Company Registration No. 08170768

THAME AND LONDON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

OUR PURPOSE AND CONTENTS

At Travelodge, our purpose is to help people to go and do their thing, by Being the Brilliant Base.

Being the Brilliant Base has our customers and colleagues at the heart of what we do. For our customers that means providing a well-priced, well located stay they can trust, and for our colleagues it means creating opportunities to learn more, earn more and belong. We care about the impact of our decisions and sustainability is integral to our business strategy and runs through everything that we do.

Established in 1985, Travelodge is now one of the leading platforms in the UK and is the second largest hotel brand in the UK with over 609 hotels and approximately 47,000 guest bedrooms, right across the UK as well as in Ireland and Spain.

In 2023, Thame and London Limited (the Company) was the ultimate holding company for the Travelodge Group ("the Group"). During 2024, Thame and London became an intermediate holding company and a direct subsidiary of the newly incorporated T&L Holdco Limited.

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Highlights

Total revenue

2024 £1,036.6m

(2023: £1,035.2m)

EBITDA (adjusted) [(3)]

2024 £200.7m

(2023: £243.9m)

Statutory operating profit

2024 £268.6m

(2023: £324.4.m)

Statutory profit/(loss) before tax

2024 £(6.7)m

(2023: £33.8m)

2024 Performance Headlines

- Total revenue up 0.1% to £1036.6m (2023: £1,035.2m)
- Occupancy[1] up 0.5pts to 84.2% (2023: 83.8%)
- Average room rate[1] down (2.8)% at £68.40 (2023: £70.40)
- RevPAR[1] down (2.3)% to £57.62 (2023: £58.97)
- RevPAR performance (1.5)pts below the competitive segment[2] vs 2023, reflecting very strong 2023 performance
- RevPAR performance 2.7pts ahead of the competitive segment[2] vs 2019
- EBITDA (adjusted)[3] of £200.7m, £43.2m below 2023 (2023: £243.9m) with EBITDA margin of 19.4% (2023: 23.6%)
- Statutory Operating Profit of £268.6m (2023: £324.4m)
- Statutory (Loss)/Profit before tax of £(6.7)m (2023: £33.8m)
- Cash of £227.7m at 31 December 2024 (2023: £195.7m)
- Refinancing of the Senior Secured Floating rate Euro notes completed in June 2024
- 5 new hotels opened in the UK and 6 in Spain
- Total network now 609 hotels and 47,066 rooms as at 31 December 2024
- Tripadvisor 4 star ratings 562 in 2024 (2023: 545)

1. Revenue per available room (computed as a product of the average room rate for a period multiplied by the occupancy for that period), average room rate and occupancy on a UK like-for-like basis for the management accounting period 28 December 2023 to 1 January 2025 (29 December 2022 to 3 January 2024 for the year 2023).
2. Our competitive segment is the Midscale and Economy Sector (MS&E) 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 non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment[4]. In this measure, the benefit of rent free periods agreed in the ordinary course of rent negotiation, are spread on a straight line basis until the next rent review (normally five years from initial agreement). Non underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business. The calculation for this measure is consistent with prior years. See APM glossary pages 95-104 for further details and statutory reconciliations.
4. Rent phasing adjustment = the adjustment so that the benefit of rent free periods are spread over the full remaining life of the lease. This is most closely aligned with the accounting treatment for rent pre-IFRS 16. The calculation for this measure is consistent with prior years. See APM glossary pages 95-104 for further details and statutory reconciliations.

Chief Executive's Review

Governance and the Board

On 2 January 2024, T&L Holdco Limited was formed to become the new parent company of the Travelodge Group, which was restructured as part of the planned acquisition of 66 Travelodge-branded hotels from our largest landlord, LXi REIT plc.

On 28 February 2024, a newly-formed property holding division of T&L Holdco Limited (Travelodge PropCo Group) completed the acquisition of the 66 hotels for £210m and T&L Holdco Limited also acquired Thame and London Limited, the parent company of the existing Travelodge operating entities (Travelodge OpCo Group).

Following the acquisition, the non-executive directors of Thame and London Limited were appointed to the Board of T&L Holdco Limited and the Board resolved to establish Audit, Sustainability and Remuneration Committees with delegated authority in the relevant areas. The Board committees took over the work previously carried out by the equivalent Thame and London Limited committees. however, Thame and London Limited retains a separate Audit Committee to assist the Board of Thame and London Limited in overseeing the systems of internal control and risk management, and the external financial reporting, of Travelodge OpCo Group.

Overview

The UK budget hotel market has proven resilience, benefiting from its domestic focus and value proposition as customers seek out value. Market demand in 2024 was impacted by several external factors, including fewer events, resulting in RevPAR for the UK MSE hotel segment declining slightly compared to 2023. The supply backdrop in the UK remains attractive with the continued reduction in independent hotel operators. Travelodge has identified significant growth opportunities in the UK and Spain, with development through our traditional leasehold model complemented by potential rebrands together with further freehold acquisition and development.

