the Group for unpaid rent, the Group would be required to settle that liability and subsequently the unit / units subject to the claim could be seized by the Group following petitioning of a court. The Group could subsequently, subject to certain conditions, either trade from the unit or reassign or sublet the lease of the unit to a third party.

At 31 December 2015 the estimated annual contingent rental liability was £81k (2014: £81k), represented by 7 units (2014: 7 units) with an average annual rental cost per unit of £12k (2014: £12k) and an average lease term remaining of 34 years (2014: 35 years).

25 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

At 31 December 2015, the Directors regard Anchor Holdings SCA as the ultimate parent undertaking and controlling party, a company incorporated in Luxembourg.

25 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY (Continued)

Thame and London Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2015. The consolidated financial statements of Thame and London Limited are available from Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT.

Anchor Holdings SCA has provided the Company with an investor loan of £95.0m (2014: £95.0m). The loan accrues interest at 17.0% per annum.

Interest accrued in the year is £16.1m (2014: £16.2m) and the total balance including accrued interest was £143.1m (2014: £127.0m). The loan note is due for repayment in 2026.

During 2014, certain property leases the group had previously entered into with an external third party were sold on an arms length basis to an entity which is controlled by the group's ultimate owners. All terms of these property leases and the value the group is liable to pay were unchanged as a result of the transaction. In the year ended 31 December 2015, the property costs charged on these leases were £35.9m (2014: £7.4m from transfer of ownership) and there were no balances outstanding at 31 December 2015.

26 NOTE TO THE CASH FLOW STATEMENT

	Year ended 31 December 2015			Year ended 31 December 2014		
	Before Exceptional Items	Exceptional Items[1]	Total	Before Exceptional Items	Exceptional Items	Total
	£m	£m	£m	£m	£m	£m
Operating profit / (loss)	**62.9**	**(8.0)**	**54.9**	**30.3**	**(5.4)**	**24.9**
Adjustments for non-cash items:						
Depreciation of property, plant and equipment	22.4	—	**22.4**	14.3	—	14.3
Amortisation of other intangible assets	15.2	—	**15.2**	16.0	—	16.0
Write-off of fixed assets (note 14 and 15)	—	—	**—**	—	4.7	4.7
Operating cash flows before movements in working capital	**100.5**	**(8.0)**	**92.5**	**60.6**	**(0.7)**	**59.9**
Increase in inventory	(0.1)	—	**(0.1)**	—	—	—
Movement in receivables	7.7	—	**7.7**	(4.5)	—	(4.5)
Movement in payables	17.3	3.8	**21.1**	16.5	(0.8)	15.7
Movement in provisions	(4.0)	0.9	**(3.1)**	(3.6)	0.4	(3.2)
Total working capital movement	**20.9**	**4.7**	**25.6**	**8.4**	**(0.4)**	**8.0**
CASH FLOWS FROM OPERATING ACTIVITIES	**121.4**	**(3.3)**	**118.1**	**69.0**	**(1.1)**	**67.9**

1. Exceptional items of £3.3m (2014: £1.1m) relate to expenses associated with a detailed property review, financial due diligence and other costs relating to advisory fees in respect of corporate strategy.

THAME AND LONDON LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

CONTENTS

THAME AND LONDON LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THAME AND LONDON LIMITED

Report on the group financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's affairs as at 31 December 2014 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements (the "financial statements"), which are prepared by Thame and London Limited, comprise:

- Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- Consolidated Balance Sheet as at 31 December 2014;
- Consolidated Cash Flow Statement for the year then ended;
- Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors Responsibilities set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter

We have reported separately on the parent company financial statements of Thame and London Limited for the year ended 31 December 2014.

John Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 April 2015

THAME AND LONDON LIMITED

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Notes	Year ended 31 December 2014			Year ended 31 December 2013		
		Before exceptional items	Exceptional items	After exceptional items	Before exceptional items	Exceptional items	After exceptional items
		£m	£m	£m	£m	£m	£m
Revenue	4	497.2	—	**497.2**	432.6	—	**432.6**
Operating Expenses	6	(282.1)	0.6	**(281.5)**	(247.5)	(1.0)	(248.5)
Rent	6	(154.5)	(1.3)	**(155.8)**	(151.8)	(4.9)	(156.7)
EBITDA[1]	4	**60.6**	**(0.7)**	**59.9**	**33.3**	**(5.9)**	**27.4**
Depreciation/ Amortisation	6	(30.3)	(4.7)	**(35.0)**	(27.7)	(11.2)	(38.9)
Operating Profit / (Loss)		**30.3**	**(5.4)**	**24.9**	**5.6**	**(17.1)**	**(11.5)**
Finance Costs	11	(50.6)	—	**(50.6)**	(45.6)	—	(45.6)
Finance Income	10	0.2	—	**0.2**	0.3	—	0.3
Loss before Tax		**(20.1)**	**(5.4)**	**(25.5)**	**(39.7)**	**(17.1)**	**(56.8)**
Income Tax	12	(5.5)	—	**(5.5)**	23.0	—	23.0
Loss for the year		**(25.6)**	**(5.4)**	**(31.0)**	**(16.7)**	**(17.1)**	**(33.8)**

Memorandum—EBITDA

	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
EBITDA before IFRS rent charge	**66.2**	**40.5**
IFRS rent charge (note 6)	(5.6)	(7.2)
EBITDA pre exceptional items	60.6	33.3
Exceptional items	(0.7)	(5.9)
EBITDA after exceptional items	**59.9**	**27.4**

1. EBITDA = Earnings before interest, taxes, depreciation and amortisation.

THAME AND LONDON LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
Loss for the year recognised directly in the income statement	(31.0)	(33.8)
Currency translation differences	0.2	(0.1)
Net gain / (loss) recognised directly in equity	**0.2**	**(0.1)**
Total comprehensive loss for the year	**(30.8)**	**(33.9)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share Capital	Foreign Exchange Reserve	Accumulated Losses	Total deficit
	£m	£m	£m	£m
1 January 2014	—	—	**(47.3)**	**(47.3)**
Comprehensive loss				
Loss for the year	—	—	(31.0)	**(31.0)**
Other comprehensive gain				
Currency translation differences	—	0.2	—	**0.2**
Total comprehensive gain / (loss)	—	**0.2**	**(31.0)**	**(30.8)**
31 December 2014	—	**0.2**	**(78.3)**	**(78.1)**

