TVL FINANCE PLC

NINE MONTHS ENDED 30 SEPTEMBER 2022

INTERIM TRADING UPDATE TO NOTEHOLDERS

£440,000,000 SENIOR SECURED FLOATING RATE NOTES DUE 2025

£65,000,000 9.0% SENIOR SECURED NOTES DUE 2025

(the “Notes”)

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Capitalised terms not otherwise defined in this Interim Report shall have the meanings assigned to such terms in the offering memorandum of TVL Finance PLC relating to the Notes dated 28 June 2019 (the "Offering Memorandum").

PRESENTATION OF FINANCIAL DATA

The report summarises the consolidated financial data and operating data from the consolidated financial statements of Thame and London Limited and its subsidiaries ("the Group") which include TVL Finance PLC. 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 and our like-for-like reporting is prepared on this basis. In order to align this method with our quarterly and statutory annual accounting period on the basis of a calendar year from 1 January to 31 December, we make certain adjustments to our results at the end of each quarter to ensure that the reported period aligns with the corresponding calendar quarter. The Group will continue to present its consolidated financial statements going forward on this basis and will apply similar adjustments, in accordance with IFRS, to its interim financial statements.

The summary financial information provided has been derived from our records for the period from 1 January 2022 to 30 September 2022 (prior year from 1 January 2021 to 30 September 2021), which are maintained in accordance with International Financial Reporting Standards ("IFRS").

We continue to present certain non-IFRS information in this quarterly report. This information includes "EBITDA (adjusted)", which represents earnings before interest, tax, depreciation and amortisation, and before rent phasing adjustments, non-underlying items and reflective of the position in line with the accounting principles before IFRS 16. This measure also reflects the rent reductions following the CVA which was completed on 19 June 2020, recognised in line with the cash benefit. Non-underlying items have been removed as they relate to non-recurring, one-off items.

Certain financial information, measures and ratios related thereto in this quarterly report, including the financial information presented on a 'before IFRS 16' basis and EBITDA (adjusted) (the "Non-IFRS Measures") are not specifically defined under IFRS or any other generally accepted accounting principles. In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added in some areas of the document to reflect the position in line with previous accounting principles ("Before IFRS 16").

Management believe that EBITDA (adjusted) is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA (adjusted) is used by the management of the Group to track our business performance, establish operational and strategic targets and make business decisions.

DISCLAIMER

This report is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities. This report does not contain all of the information that is material to an investor.

FORWARD LOOKING STATEMENTS

This report contains "forward-looking statements" as that term is defined by the U.S. federal securities laws and within the meaning of the securities laws of certain other jurisdictions. These forward-looking statements include, without limitation, those regarding our intentions, beliefs or current expectations concerning our future financial condition or performance, result of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we operate.

These statements often include words such as "anticipate", "believe", "could", "estimates", expect", "forecast", "intend", "may", "plan", "projects", "should", "suggests", "targets", "would", "will" and other similar expressions. These statements are not guarantees of performance or results. Many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements and projections.

We undertake no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this report.

TVL Finance plc

Update for the period ended 30 September 2022

Record financial results and continued outperformance, facing uncertainty but Travelodge is well positioned

Headlines (period ended 30 September 2022, comparison vs 2019)

- Record financial results for the period, surpassing the 2019 full year results by the end of the third quarter
- Total underlying revenue up 22.7% to £669.9m (2019: £546.1m, 2021: £374.7m)
- Occupancy[1] up 0.7pts to 81.5% (2019: 80.8%, 2021: 58.2%)
- Average room rate[1] up 19.8% at £63.59 (2019: £53.08, 2021: £51.15)
- RevPAR[1] up 20.8% to £51.80 (2019: £42.86, 2021: £29.76)
- RevPAR performance 10.8pts ahead of the competitive segment[2] vs 2019
- EBITDA (adjusted)[3] of £164.4m (2019: £102.2m, 2021: £43.7m)
- Cash of £221.6m at 30 September 2022
- Repaid £61.2m super senior term loan on 26 October
- 5 new hotels opened to date, including one Irish franchise
- Total network now 595 hotels and 45,624 rooms as at 30 September 2022

Headlines (quarter ended 30 September 2022, comparison vs 2019)