Travelodge delivered solid financial results in 2024, reflecting good levels of demand from our diverse range of business and leisure customers. We benefitted from our continued high occupancy levels but were impacted by softer market rates, particularly in London. Our industry-leading operating cost model and continued focus on efficiencies, helped us navigate industry wide cost pressures where possible, although we did see significant inflationary cost increases in line with the wider hospitality sector. We also continued to invest in the business to drive growth and quality, including our refit program and new brand advertising campaign, which attracted more customers to Travelodge's value proposition.

We continue to leverage technology to enhance our customer proposition, including increased levels of personalisation with a range of different room types and the option for customers to customise their stay through ancillaries, automated room checks and our first self-serve hotel trial. We also further optimised our operating model, completing a significant upgrade to our hotel management system and implementing a new workforce management system across hotels and head office. This provides greater access to information on pay and benefits on demand and improved management of work patterns.

Our refit programme, part of our most significant brand transformation to date, progressed well with c. 50% of the room estate refitted at the end of 2024. The next generation rooms, re-designed reception and upgraded bar café in our new 85 Bar Cafe design are delivering positive commercial and customer benefits. We will continue with this refit programme through 2025. Our multi-channel brand campaign "Better get a Travelodge" continued in 2024 following its launch in autumn 2023, helping to drive increased website visits, bookings and improved brand metrics.

In the year Travelodge OpCo Group acquired six freehold and long leasehold hotels in Spain, doubling our presence in the attractive Spanish budget hotel market. Towards the end of the year, Travelodge OpCo Group also completed the acquisition of a prime Central London office building near St Paul's Cathedral, which we will convert to a 95-bed hotel, subject to planning permission.

Post year end, we exchanged contracts to acquire nine additional freehold hotels in UK for an acquisition cost of £30.5m (excluding refit costs). These hotels will be acquired by Travelodge OpCo Group and will be rebranded as Travelodge during 2025.

Following our successful refinancing in 2024 Travelodge's liquidity position remains strong, and we ended the year with cash of £227.7m. Free cash flow for the year was £98.1m before development capital expenditure (including acquisitions), financing activities and non-underlying items. We will continue to review our financing arrangements and liquidity position to support business growth.

Chief Executive's Review (continued)

Whilst the current macroeconomic and political environment creates uncertainty, there are both opportunities and challenges. In quarter one, in our smallest trading quarter, we have seen market RevPAR declines vs 2024, impacted by a series of factors. The weakest performance has been in London, primarily rate driven and reflective of the market, including fewer events and weaker corporate demand. There is good regional demand, but with rate slightly below 2024 levels. Leisure demand remains robust, with several strongly performing events. Short lead demand has continued below 2024 levels in recent weeks, however, there are some encouraging indicators of future demand with good long lead event bookings and a robust events programme for 2025, as customers continue to prioritise spend on experiences, and there are positive indicators on future construction sector demand.

Travelodge continues to benefit from the strong brand and our low cost, efficient operating model, with resilient demand from our diverse mix of business and leisure guests, attracted by our value proposition. Combined with our large and diversified network of well invested hotels, and increasing freehold participation, we are well positioned for the future and excited about our growth opportunities.

Performance Overview

Market demand in 2024 was impacted by several factors including travel disruption with several planned rail and tube strikes and severe weather warnings. There were also fewer sporting events, concerts and conferences. Overall, this resulted in a weaker rate environment, particularly in London with lower rates than last year. Regional performance remained more resilient with occupancy ahead of last year and rates broadly in-line with last year. Overall, the UK budget hotel market (MSE competitive segment) continues to exceed 2019 levels and outperform other market segments.

Travelodge's UK like-for-like RevPAR for the year ended 31 December 2024 was down (2.3)% compared to 2023. This was approximately (1.5)pts below the Smith Travel Research (STR) MSE benchmark competitive segment, reflecting the impact of our refit program and strong comparables. Travelodge's UK like-for-like RevPAR was approximately 2.7pts ahead of the STR MSE benchmark compared to 2019 levels.

We delivered good growth in food & beverage revenue, with a c.7.5% UK increase compared to 2023, benefitting from improved conversion rates, supported by the upgraded proposition as part of the refit programme and menu upgrades. There were limited price increases, ensuring we maintain our value proposition.

Our Spanish business continues to perform strongly, with revenues growing by c.53%, including the impact of the new hotels acquired during the year. Like-for-like revenue growth was approximately 9%. The business maintains good levels of profitability, with EBITDA of £7.5m and strong EBITDA margins of approximately 26%.

Total revenues for the year increased by 0.1% on 2023 levels, benefitting from the growth in food & beverage and new hotels.

Our industry leading operating cost model and strong supplier relationships helped us control costs and deliver cost efficiencies. However, this only partially mitigated the impact of industry wide inflationary pressures, including significant increases in the National Living Wage, as well as the multi-year inflationary impact on our rent costs where a proportion of rent reviews are uncapped, due to the 5 yearly review cycle.