For the year ended 31 December 2013

	Share Capital	Foreign Exchange Reserve	Accumulated Losses	Total deficit
	£m	£m	£m	£m
1 January 2013	**—**	**0.1**	**(13.5)**	**(13.4)**
Comprehensive loss				
Loss for the year	—	—	(33.8)	**(33.8)**
Other comprehensive gain				
Currency translation differences	—	(0.1)	—	**(0.1)**
Total comprehensive gain / (loss)	**—**	**(0.1)**	**(33.8)**	**(33.9)**
31 December 2013	**—**	**—**	**(47.3)**	**(47.3)**

THAME AND LONDON LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Notes	2014	2013
		£m	£m
NON CURRENT ASSETS			
Intangible assets	14	**410.2**	**423.6**
Property, plant and equipment	15	**102.2**	**72.9**
Deferred tax asset	20	**72.5**	**80.5**
		584.9	**577.0**
CURRENT ASSETS			
Inventory		**1.3**	**1.3**
Trade and other receivables	16	**52.0**	**47.1**
Cash and cash equivalents	19	**38.9**	**37.5**
		92.2	**85.9**
TOTAL ASSETS		**677.1**	**662.9**
CURRENT LIABILITIES			
Trade and other payables	17	**(85.1)**	**(74.7)**
		(85.1)	**(74.7)**
NON-CURRENT LIABILITIES			
Bank loans	19	**(394.3)**	**(373.7)**
Investor loan	19	**(127.0)**	**(110.8)**
Obligations under finance leases	18	**(30.5)**	**(29.8)**
Deferred tax liability	20	**(82.0)**	**(84.7)**
Deferred Income	17	**(5.3)**	**(4.2)**
Provisions	21	**(31.0)**	**(32.3)**
		(670.1)	**(635.5)**
TOTAL LIABILITIES		**(755.2)**	**(710.2)**
NET LIABILITIES		**(78.1)**	**(47.3)**
EQUITY			
Share capital	22	**—**	**—**
Foreign Exchange Reserve		**0.2**	**—**
Accumulated losses		**(78.3)**	**(47.3)**
TOTAL DEFICIT		**(78.1)**	**(47.3)**

Memorandum—Analysis of net funding

	£m	£m
Cash at bank	***38.9***	***37.5***
Bank debt redeemable :		
Senior 1st Lien	***(335.8)***	***(319.0)***
Senior 2nd Lien	***(35.5)***	***(32.9)***
Flare	***(23.0)***	***(21.8)***
Gross Bank debt	***(394.3)***	***(373.7)***
Net Bank debt	***(355.4)***	***(336.2)***
Investor Loan	***(127.0)***	***(110.8)***
Finance leases	***(30.5)***	***(29.8)***
Net Funding	***(512.9)***	***(476.8)***

These financial statements of Thame and London Limited on pages 17 to 37 were approved by the Board of Directors and signed on its behalf by

Joanna Boydell
8 April 2015

THAME AND LONDON LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

	Notes	Year ended 31 December 2014	Year ended 31 December 2013
		£m	£m
NET CASH GENERATED FROM OPERATING ACTIVITIES	26	**67.9**	**35.8**
INVESTING ACTIVITIES			
Interest received	10	**0.2**	**0.3**
Purchases of property, plant and equipment and other intangible assets	14 / 15	**(52.3)**	**(43.0)**
Net cash used in investing activities		**(52.1)**	**(42.7)**
OPERATING ACTIVITIES			
Interest element of finance lease rental payments	11	**(3.9)**	**(4.0)**
Net cash used in operating activities		**(3.9)**	**(4.0)**
FINANCING ACTIVITIES			
Finance fees paid	11	**(1.3)**	**(0.5)**
Spanish lease cash guarantee replaced by Letter of Credit		**—**	**7.1**
Proceeds of new Investor loan		**—**	**20.0**
Interest paid	11	**(9.2)**	**(9.4)**
Net cash from financing activities		**(10.5)**	**17.2**
Net increase in aggregate cash and cash equivalents		**1.4**	**6.3**
Cash and cash equivalents at beginning of the year		37.5	31.2
Cash and cash equivalents at end of the year		**38.9**	**37.5**

Memorandum—Analysis of free cash flow[1]

	Notes	Year ended 31 December 2014	Year ended 31 December 2013
		£m	*£m*
EBITDA before exceptional items and IFRS rent charge		***66.2***	***40.5***
Working capital —trading		***6.4***	***3.2***
Net cash flows from operating activities before exceptionals		***72.6***	***43.7***
Capital expenditure	14 / 15	***(52.3)***	***(43.0)***
Free cash flow generated for the year		***20.3***	***0.7***
Non-trading cash flow			
Interest costs			
—bank interest paid	11	***(9.2)***	***(9.4)***
—finance fees paid	11	***(1.3)***	***(0.5)***
Interest income	10	***0.2***	***0.3***
Interest element of finance lease rental payments	11	***(3.9)***	***(4.0)***
Spanish lease cash guarantee replaced by Letter of Credit		***—***	***7.1***
Proceeds of new Investor loan		***—***	***20.0***
Cash spend on provisions	21 / 26	***(3.6)***	***(2.7)***
Exceptional items[2]	26	***(1.1)***	***(5.2)***
Non-trading cashflow		***(18.9)***	***5.6***
Cash generated		***1.4***	***6.3***
Opening Cash		***37.5***	***31.2***
Movement in cash		***1.4***	***6.3***
Closing Cash		***38.9***	***37.5***
Opening net bank debt		***(336.2)***	***(322.7)***
Movement in cash		***1.4***	***6.3***
Interest accrued into principal	11	***(20.6)***	***(19.8)***
Closing net bank debt	19	***(355.4)***	***(336.2)***

1. Free cash flow is defined as cash generated by the Company before interest, exceptional costs, spend on provisions and financing.

2. Exceptional items relate to pre-acquisition restructuring costs.

1 GENERAL INFORMATION

Thame and London Limited, formerly Anchor UK Bidco Limited (the Company) is a limited Company and was incorporated in the United Kingdom on 7th August 2012. The Company changed its name from Anchor UK Bidco Limited on 23rd May 2013. The Company is domiciled in the UK. The address of its registered office and principal place of business are disclosed in the introduction to the annual report. The Company acquired the Travelodge business on 12th October 2012. The principal activities of the parent Company and its subsidiaries (together the Group) are disclosed in the Directors' report.

2 SIGNIFICANT ACCOUNTING POLICIES

Going Concern

a) The Group's business activities, together with its financial position, its cash flows, liquidity position and borrowing facilities, are described in the Directors Report and Financial Review on page 2. In addition, note 19 includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit and liquidity risk.