- Total underlying revenue up 33.5% to £278.6m (2019: £208.7m, 2021: £229.3m)
- Occupancy[1] up 1.0pts to 86.0% (2019: 85.0%, 2021: 83.6%)
- Average room rate[1] up 31.7% at £74.81 (2019: £56.79, 2021: £64.48)
- RevPAR[1] up 33.4% to £64.37 (2019: £48.26, 2021: £53.92)
- RevPAR performance 12.8pts ahead of the competitive segment[2] vs 2019)[1]
- EBITDA (adjusted)[3] of £93.8m (2019: £57.5m, 2021: £87.0m)

Jo Boydell, Travelodge Chief Executive commented:

"Travelodge has delivered a record set of financial results, significantly ahead of 2019, driven by strong demand for our great value hotels as customers return to both business and leisure

[1] Revenue per available room, Average room rate and Occupancy on a UK like-for-like basis for the management accounting period 30 Jun 2022 to 28 Sep 2022 and 4 Jul 2019 to 2 Oct 2019 for the quarter. Revenue per available room, Average room rate and Occupancy on a UK like-for-like basis for the management accounting period 30 Dec 2021 to 28 Sep 2022 and 3 Jan 2019 to 2 Oct 2019 for the period.

[2] Our competitive segment is the Midscale and Economy Sector of the UK hotel market as reported by Smith Travel Research (STR), an independent hotel research provider, providing aggregate benchmarking information on the UK and other hotel market performance

[3] EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, and before rent adjustment and non-underlying items, and in line with historic accounting principles (before IFRS 16). This measure reflects the cash benefit of rent reductions following the CVA which completed on 17 June 2020. Non underlying items have been removed as they relate to non-recurring, one-off items.

travel. Our purpose is to provide affordable travel for everyone and amid the growing cost of living pressures, we have seen that more customers are choosing to stay with us.

We have continued to outperform against the competitive segment, for the eighth consecutive year, and it's particularly pleasing to see these trends continue in the first weeks of the fourth quarter. Our cash position remains strong, and we have continued to invest in the business whilst also further de-leveraging, with the term loan repaid in full on 26 October.

Looking ahead, we are very mindful of the cost-of-living crisis and are doing all we can to navigate the cost pressures on our business. The near-term trading signs are positive, but booking patterns remain short-lead and we therefore have limited visibility. However, the budget end of the hotel segment is the most resilient, with budget brands historically performing strongest in tough economic times. Travelodge, with its strong brand, diversified network of hotels and value proposition, remains well placed to deliver for customers and we are excited about the growth opportunities ahead."

Summary

Travelodge has delivered a set of record financial results in the period, surpassing the 2019 full year results by the end of the third quarter. This performance has been driven by strong leisure and 'blue-collar' business demand, more than offsetting the more gradual recovery in 'white-collar' demand, together with our continued outperformance against the MS&E segment, now in its eight consecutive year, as well as new hotel openings. We do face pressure from inflation, but costs remained well controlled, supported by our industry leading cost model.

Trading in the first weeks of quarter four has continued to benefit from strong leisure and 'blue-collar' business demand with encouraging improvements in 'white-collar' demand and sustained outperformance against the market segment. Whilst the current political and macro-economic environment creates an uncertain backdrop, the budget hotel segment has proven resilience and we expect to benefit from attractive demand drivers.

So overall, with our strong brand, diversified network of well invested hotels, direct distribution model, value proposition, customer mix and domestic travel focus, Travelodge is well positioned for the future, and we are confident in the long-term prospects for budget hotels.

Performance Overview

The UK budget hotel market has performed strongly, with revenue as a percentage of 2019 levels ahead of the total UK hotel market in every week of the period, driven by strong levels of domestic leisure demand and a rapid recovery in 'blue collar' business demand, with a more gradual recovery in 'white collar' corporate demand.

Overall UK like-for-like RevPAR for the period was up 20.8% on 2019 levels, approximately 10.8pts ahead of the Smith Travel Research (STR) MSE benchmark competitive segment.

Total underlying revenues for the period were up 22.7% on 2019 levels, with the additional benefit of new hotels.

Costs were impacted by inflationary pressures but remained well controlled and whilst Travelodge is not immune to the supply chain pressures affecting the wider hospitality industry, these were well managed, supported by our in-sourced housekeeping model and strong supplier relationships.

Travelodge delivered record profits in the period with EBITDA (adjusted) of £164.4m (2019: profit of £102.2m, 2021: profit of £43.7m).

We ended the period with cash of £221.6m and repaid the £61.2m term loan in full after the period end, with over £100m repaid to date.