We continued to invest in the business to drive growth, quality and efficiencies. This included our multi-channel brand advertising campaign, which has positively impacted website visits and helped to drive improved brand metrics, including recognition and consideration. We also successfully upgraded our property management system, a combined additional investment of approximately £11m compared to the prior year. The prior year benefited c.£6m from favourable energy hedging at pre-energy crisis levels. Adjusting for these factors, comparable EBITDA was down year on year from £237.9m to £211.5m, impacted by the high cost inflation and the weaker room rate environment. Reported EBITDA for the year was £200.7m (2023: £243.9m).

We ended the year with a strong liquidity position, with cash of £227.7m. Free cash inflow for the year was £98.1m before development capital expenditure, financing activities and non-underlying items. This was predominantly driven by the EBITDA (adjusted) profit, partially offset by capital investment including our refit programme. Working capital inflow of £12.2m was due to a decrease in rent prepayments at year end.

We successfully completed a refinancing of the floating rate notes in June 2024, issuing new €250m Senior Secured Floating Notes due 2030, reducing the coupon by 175bps, to replace the €250m Senior Secured Floating Notes due 2028, and adding an additional £85m tap of the £330m Senior Secured Fixed Notes due 2028.

Chief Executive's Review (continued)

Recent Trading and Outlook

As we look towards 2025 the current macroeconomic environment creates uncertainty, but there are both opportunities and challenges. The UK MSE segment has proven resilience and continues to benefit from its domestic focus, business/leisure mix and value proposition as customers seek good value.

In quarter one, our smallest trading quarter (typically c. 20% of full year revenue), we have seen market RevPAR declines vs 2024, impacted by a series of factors, including severe weather warnings and planned transport strikes. The weakest performance has been in London, primarily driven by rate and reflective of the current market trading environment, including fewer events. Corporate demand has been weaker, impacted by the reduction in business conferences and reduced levels of activity in sectors such as construction. The regions have performed better with good regional demand, but rate is slightly below 2024 levels. Leisure demand has been strongest and despite a drop in consumer confidence we have seen strong demand for leisure events, such as the recent Six Nations rugby games and Crufts. Overall, total revenues in the year to date are c. (4)% below 2024 levels.

We have continued to see solid demand across our broad range of business and leisure customers, maintaining our high occupancy levels, but overall booked revenue in the short-term is slightly below 2024 levels, and short lead demand has been below 2024 levels in recent weeks. There are encouraging indicators of future demand, with good long lead event bookings as customers continue to prioritise spend on travel and experiences, and with more events currently announced for 2025 than there were in all of 2024. There are also positive indications of future construction sector business demand. Our food & beverage business is performing well with both revenues and sales per sleeper ahead of 2024 levels, benefitting from the enhanced customer proposition as part of the refit, together with menu upgrades.

The UK market supply dynamics remain favourable with limited new supply in the short-term and the reduction in independent hotel operators. We remain cautiously optimistic about the future trading environment. As a reminder each one percentage point growth in RevPAR p.a. would be expected to impact Travelodge revenues by approximately £8-9m.

Our cost base is largely fixed, and we are focused on managing continued inflationary pressures, and taking action to mitigate where possible, including further in-sourcing, leveraging technology and intelligent automation and innovation. We plan to continue to make investments in growth, quality and efficiencies. The most significant drivers of our cost base are rent, payroll costs (impacted by the National Living Wage and employer national insurance contributions) and energy.

Our single largest cost is rent. The majority of our leases contain either RPI or CPI based 5-yearly upwards only rent reviews. Approximately 35% of our leases (by value) now contain caps and collars on these rent reviews. The review pattern across all leases is spread broadly evenly over a 5-year period. We expect rent for Travelodge OpCo Group (Thame and London Limited) of between £270m and £280m in 2025, depending on the timing of new openings and inflation during 2025 (2024 c. £263m).

The National Living Wage will increase by 6.7% from April 2025, following the c. 10% increase in April 2024, increasing costs by c.£12m. In addition, the increase in employer National Insurance contributions, alongside a reduction in the threshold that employers start to pay National Insurance, is expected to increase costs by c.£9m. We estimate the combined impact of these wage cost changes to Travelodge in 2025 is c.£21m. Energy commodity costs are hedged, with 75% of Q1 2025 and 60% of summer 2025 currently hedged in line with our energy purchasing strategy, and we are not currently expecting a significant increase in energy costs in 2025.

Overall, we expect cost inflation of 5-6%, including project investments but excluding new hotels, in 2025.

Our capex investment in 2025 reflects the expected continuing strong underlying cash generation of the business. We expect to continue with a significant level of discretionary capex, including continuing the refit programme (c. £65m), investing in new hotel development and technology, as well as underlying health & safety, IT and maintenance spend. Total capex (excluding freehold hotel acquisition costs) is expected to be approximately £130m - £140m. We will continue to maintain appropriate levels of liquidity, balancing our growth ambitions with continued strong cash generation.