As highlighted in note 19, the Group meets its day to day working capital requirements principally through the maintenance of adequate cash and cash equivalent balances. The Group does not operate an overdraft facility.

The Directors have reviewed the Group's financial projections for the foreseeable future and in particular, have reviewed the Group's occupancy and room rate forecasts. The Directors have reviewed the critical assumptions which underpin those projections and have also stress tested those projections and the resulting impacts on the loan covenant tests with pessimistic, but plausible, changes to those critical assumptions. As a result of these sensitivities, the Directors have a reasonable expectation that the Group has adequate resources and covenant headroom to continue to trade into the foreseeable future (being at least for the 12 months from the date of these financial statements) and, as such, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of Accounting

b) The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to Group reporting at 31st December 2014.

The consolidated financial statements have been prepared under the historical cost convention modified by the revaluation of financial assets and financial liabilities held at fair value through profit and loss, however there are no such financial instruments disclosed in the financial statements. The principal accounting policies adopted have been consistently applied throughout the year and across the Group and are set out below.

The preparation of financial statements in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Group's exposure to interest rate risk, credit risk and liquidity risk is discussed in note 19.

New and Amended standards

The following new and amended standards have been issued and are effective for the year ended 31 December 2014. These have no material impact on the financial statements.

- Annual improvements 2012 (effective 1 July 2014)
- Annual improvements 2013 (effective 1 July 2014)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

New and Amended standards that are not yet effective

The following new and amended standards have been issued, but are not yet effective for the financial year ending 31st December 2014, and have not been early adopted:

- IAS 16, 'Property plant and equipment'
- IAS 38, 'Intangible assets'
- IFRS 9, 'Financial instruments'
- IFRS 15, 'Revenue from contracts with customers'

The Directors anticipate that the adoption of these standards and interpretations in future years will have no historical impact on the financial statements of the Group.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Group and entities controlled by the Group and its subsidiaries up to 31 December 2014. Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Uniform accounting policies are adopted across the Group.

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or disposal, as appropriate.

All intra-Group transaction balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are expensed through the income statement. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (Revised), Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets (or disposal companies) that are classified as held for sale in accordance with IFRS 5, Non-current assets held for sale and discontinued operations, which are recognised and measured at fair value less costs to sell.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents the amount receivable for goods and services supplied to customers in the normal course of business, net of trade discount and VAT. The principal revenue stream of the Group is providing budget hotel accommodation and is recognised when customers stay.

Exceptional items

In order to understand the underlying performance of the business, material, non-recurring items are separately disclosed as exceptional items in the income statement.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Minimum rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease. Incentives received by the Group to enter into leases as a lessee are credited to the income statement on a straight line basis over the lease term.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rental income from operating leases (sub-lets) is recognised on a straight line basis over the term of the relevant lease.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as property, plant and equipment and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Foreign currencies

The presentational and functional currencies of the Group are sterling. The results and financial position of Group entities that have a functional currency different from the Group's presentational currency are translated in the consolidated financial statements. Assets and liabilities denominated in foreign currencies are translated into sterling at rates prevailing at the balance sheet date. Income statement items denominated in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Intangible assets

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised at fair value at the acquisition date.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease premiums

Values attributed to lease premiums include those values attributed to those hotels in the UK and Spain which were open and operational or under construction at the time of the acquisition of the Travelodge business at 12th October 2012. The values attributed are amortised on a straight line basis over the length of each lease. Values of interests in hotels held under operating leaseholds at 12th October 2012 have been attributed by estimating the net cash flows expected to be received over the lives of the lease agreements. The resulting cash flows were then discounted back to the date of acquisition using an expected rate implicit within each lease to determine the net present value.

Subsequent additions to lease premiums are also capitalised as intangible assets and mainly relate to certain legal and professional costs incurred in the process of entering into new lease arrangements at new hotel sites.

IT software

IT software is measured initially at purchase cost and is amortised on a straight line basis over its expected useful life of three years. Cost includes original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use. The values attributed are reviewed for impairment if events or changes in circumstances indicate that their carrying value may be impaired.

Brand

The brand name acquired through the acquisition of the Travelodge business was assigned a fair market value at the date of acquisition. The value for the brand name was derived by estimating the amount of royalty income that could be generated from the brand name if it was owned by an independent third-party using a royalty rate Travelodge would expect to receive on forecast future revenues. This is considered to be the market value that could be achieved. The resulting cash flow was discounted back to the acquisition date using the Group's pre-tax weighted average cost of capital. The Group considers the value of the brand name, which was first introduced into the UK in 1985, will be maintained almost indefinitely and is therefore not amortised. The Group supports the value of the brand name through investment in consumer marketing and advertising, public relations and hotel maintenance and refurbishment across the business. The value of the brand name is reviewed annually for impairment.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Cost includes original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use.

These are depreciated on a straight line basis, over their estimated useful lives as follows:

- Freehold land is not depreciated.
- Freehold buildings are depreciated to their estimated residual values over periods up to fifty years.
- Leasehold buildings are depreciated to their estimated residual values over fifty years or, where shorter, their remaining lease periods.
- Fixtures and fittings are depreciated over five years for plant and machinery, fixtures, fittings, equipment and over three years for information technology hardware.
- Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Assets in the course of construction are not depreciated. Residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of the fair value less costs to sell and value in use of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in income immediately.

Inventory

Inventory comprises food, bar stocks and hotel consumables and are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis.

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are initially measured at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of any direct issue costs.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method,

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Pension costs

The Group offers, by way of recommending a third party stakeholder scheme with The Scottish Widows plc, a defined contribution scheme to its employees and National Employment Savings Trust (NEST). The amount charged to the income statement for this scheme in respect of pension costs and other post-retirement benefits is the contributions payable by the Group in respect of the year. Differences between Group contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Provisions recognised as at 31 December 2014 principally relate to onerous leases.

Share Capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Prepaid Room Purchases

Prepaid room purchases are where cash is received at time of room booking prior to arrival date and is recognised when customers stay.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below.

Brand

The Group has assigned a fair market value to the Travelodge brand name, acquired through the acquisition of the Travelodge business. Impairment testing is performed annually by comparing the present value of the expected future cash flows from the business with the carrying amount of its net assets, including attributable intangible assets.

