

TVL FINANCE PLC

FULL YEAR 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")

30 January 2023

THAME AND LONDON LIMITED
FULL YEAR TRADING UPDATE
(UNAUDITED)

CONTENTS

Summary	2-5
Notes	6

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 certain preliminary unaudited consolidated financial data and operating data 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 unaudited summary financial information provided has been derived from our records for the period from 1 January 2022 to 31 December 2022 (prior year from 1 January 2021 to 31 December 2021), which are maintained in accordance with International Financial Reporting Standards ("IFRS"). These preliminary unaudited financial results are subject to change when we finalize the preparation and audit of our accounts for the fiscal year.

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
Full year trading update

Record financial results and continued outperformance Encouraging early 2023 trading, remain well positioned

Headlines (year ended 31 December 2022, comparison vs 2019) (unaudited)

- Total underlying revenue approximately £910m, up 25% (2019: £727.9m, 2021: £559.8m)
- EBITDA (adjusted)¹ of between £210 and £215m (unaudited) (2019: £129.1m, 2021: £81.1m)
- Outperformed the MSE competitive segment by 10.9%pts
- Cash of £153.5m at 31 December 2022
- Further de-leveraging with £15.8m (nominal) open market re-purchase of floating rates notes at a small discount to par
- Trading performance remains strong with total revenue in the first three weeks of 2023 approximately 35%² ahead of 2019 levels
- CVA 'fully implemented' and formally at an end on 19 January 2023
- Previously announced LXI REIT Plc regear completed on 27 January 2023
- Rating agency (S&P) upgrade from CCC+ to B- on 27 January 2023

Summary

Travelodge delivered excellent performance in 2022, with a record EBITDA (adjusted) of between £210m and £215m (unaudited), over £80m ahead of 2019 levels. We outperformed the MSE competitive segment for the eighth consecutive year.

Our liquidity position remains strong and in addition to over £100m of de-leveraging in 2022, we de-leveraged by a further £15.8m in early January through a managed buy-back program for our floating rate notes.

The strong leisure and 'blue collar' business demand has continued in the first weeks of 2023, as customers continue to prioritise travel and seek out value in tough economic times. Total revenue for the period from 29 December 2022 to 18 January 2023 was approximately 35% ahead of 2019 levels. Whilst forward booking patterns are very positive, they remain predominantly short-lead, so we still have very limited forward visibility.

¹ 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.

² 29 Dec 2022 to 18 Jan 2023

THAME AND LONDON LIMITED
FULL YEAR TRADING UPDATE
(UNAUDITED)

We are also pleased to confirm that the administrators have issued their final report, confirming the CVA has now been fully implemented and is now formally at an end. The CVA included an excess cumulative EBITDA landlord rent payment clause, whereby if the cumulative EBITDA (adjusted) from 2020 to 2022 is more than £200m, two-thirds of the cumulative profit in excess of £200m is payable to landlords. Based on the expected EBITDA range above, reflecting Travelodge's excellent 2022 trading performance, we now expect to make a one-off payment under this clause, following audit sign off on our annual report and accounts for the year ended 31 December 2022. We thank our landlords for their support and look forward to continuing to work together.

We are also pleased to confirm that we completed the lease regear with LXI on 27 January, inserting caps and collars of 4% pa and 1% pa respectively, into 97 of the 122 leases that were previously uncapped and uncollared RPI rent reviews, with the remainder also expected to have caps and collars inserted, subject to agreement by the superior landlords.

Finally, following the Moody's upgrade to B3 in late 2022, S&P announced an upgrade of the Travelodge credit from CCC+ to B- on 27 January 2023.

Strong 2022 Performance

Travelodge has delivered record financial results in 2022, significantly ahead of its previous best year in 2019. This performance reflected the strength and resilience of the UK budget hotel market which performed well in 2022, 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 ended 31 December 2022 was up 23.9% on 2019 levels, approximately 10.9pts ahead of the Smith Travel Research (STR) MSE benchmark competitive segment, marking the eight consecutive year of Travelodge outperformance.

Total underlying revenues for the year were up c. £182m, or 25%, on 2019 levels, with the additional benefit of new hotels.

There are clearly inflationary cost pressures impacting the industry and Travelodge is not immune, but costs remained well controlled, supported by our industry leading cost model and strong supplier relationships.

Travelodge delivered record profits in the year with EBITDA (adjusted) of between £210m and £215m (2019: £129.1m, 2021: £81.1m).

We ended the year with cash of £153.5m.

Encouraging Recent Trading

We have seen encouraging trading in the first weeks of 2023. The good leisure and 'blue collar' business demand has continued, with customers continuing to prioritise travel and seeking out value in tough economic times. Corporate mid-week demand, particularly in Central London, continues to recover albeit more gradually.

Total revenue for the period from 29 December 2022 to 18 January 2023 was approximately 57% ahead of 2022 levels, which was impacted the Omicron work from home guidance, and approximately 35% ahead of 2019 levels.

THAME AND LONDON LIMITED
FULL YEAR TRADING UPDATE
(UNAUDITED)

There are positive forward booking signs, albeit booking patterns remain predominantly short-lead, so we still have very limited forward visibility.

CVA at an End

The administrators have now prepared their final report which has been filed at Companies House alongside the notice of full implementation, meaning the CVA entered into in 2020 is now formally at an end.

As a reminder the rent reductions under the terms of the CVA ceased at the end of 2021 and we paid full contractual rents for 2022. In April 2022 we also made payments totalling £1m from the compromised creditors fund under the terms of the CVA.

Additionally, under the terms of the CVA, if the cumulative EBITDA (adjusted) from 2020 to 2022 is more than £200m, two-thirds of the excess is payable to landlords. Our EBITDA (adjusted) in 2020 and 2021 was a profit of £7.1m which combined with our expected 2022 EBITDA (adjusted) of between £210m and £215m (unaudited), means that we expect to make a one-off payment to landlords shortly after we publish our 2022 audited annual report and accounts. The payment will be reflected as a non-underlying charge in 2022.

Other Updates

We de-leveraged by over £100m in 2022, repaying the £40m RCF and £60m super senior term loan plus capitalised interest and termination costs. In early January 2023, supported by our strong liquidity position, we further de-leveraged and re-purchased £15.8m (nominal) floating rate bonds pursuant to a managed buy-back program, at a small discount to par, that were subsequently cancelled. We continue to keep our leverage levels and liquidity position under review.

On 27 January 2023 we completed on the previously announced regear with LXI REIT plc on 97 of the 122 Travelodge hotels which they acquired as part of the Secure Income REIT acquisition, with the remainder subject to agreement by the superior landlords. Under the terms of the regear caps and collars (4% pa and 1% pa respectively) have been inserted on the previously uncapped and uncollared RPI rent reviews and the reviews have been converted to CPI+0.5% pa, and the unexpired lease terms on the 122 Travelodge hotels have been extended by a weighted average of nine years. Further details on the terms of the regear are available within the update published on 14 December and available on the investor website (travelodge.co.uk/investors).

On 23 December 2022 Avenue Capital Group divested all of their shares in Anchor Holdings S.C.A., an indirect parent company of Thame and London Limited, to funds managed by GoldenTree Asset Management LP, the existing majority shareholder.

We have also signed the agreement for a new hotel in Madrid, which will open in the first half of 2023 and be our first new opening in Spain for ten years.

**THAME AND LONDON LIMITED
FULL YEAR TRADING UPDATE
(UNAUDITED)**

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 45,761 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 31 December 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