Looking ahead, Travelodge has exciting growth opportunities, although the challenging real estate market conditions persist, impacting the pace of UK leasehold development. We expect to open at least 15 new hotels in 2025, including five UK leasehold hotels (one rebrand and four new developments), which is lower than our typical levels of 15-20 new

Chief Executive's Review (continued)

leasehold hotels per year, reflecting ongoing market challenges. Together with the nine hotels we exchanged contracts for as freehold acquisitions post year-end to be rebranded as Travelodge.

There are increasing future growth opportunities, including potential further leasehold or freehold rebrand acquisitions in both the UK and Spain, building on our strong track record of delivery. In addition, we see opportunities for further freehold change of use and new development acquisitions, building on the series of freehold acquisitions Travelodge made in 2024.

Overall Position

With our strong brand proposition, direct distribution model, resilient business and leisure customer demand, large and diversified network of well invested hotels and efficient operating model, we are well positioned for future growth. We continue to invest in our network to drive growth, quality and efficiencies and we remain confident in the long-term prospects for budget hotels. We are excited about future growth opportunities for Travelodge.

Travelodge has made significant progress on its strategic priorities, including the customer proposition, brand campaign, revenue management and development.

We are focused on being the Brilliant Base, placing our customers and colleagues at the heart of our operations. For our customers, this means providing a well-priced, well located stay they can trust. For our colleagues, it means creating opportunities to learn more, earn more and belong. We care about the wider impact of our decisions and sustainability is integral to our business strategy and is considered through everything that we do.

Further information on strategic areas

For information on the operating model and strategic progress and financial performance for the Company please refer to the Strategic Report on page 2 in the T&L Holdco Limited 2024 accounts. The Company is now a wholly owned subsidiary of T&L Holdco Limited which is the most senior UK parent company preparing consolidated accounts for the Group. The Directors of this Company are also the only executive directors of T&L Holdco Limited and consider the strategy and risks relating to the Company within the Group framework while drawing on the advice and experience of the Group non- executive directors.

Jo Boydell
Chief Executive Officer

31 March 2025

Chief Financial Officer's Report

In my second year reporting performance for the Travelodge Group we have endured a more challenging external environment in the hospitality sector. Despite this, our results demonstrate our resilience and the strategic investment required to continue to drive the business forward. I remain confident in the long-term prospects and future opportunities available for Travelodge.

Against a difficult market backdrop, we have succeeded in maintaining the record-breaking levels of revenue reported during 2023, exceeding £1bn once again in 2024. In addition, we have maintained strong cost control and continued to make strategic investments in the business to drive growth and quality. This has allowed us to partially mitigate another year of significant cost headwinds, largely outside our control. We have suffered cost inflation of an additional c. £44m in 2024, principally as a result of above inflation increases in the National Living Wage in the UK and the impact of high UK inflation in 2022 and 2023 on our rent reviews. We remain a significant taxpayer and contributions to the UK Government in 2024 amount to £51m. Following the Budget, the externally imposed costs continue to build. The increases to employers NIC alone are predicted to add a further c£9m to our costs, with another inflationary hike in the UK National Living Wage adding a further £12m in 2025. Undoubtably the high cost of doing business in the UK constrains growth. Following 2023, a record year for profits, EBITDA (adjusted) has fallen £43.2m to £200.7m in 2024. Statutory loss before tax of £(6.7)m is a reduction of £40.5m from a profit of £33.8m in 2023.

As a result of our strong performance in 2023 and the improvement in the macroeconomic climate in the Spring, we were able to benefit from a receptive debt market. In June we issued a further £85m of Sterling Loan Notes and also refinanced the €250m notes (issued 2023), securing a reduced margin of 3.75% above 3 month EURIBOR (down from 5.5%) and extending the security until 2030.

In April 2024, we bought 5 hotels in Spain. In December 2024, we completed the acquisition of a 6th hotel linked to the same transaction, doubling the footprint of our highly profitable Spanish business. We continue to explore further strategic growth opportunities in the UK and Spain. In November, we acquired a freehold office building near St Paul's Cathedral in London, a prime location. Subject to planning permission, we plan to convert this into a 95 bed hotel. Additionally, in Spain we have exchanged contracts to operate a further 3 hotels in San Sebastian, Cadiz and Alicante which we anticipate will be completed after 2025.

To facilitate this growth, we created a new Group structure in the year. The new Travelodge Group is held by a new top company: T&L Holdco Limited. T&L Holdco Limited owns 100% of the share capital of both the new property group, "PropCo" and the existing OpCo group. "PropCo" is held separately but alongside the existing Operating Group, which continues to be held under Thame and London Limited ("OpCo"). In OpCo, two new Spanish subsidiaries (to accommodate the new Spanish acquisitions) and a new UK subsidiary (to hold the development site at St Paul's) were also formed during the year.