The brand name acquired through the acquisition of the Travelodge business was assigned a fair market value at the date of acquisition. The value of the brand name is reviewed annually for impairment. This is derived by estimating the amount of royalty income that could be generated from

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES (Continued)

the brand name if it was owned by an independent third party using a royalty of 4% on forecast future revenues, which is considered to be the market value that could be achieved. The sales forecast is based on a sales forecast for the period 2014 — 16 and a long term growth rate of 2.5% per annum for subsequent years. This is discounted at the weighted average cost of capital for the Group of 10.0%. The Group considers the value of the brand name, which was first introduced into the UK in 1985, will be maintained almost indefinitely and is therefore not amortised. The model can be sensitised to reduced the royalty rate to 3% and the long term growth rate to 1.7% before an impairment is triggered.

Intangible assets—Lease premiums

Significant judgement is involved in the process of identifying and evaluating intangible assets. Intangible assets with a finite life are reviewed for impairment when an impairment trigger is identified. Calculating any subsequent impairment, principally in the estimation of the future cash flows of the cash generating units and the discount rate applied to each cash generating unit involves judgement. The Company prepares cash flow forecasts derived from the most recent financial budgets and financial plans approved by the Directors and extrapolates cash flows beyond this time based on an estimated long term growth rate of 2.5%. The key assumptions are consistent with past experience and with external sources of information. The resulting cash flows are discounted back at the Company's pre tax weighted average cost of capital, adjusted appropriately to reflect the property yields implicit in the leases to give a rate of 7.5%. Reviews are performed on a site by site basis over the length of the lease. The Directors have considered the Group's financial projections and the assumptions which underpin those projections including future growth of the budget hotel sector, brand demand and occupancy, the new hotel opening profile and development pipeline opportunities. For the purposes of testing for intangible asset impairment, growth rates are assumed to broadly follow the Retail Price Index beyond the life of the financial plan. After considering the sensitivity of the principal assumptions, the Directors do not believe any further impairment is required in 2014.

Onerous lease provisions

The Group has provided for operating lease rentals where these were above the market rate or where the Group has subsequently vacated the property and rental income is less than the rental expense, or where it is probable a previously sublet unit will revert back to the Group. The element of the rental which is above market or above any rental cost paid relating to vacated properties is charged against the provision. Provisions are also made for the rates that the Group is liable to on empty sites. The key estimation judgement in determining the onerous amount is the period over the remaining lease term that the property will remain either rented or vacant. The Directors have estimated these periods after considering both the quality and the location of each of the units provided for. The cash flows are discounted at 4% representing a risk free rate of return adjusted for property risk.

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

4 ANALYSIS OF RESULTS BY GEOGRAPHICAL REGION

	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
Revenue		
UK	**489.9**	**426.4**
International	**7.3**	**6.2**
	497.2	**432.6**
EBITDA before exceptionals[1]		
UK before IFRS rent charge	**68.7**	**43.7**
IFRS rent charge	**(5.6)**	**(7.2)**
UK	**63.1**	**36.5**
International	**(2.5)**	**(3.2)**
	60.6	**33.3**
Operating Profit / (Loss) before exceptionals		
UK	**33.0**	**9.0**
International	**(2.7)**	**(3.4)**
	30.3	**5.6**
Loss before tax before exceptionals		
UK	**(17.4)**	**(36.3)**
International	**(2.7)**	**(3.4)**
	(20.1)	**(39.7)**
Exceptional items (note 7)	**(5.4)**	**(17.1)**
Loss before tax after exceptionals	**(25.5)**	**(56.8)**

1. EBITDA = Earnings before interest, taxes, depreciation and amortisation.

5 ANALYSIS OF ASSETS AND LIABILITIES BY GEOGRAPHICAL REGION

	2014 £m	2013 £m
Assets		
Other Intangible assets	**410.2**	**423.6**
Trading assets		
—UK[1]	**154.1**	**118.6**
—International[2]	**1.4**	**2.7**
Non trading assets	**72.5**	**80.5**
Total operations	**638.2**	**625.4**
Cash	**38.9**	**37.5**
Total assets	**677.1**	**662.9**
Liabilities		
Trading liabilities		
—UK[3]	**(119.0)**	**(109.2)**
—International[4]	**(2.4)**	**(2.0)**
Non trading liabilities[5]	**(82.0)**	**(84.7)**
Total operations	**(203.4)**	**(195.9)**
Bank debt	**(394.3)**	**(373.7)**
Investor Loans	**(127.0)**	**(110.8)**
Finance lease creditor	**(30.5)**	**(29.8)**
Total liabilities	**(755.2)**	**(710.2)**
Net assets / liabilities		
Other Intangible assets	**410.2**	**423.6**
Trading net assets		
—UK	**35.1**	**9.4**
—International	**(1.0)**	**0.7**
Non trading assets	**72.5**	**80.5**
	106.6	**90.6**
Non trading net liabilities[5]	**(82.0)**	**(84.7)**
	434.8	**429.5**
Cash	**38.9**	**37.5**
Bank debt	**(394.3)**	**(373.7)**
Net Bank Debt	**(355.4)**	**(336.2)**
Investor Loan	**(127.0)**	**(110.8)**
Finance lease creditor	**(30.5)**	**(29.8)**
Net liabilities	**(78.1)**	**(47.3)**

1. UK operating assets of £154.1m (2013: £118.6m) comprise £102.2m (2013: £72.9m) of fixed assets, £1.3m (2013: £1.3m) of stock, £6.3m (2013: £4.3m) of trade amounts receivable, £1.6m (2013: £2.0m) of other receivables and £42.7m (2013: £38.1m) of prepayments and accrued income.

2. International operating assets of £1.4m (2013: £2.7m) comprise £1.4m (2013: £2.7m) of other receivables.

3. UK operating liabilities of £119.0m (2013: £109.2m) comprise £31.0m (2013: £32.3m) of provisions, £3.8m (2013: £6.8m) of other payables, £9.9m (2013: £7.0m) of taxation and other social security, £2.8m (2013: £7.6m) of trade payables, £37.3m (2013: £22.8m) of accruals, £22.3m (2013: £19.2m) of prepaid room deposits, £5.3m (2013: £4.2m) of deferred income, and £6.6m (2013: £9.3m) of capital payables.