Financial Performance

For the period ended 30 September 2022:

For the period, compared to 2019, UK like-for-like RevPAR was up 20.8% to £51.80 (2019: £42.86), with UK like-for-like occupancy up 0.7pts to 81.5%, and UK like-for-like average room rate up 19.8% to £63.59.

Travelodge continued to outperform, with UK like-for-like RevPAR performance 10.8pts ahead of the competitive segment vs 2019, with outperformance in both London and the Regions.

Total underlying revenue for the period of £669.9m was up £123.8m (22.7%) vs 2019 and up £295.2m vs 2021.

EBITDA (adjusted) was a record profit of £164.4m compared to a profit of £102.2m for 2019 and a profit of £43.7m for 2021.

During the period there was free cash inflow of £159.3m predominantly driven by the EBITDA (adjusted) profit and working capital, partially offset by capital investment. Working capital benefited from an increase in prepaid rooms, reflecting the trading recovery, and increased creditors impacted by VAT.

For the quarter ended 30 September 2022:

Trading performance was strong throughout the quarter, driven by strong leisure demand, including events, and 'blue collar demand. We also saw an encouraging recovery in 'white-collar' demand before the seasonal decline over the summer holiday weeks and benefited from strong demand in the period leading up to the Queen's funeral.

For the quarter, compared to 2019, UK like-for-like RevPAR was up 33.4% to £64.37 (2019: £48.26), with UK like-for-like occupancy up 1.0pts to 86.0%, and UK like-for-like average room rate up 31.7% to £74.81.

Travelodge continued to outperform, with UK like-for-like RevPAR performance 12.8pts ahead of the competitive segment vs 2019, with outperformance in both London and the Regions.

Total underlying revenue for the quarter of £278.6m was up £69.9m (33.5%) vs 2019 and up £49.3m vs 2021.

Costs were impacted by inflationary pressures but were well-controlled and the well documented industry wide supply chain challenges continue to be well managed, supported by our in-sourced housekeeping and good supplier relationships.

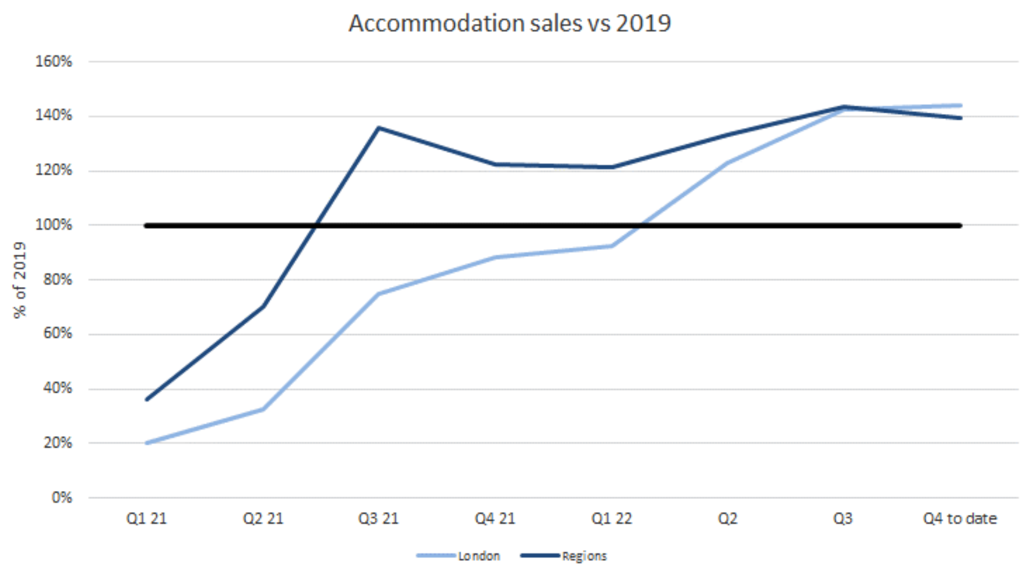
EBITDA (adjusted) was a record profit of £93.8m compared to a profit of £57.5m for 2019 and a profit of £87.0m for 2021.

Recent Trading

We have continued to deliver strong trading performance in the first weeks of the fourth quarter, with all areas ahead of 2019 supported by strong leisure demand, including events, ongoing good 'blue collar' demand and improving 'white-collar' demand.