This report provides a summary of the consolidated financial results for the Thame and London Group, highlighting the key drivers contributing to the overall results presented in the statutory audited accounts which contain many technical terms and concepts. For further detailed commentary please refer to the accounts of our parent company, T&L Holdco Limited.

To better reflect our underlying performance to readers, we make reference to our underlying performance and we exclude non-underlying items, which are those items that are significant in nature and quantum and are not in the normal course of business. EBITDA (adjusted) is our key profit measure and we use it to track our performance internally and to report to our lenders. For a list of definitions and reconciliations to the statutory measures we are obliged to disclose, please refer to the Glossary on page 95.

Details of the various elements of the accounting statements are set out in the Notes to the accounts on pages 40 to 94.

Chief Financial Officer's Report (continued)

Group Financial Results

Group Financial Results	2024	*2023*	*Change*	
	£m	***£m***	**£m**	**%**
Revenue	1,036.6	1,035.2	1.4	0.1%
EBITDA (adjusted)	**200.7**	**243.9**	**(43.2)**	**(17.7%)**
Underlying depreciation and amortisation	*(177.8)*	*(163.8)*	*(14.0)*	*8.5%*
Loss on disposal of fixed assets	*(10.2)*	*(5.0)*	*(5.2)*	*104%*
Unrealised currency translation	*(0.3)*	*0.2*	*(0.5)*	
Rent payable	*266.6*	*254.6*	*12.0*	*4.7%*
Underlying Operating Profit	**279.0**	**329.9**	**(50.9)**	**(15.4%)**
Underlying (Loss)/Profit before Tax	**(10.2)**	**42.7**	**(52.9)**	
Non-Underlying items	3.5	(8.9)	12.4	
(Loss)/ profit before tax	**(6.7)**	**33.8**	**(40.5)**	

Revenue performance has been maintained in 2024, at £1,036.6m. New hotel revenues compensated for the comparable hotel decline observed in the market. We have seen softer market rates achieved, particularly in London, which combined with our considered decision to accelerate the refit programme has impacted our revenue performance.

We have had a positive year in regard to hotel openings. We have opened 11 in 2024 (2023: 4), including 5 in the UK. The number of hotel rooms that we operate increased by 1%. Our occupancy grew 0.5%pts to 84.2%, but our revenue growth of 0.1% was limited by competitive rates within our sector. We are a budget operator, providing a value product as a base to meet our customers' work and leisure travel needs. We continue to ensure that our rooms are priced appropriately for this operating model and deliver good value for customers. Like-for-like UK RevPAR for the year was £57.62 (2.3% lower compared to 2023).

The majority of bookings in the budget sector occur close to the date of stay. Where we have bookings well ahead of the date of stay, these are usually driven by the desire to attend scheduled events. During 2024, the mid-scale and economy hotel sector in which we operate in the UK declined by 0.8%, impacted by a number of factors including poor weather and fewer events. Our accelerated refit programme and strong comparatives driven by market outperformance in 2023 (4.4% vs 2019) resulted in a market RevPAR outperformance of 2.7pts vs 2019 and an underperformance of 1.5pts vs 2023. Our occupancy rates grew by 0.5pts over the year but rates fell by 2.8% against 2023.

We demonstrated strong cost control during the year, limiting the growth in **underlying Operating Expenses** excluding rent to £32.8m (6.1%), whilst still investing in the business to meet our customers' needs. Higher occupancy levels naturally led to increases in our variable costs such as wages, and we increased our spend on marketing. UK inflation in 2024 of 3.5% (RPI) added pressure to our cost base.

The largest single driver of increased underlying operating costs is our employee costs, which grew by 11.6% (£26.8m). The increase in the UK National Living Wage in April (c. £14m) was the main reason for the growth. We continue to invest in quality through increased cleaning time per room and there were also increased costs to clean the additional rooms sold.

Investment in our brand, our key systems and hotel quality also contributed to the cost growth (c. £11m total increase in investment across marketing and systems). The continued "Better get a Travelodge" marketing campaign has driven increased customer awareness, the cost for which was in addition to our ongoing digital marketing investment in the year. The higher spend on systems secures a robust foundation for our business by lowering the need for manual processes.

The acquired hotels in Spain resulted in an increase to our cost base. Growth was also observed across net rent payable[1], utilities and cost of sales, with inflation the key driver of the increases. Efficiencies were secured across the business to mitigate the headwinds, including preferential buying opportunities and improved other income.

Alternative performance measure defined in the Glossary from page 95.