4. International operating liabilities of £2.4m (2013: £2.0m) comprise £2.4m (2013: £2.0m) of trade payables.

5. Non trading liabilities of £82.0m (2013: £84.7m) relate to deferred tax liabilities of £82.0m (2013: £84.7m).

6 NET OPERATING EXPENSES (BEFORE EXCEPTIONAL ITEMS)

	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
Cost of goods sold	**37.3**	32.6
Employee costs (note 8)	**99.7**	88.6
Fees payable to the Company's auditors[1]		
—audit for for the parent company and consolidated financial statements	**0.1**	0.1
—audit fee for subsidiaries	**0.2**	0.2
Operating expenses	**144.8**	126.0
Net operating expenses before rent, depreciation and amortisation	**282.1**	**247.5**
Rent payable (third party landlords) for operating leases	**152.1**	147.6
Rent receivable	**(3.2)**	(3.0)
Net external rent payable	**148.9**	144.6
IFRS rent charge[2]	**5.6**	7.2
Net rent	**154.5**	**151.8**
Net operating expenses	**436.6**	**399.3**
Depreciation	**14.3**	12.0
Amortisation	**16.0**	15.7
Net depreciation and amortisation	**30.3**	**27.7**
Total net operating expenses	**466.9**	**427.0**

1. In the year ended 31 December 2014, remuneration for non audit fees was £16k (2013: £20k).

2. The IFRS rent charge is a non-cash adjustment which reflects spreading lease incentives received by the Group to enter into leases over the full life of the lease rather than to the next rent review.

7 EXCEPTIONAL ITEMS

In the financial year to 31 December 2014, the results include exceptional charges of £10.4m in Spain relating to the impairment of intangible assets, provisions for rent liabilities at three hotels where it is considered improbable that trading profits will be generated, and in relation to the closure of one hotel during 2014, a charge of £6.9m in the UK relating to the impairment of intangible assets, provisions for rent liabilities at five UK hotels where it is considered improbable that trading profits will be generated, and provisions for rent and rates liabilities at one hotel which is not being traded, partially offset by a release of £11.9m from provisions which includes £10.9m relating to three sites operated under franchise in Ireland.

In the financial year to 31 December 2013, the results include exceptional charges relating to the write off of previously capitalised fixtures and fittings at certain hotels which were refurbished during 2013 or were due to be refurbished in 2014 of £11.2m (being £4.3m refurbished under the first phase of the rebranding of the whole portfolio and £6.9m in 2014) and a charge of £5.9m to provisions for rent and rates liabilities at one hotel where a proportion of the site was not being traded.

8 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors of the Company are considered to be the key management of the Group.

	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
Directors' emoluments		
Directors' emoluments	**2.0**	1.8
Pension costs	**—**	0.1
Total	**2.0**	**1.9**
Remuneration of the highest paid director	**0.7**	**0.7**
	Number	**Number**
Number of directors accruing benefits under the defined contribution scheme	**—**	**3**

	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
Employee benefit expense		
Employee costs during the year / period (including Directors)		
Wages and salaries	**92.5**	82.8
Social security costs	**5.5**	4.9
Other pension costs	**1.7**	0.9
Total employee costs	**99.7**	**88.6**

	Year ended 31 December 2014 Number	Year ended 31 December 2013 Number
Average number of persons employed[1]		
—UK	**3,651**	3,231
—International	**58**	88
	3,709	**3,319**

	Year ended 31 December 2014 Number	Year ended 31 December 2013 Number
Total number of persons employed[2]		
—UK	**7,110**	6,296
—International	**46**	84
	7,156	**6,380**

The total number of employees for the year ended 31 December 2014 includes all employees whether full time or part time. The average number of employees has been calculated as the average number of people who were included on the groups payroll during the year.

1. Average number of persons employed includes executive Directors.

2. Total number of persons employed includes executive Directors.

9 OPERATING LEASE COMMITMENTS

Total commitments under operating leases amounted to £3,722.9m (2013: £3,780.4m)

	Year ended 31 December 2014			Year ended 31 December 2013		
	UK	International	Total	UK	International	Total
	£m	£m	£m	£m	£m	£m
Due within one year	**158.9**	**4.1**	**163.0**	151.6	4.3	155.9
Due between two and five years	**641.6**	**16.3**	**657.9**	623.3	16.3	639.6
Due beyond five years	**2,842.4**	**59.6**	**2,902.0**	2,921.2	63.7	2,984.9
Total	**3,642.9**	**80.0**	**3,722.9**	**3,696.1**	**84.3**	**3,780.4**
Average lease term remaining	**UK Years**	**International Years**	**Total Years**	**UK Years**	**International Years**	**Total Years**
Rent payable	**19.9**	**16.9**	**19.9**	**20.8**	**15.0**	**20.8**

The leases are standard operating leases with normal commercial terms, typically 25 years (though a number of city centre and London properties have 35 year terms), subject to standard upwards only rent reviews, usually based on RPI indices (though some have fixed up-lift reviews, at 2.5% pa and subsequently to RPI), with Group only renewal rights at the end of the lease.

10 FINANCE INCOME

	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
Interest on bank deposits	0.2	0.3

11 FINANCE COSTS

	Year ended 31 December 2014			Year ended 31 December 2013		
	Paid	Capitalised / accrued	Total	Paid	Capitalised / accrued	Total
	£m	£m	£m	£m	£m	£m
Interest on bank loans	10.5	17.3	**27.8**	9.9	16.9	26.8
Interest on obligations under finance leases	3.9	0.8	**4.7**	4.0	0.5	4.5
Unwinding of discount on provisions	—	1.9	**1.9**	—	1.3	1.3
Finance costs before Investor Loan interest	**14.4**	**20.0**	**34.4**	**13.9**	**18.7**	**32.6**
Investor Loan	—	16.2	**16.2**	—	13.0	13.0
Finance costs	**14.4**	**36.2**	**50.6**	**13.9**	**31.7**	**45.6**

12 INCOME TAX

	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
Current tax		
UK Corporation tax	—	—
Foreign tax	**(0.2)**	(0.2)
Deferred tax		
Origination and reversal of temporary timing differences (note 20)	**(5.3)**	22.5
Effect of change in tax rate	—	0.7
Income tax (charge) / credit	**(5.5)**	**23.0**

12 INCOME TAX (Continued)

During the year a number of changes to the UK Corporation tax system were announced and substantively enacted. These included a reduction in the mainstream rate of corporation tax to 21% for the financial year commencing 1 April 2014, and a further 1% reduction to 20% from the financial year commencing 1 April 2015.

Deferred tax balances at the balance sheet date have been calculated using a rate of 20%, on the basis that this rate had been substantively enacted at the balance sheet date.