Regional and London trading performances are both strong, significantly ahead of 2019 levels. There are encouraging trading patterns as we transition away from the seasonal leisure periods into more typical business demand weeks, with Central London benefiting from weekend leisure demand and now also improved mid-week demand. There are also positive signs in forward booking patterns, albeit booking patterns remain predominantly short-lead, so we still have limited forward visibility.

Revenue for the period from 1 October 2022 to 26 October 2022 was approximately 40% ahead of 2019 levels, with like-for-like RevPAR c. 35% ahead of 2019 levels.



2019 comparatives weeks aligned to 2022 trading weeks

We have continued to outperform the STR MSE benchmark segment at similar levels in the first weeks of the fourth quarter, with London and the Regions both outperforming.

Our cash position remains strong. We continue to keep our liquidity position under review, and on 26 October repaid the £61.2m super senior term loan in full, plus call protection costs.

As at 28 October the group held cash reserves of approximately c. £166m, after this repayment but before month end payments.

Outlook

The MSE segment of the UK hotel market has recovered the fastest, benefiting from its domestic focus, business/leisure mix and value proposition, and we are continuing our track record of outperformance.

We are clearly facing uncertain times ahead due to the current political and macro-economic environment and we are mindful of the impact this may have on demand. It's possible we may begin to see pressure on household spending and consumer choices, but there is also the potential we will see customers trading down from other hotel segments to the budget hotel segment.

As a reminder each 1 percentage point change up or down in RevPAR compared to 2019 levels would be expected to impact Travelodge revenues by approximately £6-7m over a year.

We do face a number of cost headwinds, including the significant inflationary pressures facing the wider UK economy, as well as some specific supplier price increases impacting laundry and F&B, which we continue to work with suppliers on.

The National Living Wage increased by 6.6% from 1 April however the increase due on 1 April 2023 is not yet clear. The 2022 National Insurance increase of 1.25% is due to be reversed, although the impact is limited for Travelodge. Our single largest cost is rent, and as a reminder the majority of our leases are either RPI or CPI based 5-yearly upwards only rent reviews with no caps or collars, although the majority of newer leases do contain caps and collars. The review pattern across all leases is spread broadly evenly over a 5 year period. We expect rent to be between £230-£240m in 2022.

The majority of our energy volumes are fully hedged to March 2023 so we expect our energy costs to increase from April 2023, although the impact remains uncertain and much will depend on the situation in Ukraine and any available Government support.

Our refit programme, including the new look room and improved reception and bar cafe, is on-track to complete 65 hotel refits this year with over 55 completed to date. Early indications from the program are encouraging, with positive trading performance and good customer feedback. We are also continuing our ongoing investment in hotel maintenance, health & safety, IT, development and projects, including energy efficiency. Capital expenditure in 2022 is expected to be approximately £80m, in line with previous guidance.

We expect to open five new UK leased hotels, with practical completion on a further hotel that will open in January, and one Irish franchise in 2022, with five opened so far. This is lower than our long run averages, as new deals were impacted by the pandemic, and we expect to return towards more normal levels over the next few years.

Whilst the political and macro-economic environment remains uncertain, the budget hotel segment has proven resilience and has recovered more quickly than the rest of the UK hotel market to date. In tough economic times budget brands perform strongest and we expect the segment to benefit from a number of positive demand drivers including continued staycation demand, trade down to budget hotel operators, changes in working patterns, events and also indirectly from inbound tourism as a result of the weak pound.

With our strong brand, large, diversified network of hotels, direct distribution model, value proposition, customer mix and domestic travel focus, Travelodge is well positioned. We are confident in the long-term prospects for budget hotels and excited about future growth opportunities.

About Travelodge

In 1985, Travelodge became Britain's first value hotel brand when it launched in the UK, opening its first hotel at Barton under Needwood in the heart of England. Since those early days, we have welcomed millions of customers to Travelodge and we now have 595 hotels[(1)] and 45,624 guest bedrooms[(1)], right across the UK as well as in Ireland and Spain. Almost 10,000 colleagues worked across the business at the end of 2021.

(1) As at 30 September 2022

Notes:

Financial results in this summary document are extracts from the management reporting of Thame and London Limited and its subsidiary companies, including Travelodge Hotels Limited. All financial references in this summary document are unaudited.

Smith Travel Research (STR) is an independent hotel research provider, providing aggregate benchmarking information on the UK and other hotel market performance.

For further information, please contact:

Travelodge Investor Relations
01844 358655
investors@travelodge.co.uk

Travelodge Press Office
01844 358 703
pressoffice@travelodge.co.uk