Chief Financial Officer's Report (continued)

Funding, finance costs and income

We successfully completed a refinancing in April 2024. We replaced the €250m Senior Secured Floating Notes due 2028 by issuing new €250m Senior Secured Floating Notes due 2030, reducing the coupon by 175bps in the process. There was also a £85m tap of the £330m Senior Secured Fixed Notes due 2028, increasing those bonds to £415m. Tap refers to the economic definition, where there is an additional amount of bond financing relating to a past issue. As part of the refinancing S&P re-confirmed the Travelodge Group credit rating of B with a stable outlook and Moody's upgraded the Travelodge OpCo Group outlook to positive and re-confirmed the credit rating of B3.

We have made a commitment to keep our capital structure under review and balance utilisation of any excess cash balances between deleveraging, further investment in the business to support growth and repayment of the accrued interest on the investor loan. Following the Group restructuring, £20.4m of the accrued interest and £10.5m on the outstanding investor loan note was repaid and the investor loans were novated to T&L Holdco Limited. This supported the funding of the acquisitions in PropCo.

Cash flow

Despite the challenging trading environment and the significant additional investments in the business during 2024, we maintain a strong cash and cash equivalents of £227.7m at 31 December 2024 (2023: £195.7m), driven by strategy and loan finance.

Our cash conversion ratio in 2024 was 99% compared to 96% in 2023 and shows the strength of the Group's underlying liquidity to meet its financial obligations including meeting its debt obligations and funding investments.

Free cash flow[1] is our key internal measure for cash, representing the underlying funds generated by the business, after capital investment but before acquisition costs, to meet the financing costs of the business and create opportunity for further investment and capital reallocation. In 2024, free cash flow was £98.1m (2023: £160.4m).

Free Cash Flow[1] *(Glossary, page 95)*	**2024** **£m**	***2023*** ***£m***	***Change*** **£m**	 **%**
EBITDA (adjusted)	**200.7**	***243.9***	**(43.2)**	**(17.7%)**
Working capital (underlying)[1]	12.2	*(2.5)*	14.7	
Net cash flow from operating activities (underlying)	**212.9**	***241.4***	**(28.5)**	**(11.8%)**
Capital expenditure	(114.8)	*(81.0)*	(33.8)	41.7%
Free Cash Flow	**98.1**	***160.4***	**(62.3)**	**(38.8%)**

There was a decrease of £43.2m in EBITDA (adjusted) partly offset by a swing in the underlying working capital movement from an outflow of £2.5m to an inflow of £12.2m. This was predominantly driven by a decrease in our rent prepayments at year end, caused due to timing of payment which fell into January 2025.

Balance Sheet

The Consolidated Balance Sheet on page 38 shows the statutory disclosure of our Net Liabilities at the year end. Overall Net Liabilities of £707.9m (which reflects the capitalisation of our lease obligations under right of use assets and the associated lease liability), increased during 2024 by £3.9m with the increase in assets as a result of acquisitions and new leasehold openings offset by increased lease liabilities and the additional bond debt. The total lease liability exceeds the right of use asset due to timing differences on the unwinding of the lease asset and lease liability, and the resulting net position, when combined with the senior secured debt and investor loan, results in the overall net liability position for the Group.

The value of the Travelodge Brand remains as an Intangible Asset of £145m and came about from the acquisition of Travelodge Hotels Limited in 2012. £145m represents the fair value at acquisition based on estimated discounted future royalties receivable from the use of the Travelodge brand at that time.

We continue to invest in the business, including our accelerated refit programme, which has delivered good commercial and customer benefits. This materialised in our 2024 financial statements as broadly half of the increase in property, plant and equipment assets by £100.2m to £250.0m (2023: £149.8m).

On an IFRS 16 basis, Right of Use Assets (Note 16) increased by £16.4m. This was the result of 6 new leases and lease adjustments relating to rent reviews.

Chief Financial Officer's Report (continued)

Net Debt (Note 22)

The increase in the debt due to the refinancing was partially offset by a higher level of cash in the bank, resulting in an increase in net external debt to £399.2m (2023 £346.8m). We made payments relating to investor loans totalling £30.9m (2023: £75m) during the period with £10.5m relating to principal and £20.4m relating to accrued interest. In February 2024, the Investor Loans were novated to T&L Holdco Limited.

Prior to lease liabilities, net debt had increased by £40.4m. As our lease liabilities increased by £93.5m, the net debt including leases, as reported in Note 22, at the end of 2024 was £133.9m more than 2023.

Pre-IFRS 16, operating leases would have been excluded from the balance sheet and only Finance Lease liabilities would have been included in the net debt calculation (being £14.8m at 31 December 2024 and £14.7m at 31 December 2023). This would have resulted in a Net Debt total of £554.3m (£513.7m 2023).

Net Debt Cover to EBITDA on pre IFRS 16 basis was 2.1 (2.1 in 2023).

Covenant Compliance

Under the 2023 RCF, the Group's covenant requirements (which apply if drawings under the RCF are £32m or more) are tested at the end of March, June, September and December to ensure that the leverage ratio (Net leverage to EBITDA) does not exceed 5.5:1. The RCF was not drawn during the year and the Group successfully operated within the parameters established by its lenders.