Corporation tax is calculated at 21.50% (2013: 23.25%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the loss per the income statement as follows:

	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
Loss before tax	**(25.5)**	**(56.8)**
Tax at the UK corporation tax rate of 21.50% (2013: 23.25%)	**5.5**	**13.2**
Tax effect of:		
Items not deductible for tax purposes	**(5.0)**	8.8
Capital allowances in excess of depreciation	**1.0**	(4.2)
Tax losses	**(6.8)**	4.7
Foreign tax	**(0.2)**	(0.2)
Effect of change in tax rate	—	0.7
Income tax (charge) / credit for the year	**(5.5)**	**23.0**

A tax charge of £5.5m arose in 2014. The tax charge arose principally on the Company's deferred tax movements, and in particular relating to the reassessment and amortisation of the intangible assets (brand and lease premiums), and to tax losses arising in the year.

The deferred tax charge arising in the year is comprised as follows:

	Intangible assets	Accelerated tax depreciation	Tax losses	Total
	£m	£m	£m	£m
(Charge) / credit due to movement in the year (note 20)	2.7	1.5	(9.5)	**(5.3)**
Charge to income statement	**2.7**	**1.5**	**(9.5)**	**(5.3)**

13 SUBSIDIARIES

The material subsidiaries of the Group are listed below.

Name of subsidiary undertaking	Business Description	Country of Incorporation	% of equity held
Travelodge Hotels Limited	Trading Company	England	100
Travelodge Hoteles Espana SL	Trading Company	Spain	100
Full Moon Holdco 4 Limited*	Holding Company	England	100
Full Moon Holdco 5 Limited	Holding Company	England	100
Full Moon Holdco 6 Limited	Holding Company	England	100
TLLC Limited	Holding Company	England	100
Travelodge Holdings (Malta) Limited	Holding Company	Malta	100

* Directly owned

All shares held are ordinary shares

14 INTANGIBLE ASSETS

An analysis of other intangible assets for the year ended 31 December 2014 is given below:

	Brand	Assets under construction[1]	Lease premiums	IT Software	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2014	145.0	1.7	286.8	9.1	442.6
Capital expenditure	—	5.3	—	—	5.3
Movement on capital creditors	—	—	(1.1)	—	(1.1)
Capitalisation	—	(5.5)	1.9	3.6	—
Write off fully depreciated assets	—	—	(0.2)	(5.0)	(5.2)
Reclassification	—	0.7	—	—	0.7
Impairment	—	—	(2.4)	—	(2.4)
At 31 December 2014	**145.0**	**2.2**	**285.0**	**7.7**	**439.9**
Amortisation Accumulated					
At 1 January 2014	—	—	(15.7)	(3.3)	(19.0)
Charge for the year	—	—	(12.4)	(3.6)	(16.0)
Write off fully depreciated assets			0.2	5.0	5.2
Reclassification	—	—	—	0.1	0.1
At 31 December 2014	**—**	**—**	**(27.9)**	**(1.8)**	**(29.7)**
Carrying amount at 31 December 2014	**145.0**	**2.2**	**257.1**	**5.9**	**410.2**
Carrying amount at 31 December 2013	145.0	1.7	271.1	5.8	423.6

1. Assets under construction predominantly consists of costs in relation to the construction of new hotels which have not opened yet.

The brand intangible asset arose on the acquisition of Travelodge. This is not be subject to annual amortisation but is assessed for impairment on an annual basis.

Lease premiums are amortised on a straight line basis over the lease period. Each hotel to which a lease premium asset is assigned is considered to be a separate cost generating unit when assessing impairment.

Impairment reviews are performed annually. The Company prepares cash flow forecasts derived from the most recent financial budgets and financial plans approved by the Directors and extrapolates cash flows beyond this time based on an estimated long term growth rate of 2.5%. The key assumptions are consistent with past experience and with external sources of information. The resulting cash flows are discounted back at the Company's pre-tax weighted average cost of capital. Reviews are performed on a site by site basis over the length of the lease.

IT software is measured initially at purchase cost and is amortised on a straight line basis over three years.

15 PROPERTY, PLANT AND EQUIPMENT

An analysis of property, plant and equipment for 31 December 2014 is given below:

	Assets under construction[1]	Freehold and long leaseholds	Finance leased land and buildings	Fixtures and fittings	Total
	£m	£m	£m	£m	£m
Cost					
At 1 January 2014	0.8	1.8	18.3	58.2	79.1
Capital expenditure	47.0	—	—	—	47.0
Movement on capital creditors	—	—	—	(1.5)	(1.5)
Capitalisation	(46.6)	—	—	46.6	—
Abortive costs	(0.2)	—	—	—	(0.2)
Write-down of fully depreciated assets	—	—	—	(16.1)	(16.1)
Reclassification	(0.8)	—	—	—	(0.8)
Impairment	—	—	—	(1.0)	(1.0)
At 31 December 2014	**0.2**	**1.8**	**18.3**	**86.2**	**106.5**
Accumulated depreciation					
At 1 January 2014	—	—	(0.6)	(5.6)	(6.2)
Charge for the year	—	—	(0.5)	(13.8)	(14.3)
Write-back of depreciation on fully depreciated assets	—	—	—	16.1	16.1
Reclassification	—	—	0.1	(0.2)	(0.1)
Impairment	—	—	—	0.2	0.2
At 31 December 2014	**—**	**—**	**(1.0)**	**(3.3)**	**(4.3)**
Net book value at 31 December 2014	**0.2**	**1.8**	**17.3**	**82.9**	**102.2**
Carrying amount at 31 December 2013	0.8	1.8	17.7	52.6	72.9

1. Assets under construction predominantly consists of costs in relation to the construction of new hotels which have not opened yet.

Freehold and long leasehold properties are stated at cost. Depreciation is provided on cost in equal annual instalments over the estimated remaining useful lives of the assets.

16 TRADE AND OTHER RECEIVABLES

	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
Amounts due within one year:		
Trade amounts receivable		
—Gross amounts receivable	**6.4**	4.4
—Bad debt provision[1]	**(0.1)**	(0.1)
—Net amounts receivable	**6.3**	4.3
Other amounts receivable	**3.0**	4.7
Prepayments and accrued income[2]	**42.7**	38.1
	52.0	**47.1**

1. A provision of £0.1m is held against trade receivables more than 30 days past their due date (2013: £0.1m).

2. Prepayments and accrued income mainly include prepayments of rent and rates.

Management have estimated the fair value of trade and other receivables to be equal to the book value.

16 TRADE AND OTHER RECEIVABLES (Continued)

Receivables that are neither past due or impaired are considered to be fully recoverable.

