

**THAME AND LONDON LIMITED  
INTERIM TRADING UPDATE  
(UNAUDITED)**

**TVL FINANCE PLC**

**INTERIM TRADING UPDATE TO NOTEHOLDERS**

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

**£65,000,000 SENIOR SECURED FIXED RATE NOTES DUE 2025**

**12 February 2021**

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**CONTENTS**

Summary	3 – 4
Notes	5

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 £440,000,000 Senior Secured Floating Rate Notes 2025 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 & 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 2020 to 31 December 2020, and 1 January 2021 to 03 February 2021, which are maintained in accordance with International Financial Reporting Standards ("IFRS"). This information has not been audited or reviewed, nor have any procedures been performed by our independent auditors with respect thereto. Accordingly, you should not place undue reliance on such financial results. Our financial results are 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 the periods presented.

We continue to present certain non-IFRS information in this trading update. This information includes "EBITDAR", which represents earnings before interest, tax, depreciation and amortisation and rent, as well as non-underlying items (material non-recurring and one-off in nature). The impact of IFRS 16 is also excluded from this measure.

Certain financial information, measures and ratios related thereto in this trading update, including the financial information presented on a 'before IFRS 16' basis and EBITDAR, are not specifically defined under IFRS or any other generally accepted accounting principles.

Management believe that EBITDAR is meaningful for investors because it provides an analysis of our operating results during this period and because EBITDA (adjusted) which represents earnings before interest, tax, depreciation and amortisation, as well as non-underlying items (material non-recurring and one-off in nature), the rent free adjustment and the impact of IFRS 16, 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 year ended 31 December 2020

## **Covid-19 Impact Continues**

### **Overview – year ended 31 December 2020 (unaudited)**

- Revenue - approximately £284m, down 61% vs 2019
- EBITDA<sup>(1)</sup> loss of approximately £74m
- Cash position - £136m at 31 December 2020
- £40m equity injection received during 2020
- £65m senior secured fixed rate bonds issued December 2020
- Currently trading approximately half of our hotels, with revenue levels in line with the previous November lockdown period

### **Summary**

Covid-19 continues to have a material and unprecedented impact on the hospitality industry in general and on our business specifically.

Just over half of our hotels are now open for customers requiring accommodation as permitted under the current restrictions, mainly business customers. Trading levels are currently c. £2.5m - £3m revenue per week, broadly in line with that seen in the previous November lockdown period.

We continue to carefully manage our costs and cash, making efficient use of the government Job Retention Scheme. We continue to benefit from the business rates holiday for the first quarter of 2021 and reduced rents are payable throughout 2021 in line with the CVA.

In the third quarter trading update last year we suggested that while the total level of operating costs would fluctuate significantly depending on the number of open hotels, seasonality, the level of occupancy, the prevailing government schemes and a number of other factors, as an indication, we expected that the broad range of operating costs across 2021 would be approximately £8-12m per week. We are currently operating below the bottom end of this range.

The net result is that our cash position at 3 February 2021 was £117m.

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<sup>1</sup> EBITDA = Earnings before interest, tax, depreciation, amortisation and non-underlying items & reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability (before IFRS 16). Non-underlying items have been removed as they relate to non-recurring, one-off items

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**Liquidity Update**

As the Covid-19 situation has unfolded, the group has taken decisive action to improve its liquidity.

At the onset of Covid-19 the group fully drew its previously undrawn £40m revolving credit facility, which remains fully drawn.

The group then entered into a £60m super senior revolving credit facility in April 2020, and on 18 November 2020 the group signed a refinancing of this facility, replacing it with a new £60m super senior term loan facility, extending the maturity to 5 July 2024. The initial fees payable in connection with the term facility are deferred until after 31 December 2021, and a proportion of the interest is also payable in kind at the group's election.

The group's shareholders injected an additional £40m in equity funding, with the first £10m injected in August 2020 and the remaining £30m in December 2020.

In addition, on 14 December 2020, the group successfully priced and issued, through a private placement, £65m senior secured fixed rate notes due January 2025, at an issue price of 96%.

**Outlook**

Forecasting is clearly difficult, and leading economic commentators and hotel analysts are currently suggesting that 2021 UK hotel revenues could be adversely impacted by a broad range of 20% to 35% compared to 2019 levels.

Looking ahead, the business continues to be subject to material uncertainty and there is currently no UK government advice as to when the current travel restrictions will be lifted. However, with the vaccination programme successfully underway, we look forward to the gradual relaxation of restrictions, business and leisure confidence returning, and our market recovering over the rest of the year, with proven resilience in the past and the potential benefits from increased domestic tourism. We believe that Travelodge, with its strong brand, direct distribution model, low-cost proposition and class-leading operating margins, is well positioned to benefit from any improvement in trading conditions.

We currently anticipate issuing our full year 2020 statement, together with an update call in late March.

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**Notes**

Thame and London Limited is currently discussing the audit of its financials for the year ended 31 December 2020 with its auditors.

The group prepares numerous liquidity scenarios and has considered a number of severe but plausible downside scenarios, including the possibility that the recovery of trade takes longer than assumed. Based on these scenarios, taking account of reasonably possible changes in trading performance, Travelodge currently believes that it remains appropriate to adopt the going concern basis in preparing the consolidated financial statements. However, we are likely to continue to be subject to the impact of Covid-19 and at this stage, we are unable to predict with any certainty the extent or duration of this impact on the group.

It is therefore possible to conceive a downside scenario in which the group would not have adequate resources to continue as a going concern for the foreseeable future. This would indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. We note that this arises solely due to the Covid-19 pandemic which is entirely outside the group's influence or control.

**About Travelodge**

Founded in 1985, Travelodge is one of the UK's leading hotel brands. There were 586 Travelodge hotels and 44,549 rooms in the UK, Ireland and Spain as at 31 December 2020.

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.

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