Changes to Group Structure

In January 2024, LXi REIT plc announced that it had exchanged contracts unconditionally on the sale of 66 Travelodge branded hotels to the Travelodge Group for £210 million. The transaction completed on 28 February 2024, with the assets now under the ownership of the PropCo group. As noted above, T&L Holdco Limited was established as the new parent company with the new property structure as well as the operating entities (under Thame and London Limited) as wholly owned subsidiaries. The PropCo Group leases the acquired hotels to Travelodge Hotels Limited under the same market lease terms as previously agreed with LXi REIT plc.

The transaction marked a positive step for the Travelodge Group to strengthen its hotel portfolio and to directly own a large volume of sites.

Going concern

In assessing the appropriateness of the going concern assumption, the Board has considered the possible cash requirements of the Group and Company to the end of 2026, taking into account current economic and political pressures, the range of trading outcomes and mitigating actions which could be taken. Further details are set out in Note 2.

Based on the above, the Directors believe that it remains appropriate to adopt the going concern basis in preparing the consolidated financial statements. In reaching this conclusion, the Directors noted the Group's strong trading and cash performance in the year, the substantial funding available to the Group and the range of severe but plausible downside scenarios.

Aidan Connolly
Chief Financial Officer

31 March 2025

Non-Financial and Sustainability Information

The Group supports the Non-Financial and Sustainability Information Statement (NFSIS) framework and has made disclosures within our parent company T&L Holdco Limited's Annual Report on page 21 consistent with sections 414CA and 414CB of the Companies Act 2006. The Company is now a wholly owned subsidiary of T&L Holdco Limited which is the most senior UK parent company preparing consolidated accounts for the Group.

Any NFSIS related information on strategy, governance, risks and opportunities, and the mitigations of these risks can be found in our parent company T&L Holdco Limited's Annual Report on page 21.

Greenhouse Gas Emissions information for the Group can be found in our parent company T&L Holdco Limited's Annual Report on page 32

Section 172 statement

This section 172 Statement aims to help shareholders better understand how directors have discharged their duty to promote the success of the Company for the benefit of its members, having considered the interests of various stakeholders and the broader matters set out in section 172(1)(a) to (f) of the Companies Act 2006:

a. the likely consequences of any decision in the long term,

b. the interests of the Company's employees,

c. the need to foster the Company's business relationships with suppliers, customers, and others,

d. the impact of the Company's operations on the community and the environment,

e. the desirability of the Company maintaining a reputation for high standards of business conduct, and

f. the need to act fairly between members of the Company.

The Wates Corporate Governance Principles for Large Private Companies provides a framework for the Group to demonstrate how the Board make decisions, aligned with the strategy, for the long-term success of the company and its stakeholders, as well as having regard to how the Board ensure the Company complies with its requirements of this Section 172 statement. The Group adopted the Wates Principles during 2019. Our reporting against the Wates Principles has been included on pages 54 in the 2024 T&L Holdco Limited accounts and should be read in conjunction with the information on stakeholder engagement and key decisions discussed within this report.

Stakeholder engagement and consideration

Accountability and transparency with stakeholders is key to the long term success of the Group. We consider our key stakeholders to be customers, team members, shareholders and investors, landlords and other creditors including key operational suppliers, local authorities, and communities.

Further details of how we have engaged with these groups is given within the sustainability section of this report, however some examples of how the Board ensures that stakeholders are considered during Board meetings and for decisions are as follows:

- monthly reporting to the Board as part of the CFO update with a range of KPIs including customer and colleague metrics. The monthly CEO update includes any interaction with lenders, team members, landlords and regulators and presents any required decisions for review, and regular updates from across the organisation to help it understand the impact of decisions on all the key stakeholders;
- regular meetings with the Company's shareholders;
- quarterly briefings to the Group's bondholders, regular meetings with lenders;
- six monthly business update calls with landlords, developers and key contacts from the property industry and regular newsletters;
- 6-monthly updates to the Sustainability Committee to track progress against the Group's 'Better Future-Sustainability' plan and
- presentation of the feedback from the annual Your Voice colleague survey for review, twice yearly "Shadow Board" meetings with a cross section of 12 employees representing all areas of the business

Read more about our stakeholder engagement in the Corporate Governance section on page 58 of the 2024 T&L Holdco Limited accounts.

Principal decisions

We outline below examples of how the directors of the Company have had regard to the matters set out in section 172(1)(a) to (f) in their decision making during 2024, including consideration of employees and other stakeholders.

Brand Advertising campaign

2024 saw the continuation of the Group's accelerated refit programme, upgrading our estate to next generation rooms, with 50% of our rooms refitted by the end of the year. As part of the continued investment in the business to drive growth and quality, the Board decided to embark on a multi-channel advertising campaign with the slogan "Better Get a Travelodge", to promote the transformation and build brand recognition and consideration. The campaign covered TV, cinema, radio, outdoor and digital channels.