Trade Receivable Ageing	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
Current	**4.9**	**1.3**
Past due		
30 days	**0.4**	1.5
60 days	**0.3**	1.2
90+ days	**0.7**	0.3
Total	**6.3**	**4.3**

17 TRADE AND OTHER PAYABLES

	Year ended 31 December 2014	Year ended 31 December 2013
	£m	£m
Trade payables	**(5.2)**	(9.6)
Other payables	**(3.8)**	(6.8)
Social security and other taxation	**(9.9)**	(7.0)
Accruals	**(37.3)**	(22.8)
Prepaid room purchases	**(22.3)**	(19.2)
Capital payables	**(6.6)**	(9.3)
Amounts falling due within one year	**(85.1)**	**(74.7)**
Amounts falling due after one year		
Deferred income	**(5.3)**	(4.2)
Total	**(90.4)**	**(78.9)**

1. Prepaid room purchases of £22.3m (2013: £19.2m) relate to cash received at the time of room booking prior to arrival date and is recognised when customers stay. Of which 76% (2013: 85%) would be non-refundable on cancellation of the room booking.

The Company pays its trade payables in line with the terms that it has agreed with its suppliers. Typically these terms vary from 30 days to 90 days.

Management have estimated the fair value of trade and other payables to be equal to the book value.

18 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments	Capital liability	Minimum lease payments	Capital liability
	2014	2014	2013	2013
	£m	£m	£m	£m
Amounts payable under finance leases:				
Within one year	**(4.2)**	**—**	**(3.9)**	**—**
In the second to fifth years inclusive	**(18.0)**	**—**	**(17.3)**	**—**
Greater than five years	**(352.2)**	**(30.5)**	**(346.8)**	**(29.8)**
	(374.4)	**(30.5)**	**(368.0)**	**(29.8)**
Less: future finance charges	**343.9**		**338.2**	
Amount due for settlement after 12 months	**(30.5)**		**(29.8)**	

The Company holds 5 properties (2013: 5 properties) which have been classified as finance leases with an average lease term of 50 years (2013: 51 years).

19 FINANCIAL ASSETS AND LIABILITIES

	Maturity Date	Year ended 31 December 2014	Year ended 31 December 2013
		£m	£m
Cash at bank and in hand		**38.9**	37.5
Bank debt redeemable:			
Senior 1st Lien	June 2017	**(335.8)**	(319.0)
Senior 2nd Lien	June 2018	**(35.5)**	(32.9)
Flare	June 2017	**(23.0)**	(21.8)
Bank debt		**(394.3)**	(373.7)
Net Bank debt		**(355.4)**	(336.2)
Investor Loan Note	January 2026	**(127.0)**	(110.8)
Net debt before finance leases		**(482.4)**	(447.0)
Finance leases		**(30.5)**	(29.8)
Net debt including finance leases		**(512.9)**	**(476.8)**

In addition, the Company can utilise a letter of credit up to a maximum of £40.0m, at 31 December 2014 the Company utilised £13.0m (2013: £19.0m).

The weighted average interest rate paid in the year ended 31 December 2014 was 1.1% (2013: 1.1%).

The weighted average interest rate charged in the year ended 31 December 2014 was 6.5% (2013: 6.5%).

The bank loans were variably secured on leases owned by certain subsidiary undertakings and charges over shares in subsidiary undertakings.

The carrying value of the assets and liabilities of the Group represent their fair value.

	2014 Carrying amount	2014 Fair value	2013 Carrying amount	2013 Fair value
	£m	£m	£m	£m
Financial instrument categories				
Loans and receivables[1]	**9.3**	9.3	9.0	9.0
Bank debt	**(394.3)**	(394.3)	(373.7)	(373.7)
Investor Loan Note	**(127.0)**	(127.0)	(110.8)	(110.8)
Financial liabilities[2]	**(46.1)**	(46.1)	(55.5)	(55.5)
	(558.1)	**(558.1)**	(531.0)	(531.0)

The fair values of financial assets and liabilities are determined as follows:

1. Loans and receivables of are made up of trade receivables £6.3m (2013: £4.3m) and other receivables £3.0m (2013: £4.7m).

2. Financial liabilities of £46.1m (2013: £55.5m) are made up of finance lease payables £30.5m (2013: £29.8m), trade payables £5.2m (2013: £9.6m), capital payables £6.6m (2013: £9.3m) and other payables £3.8m (2013: £6.8m).

Loans and receivables and financial liabilities are due within one year.

Risk

Capital risk management: The group manages its capital to ensure that entities in the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the group consists of debt, which includes borrowings disclosed above, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

19 FINANCIAL ASSETS AND LIABILITIES (Continued)

Interest rate risk: The group finances its operations through borrowings. The group borrows at fixed and floating rates. The group manages its interest risk through a periodic review of interest rates. The interest rates are reviewed against the forward interest rates curve.

Interest rate sensitivity: The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year.

At 31 December 2014, if interest rates had been 25 basis points higher or lower with all other variables held constant, the group's net profit and cash interest payment would be unaffected, due to the minimum cash pay interest rate being set at the greater of LIBOR and 1.00% in the year ended 31 December 2014.

A sensitivity of 25 basis points is considered a reasonable sensitivity because it reflects a potential interest rate rise.

Liquidity risks: The group has built an appropriate liquidity risk management framework for the management of the group's short, medium and long term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves and by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk: The group does not have any significant credit risk exposure to any single counterparty. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. No collateral is held against liquid funds.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Currency exposures: At 31 December 2014 the group had no material currency exposures that would give rise to net currency gains or losses being recognised in the income statement.

20 DEFERRED TAX

The following are the major deferred tax (liabilities) and assets recognised by the Company and movements thereon during the current and prior reporting year.

	Accelerated tax depreciation	Tax losses and Hold-over relief	Deferred tax asset	Intangible assets	Deferred tax liability	Total
	£m	£m	£m	£m	£m	£m
At 1 January 2014	29.7	50.8	**80.5**	(84.7)	**(84.7)**	**(4.2)**
(Charge)/credit to income	1.5	(9.5)	**(8.0)**	2.7	**2.7**	**(5.3)**
At 31 December 2014	31.2	41.3	**72.5**	(82.0)	**(82.0)**	**(9.5)**

During the year a number of changes to the UK Corporation tax system were announced and substantively enacted. These included a reduction in the mainstream rate of corporation tax to 21% for the financial year commencing 1 April 2014, and a further 1% reduction to 20% from the financial year commencing 1 April 2015. Deferred tax balances at the balance sheet date have been calculated using a rate of 20%, on the basis that this rate had been substantively enacted at the balance sheet date.

21 PROVISIONS

	Total
	£m
At 1 January 2014	(32.3)
Cash spend	3.6
Reassessment in provisions	(0.4)
Unwinding of discount of provisions	(1.9)
At 31 December 2014	**(31.0)**

A discount rate of 4% being the risk free rate is used to calculate the net present value of the provisions.

Provisions of £31.0m can be analysed as: due in less than one year of £4.0m and due after one year of £27.0m and comprise onerous lease provisions of £17.3m relating to future rent and rates liabilities on sub leased historic restaurant units, £2.6m relating to five UK hotels where it is considered improbable that trading profits will be generated and £7.1m of other provisions.

Onerous lease provisions relate to the future discounted cash outflow in relation to certain rent and rates liabilities where no economic benefit is expected to accrue to the Group. These provisions have an average lease term of 17 years and have been discounted at a risk free rate of 4%.

22 SHARE CAPITAL

	2014 & 2013 shares	2014 & 2013
		£
Authorised:		
Ordinary shares of £0.000001 each	**1,000,000**	**1**
	1,000,000	**1**
Called up, allotted and fully paid:	**1,000,000**	**1**
Ordinary shares of £0.000001 each	**1,000,000**	**1**

23 CAPITAL COMMITMENTS

Contracted future capital expenditure not provided for in these financial statements predominantly relates to expenditure on fees and stamp duty on hotels under construction subject to satisfactory completion of the hotel as well as the refurbishment of current hotels. At 31 December 2014 the capital commitment not provided for in the financial statements, subject to satisfactory practical completion, was £7.0m (2013: £11.0m).

24 CONTINGENT LIABILITIES

The Group has contingent liabilities under a number of leases that have been assigned to various third parties. In certain circumstances, should the current lessee default on the payment of rent, a superior landlord may have recourse to the Group. Should a superior landlord make a claim on the Group for unpaid rent, the Group would be required to settle that liability and subsequently the unit / units subject to the claim could be seized by the Group following petitioning of a court. The Group could subsequently, subject to certain conditions, either trade from the unit or reassign or sublet the lease of the unit to a third party.

At 31 December 2014 the estimated annual contingent rental liability was £47k (2013: £47k), represented by 3 units (2013: 3 units), with an average annual rental cost per unit of £16k (2013: £16k) and an average lease term remaining of 35 years (2013: 36 years).

25 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

At 31 December 2014, the Directors regard Anchor Holdings SCA as the ultimate parent undertaking and controlling party, a company incorporated in Luxembourg.

25 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY (Continued)

Thame and London Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements of Thame and London Limited are available from Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT.

Interest accrued in the year is £16.2m (2013: £13.0m) and the total balance including accrued interest was £127.0m (2013: £110.8m). The loan note is due for repayment in 2026.

During the year certain property leases the group had entered into with an external third party were sold on an arms length basis to an entity which is controlled by the group's ultimate owners. All terms of these property leases and the value the group is liable to pay have remained the same. During 2014 the property costs charged since the transfer of ownership of these leases was £7.4m and there were no balances outstanding at 31 December 2014.

26 NOTE TO THE CASH FLOW STATEMENT

	Year ended 31 December 2014			Year ended 31 December 2013		
	Before Exceptional Items	Exceptional Items[1]	Total	Before Exceptional Items	Exceptional Items	Total
	£m	£m	£m	£m	£m	£m
Operating profit / (loss)	**30.3**	**(5.4)**	**24.9**	**5.6**	**(17.1)**	**(11.5)**
Adjustments for non-cash items:						
Depreciation of property, plant and equipment	14.3	—	**14.3**	12.0	—	12.0
Amortisation of other intangible assets	16.0	—	**16.0**	15.7	—	15.7
Write-off of fixed assets (note 14 and 15)	—	4.7	**4.7**	—	11.2	11.2
Operating cash flows before movements in working capital	**60.6**	**(0.7)**	**59.9**	**33.3**	**(5.9)**	**27.4**
Increase in inventory	—	—	—	(0.1)	—	(0.1)
Movement in receivables	(4.5)	—	**(4.5)**	0.1	—	0.1
Movement in payables	16.5	(0.8)	**15.7**	10.4	(5.2)	5.2
Movement in provisions	(3.6)	0.4	**(3.2)**	(2.7)	5.9	3.2
Total working capital movement	**8.4**	**(0.4)**	**8.0**	**7.7**	**0.7**	**8.4**
CASH FLOWS FROM OPERATING ACTIVITIES	**69.0**	**(1.1)**	**67.9**	**41.0**	**(5.2)**	**35.8**

1. Exceptional items of £1.1m (2013: £5.2m) are payments in connection with the financial restructure of the Group which was undertaken in 2012.

REGISTERED OFFICE OF THE ISSUER

TVL Finance plc
47 Esplanade
St Helier JE1 0BD
Jersey

LEGAL ADVISORS TO THE ISSUER

as to U.S. and English law
Kirkland & Ellis International LLP
30 St Mary Axe
London EC3A 8AF
United Kingdom

as to Jersey law
Carey Olsen
47 Esplanade
St Helier JE1 0BD
Jersey

LEGAL ADVISORS TO THE INITIAL PURCHASERS

as to U.S. and English law
Shearman & Sterling (London) LLP
9 Appold Street
London EC2A 2AP
United Kingdom

as to Jersey law
Ogier
44 Esplanade
St Helier JE4 9WG
Jersey

TRUSTEE AND SECURITY AGENT

U.S. Bank Trustees Limited

5th Floor
125 Old Broad Street
London EC2N 1AR
United Kingdom

REGISTRAR

Elavon Financial Services DAC

Block E, 1st Floor
Cherrywood Business Park
Loughlinstown
Dublin 18
Ireland

PAYING AGENT AND TRANSFER AGENT

Elavon Financial Services DAC, UK Branch
5th Floor
125 Old Broad Street
London EC2N 1AR
United Kingdom

LEGAL ADVISOR TO THE TRUSTEE

Bryan Cave LLP
88 Wood Street
London EC2V 7AJ
United Kingdom

CALCULATION AGENT

Elavon Financial Services DAC, UK Branch
5th Floor
125 Old Broad Street
London EC2N 1AR
United Kingdom

LISTING SPONSOR

Carey Olsen Corporate Finance Limited
47 Esplanade
St Helier, JE1 0BD
Jersey

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