In taking these decisions the Board considered in particular the matters set out in s. 172(1)(a) to (e).

Spanish acquisition

In April 2024,Travelodge agreed the acquisition of six hotels (773 rooms) from Louvre Hotels Group for a total acquisition cost of c. £40m. The hotels, consisting of five freehold properties and one long leasehold, were acquired by Spanish subsidiaries held within the Travelodge OpCo Group and are located in Alicante, Barcelona, Madrid, Malaga and Murcia. As part of the Group's investment in growth and quality, and its Spanish development strategy, the Board considered that the acquisition would build on Travelodge's existing strongly performing six hotel Spanish business, doubling its presence in the Spanish market and provide the base to build our brand even further.

In taking these decisions the Board considered in particular the matters set out in s. 172(1)(a) to (e).

Section 172 (continued)

<u>Long-term refinancing of Group debt</u>

In June, we successfully completed a long-term refinancing of the Group's Euro debt. The refinancing comprised the issuance of €250 million in aggregate principal amount of Senior Secured Floating Rate Notes due 2030 (the "EUR Notes"), reducing the coupon by 175bps, to replace the €250m Senior Secured Floating Notes due 2028, and adding an additional £85m tap of the £330m Senior Secured Fixed Notes due 2028.

Having reviewed a number of different scenarios and the impact they might have on the Group's financial position, the Board concluded that it would most likely promote the success of the Company in the long term for the benefit of its members as a whole, to refinance the existing Euro Notes, reducing the interest rate and extending the term, as well as raising additional funds.

It was concluded that refinancing the Group's existing Euro notes due to be repaid in 2028 and securing the additional £85m funding would alleviate any uncertainty caused by macroeconomic conditions, strengthen the Group's liquidity position and allow the Group to continue to invest in the business, including our accelerated refit programme, delivering strong commercial and customer benefit. As part of the refinancing S&P re-confirmed the T&L Holdco Group credit rating of B with a stable outlook and Moody's upgraded the Travelodge OpCo Group outlook to positive and reconfirmed the credit rating of B3.

In taking these decisions the Board considered the matters set out in s. 172(1)(a) to (f).

Principal Risks and Uncertainties

The Directors have assessed the principal risks facing the Company, including those that would threaten its brand and reputation, the delivery of its strategy, or its physical assets, people, or systems. During 2024, this also included considering any new risks or changes to existing risks following the acquisition of a number of hotels where we already trade from.

This is carried out under a risk management framework, which includes internal controls to protect our business as far as reasonably possible against known and emerging risks and a periodic review of those controls to reduce the risk of failing to achieve our business objectives.

Additional risks and uncertainties not presently known to management or deemed less material may also adversely affect the business. The exposure to each risk will evolve as we take mitigating actions or new risks emerge. The risks set out below summarise the position at the date of the annual report.

Risks are grouped according to their overriding theme and are described along with the movement in net risk during the year.

We consider risk in three ways:

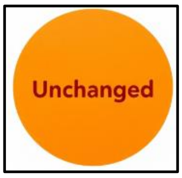
- Inherent risk - the risk level without any mitigations or controls put into place by Travelodge
- Current risk - the risk level after Travelodge’s current mitigations and controls are in place and
- Planned risk - the risk level Travelodge seeks to achieve with further planned activity.

Within each principal risk noted below, we note the direction of travel of each inherent risk alongside the description of the inherent risk, our key mitigations and any progress achieved during 2024.

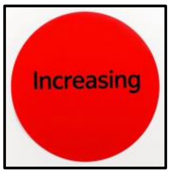
We have removed the key risk of liquidity presented in last year's report. This risk was previously disclosed because we operate a financially geared leasehold model with high fixed costs (including rent) funded mainly by publicly traded bonds. A lack of appropriate levels of covenant headroom, cash resources, or inadequate cost controls could impact our financial performance. This principal risk has been removed following the continued positive economic performance, although it should be noted that other principal risks, should they crystalise, could separately stress our liquidity. For further details, please see the Strategic Report's Outlook and Going Concern sections.

Financial risk management is also presented within note 22.

Principal Risks & Uncertainties (continued)

Principal Risk	Risk Description	Key Mitigations in Place	Progress in 2024
Health, Safety, Security Change of inherent risk compared to 2023: 	Our customers' and colleagues' safety and security are paramount to operating our business. Our activities have the potential to cause serious injury to our customers and colleagues, to damage property or the environment, to have a negative impact on the wellbeing of people or to harm our reputation. Key areas remain the risks we face from fires within our hotels and the personal safety of our Customers and Colleagues. The inherent risks associated with our operational activities have not changed throughout 2024, and this is reinforced by the number of incidents that are broadly in line with 2023, including both fire and confrontational incidents. Our audit pass rate evidences that we are implementing controls we have developed to minimise and mitigate these risks.	We are focused on demonstrating the highest standards of Health & Safety management. The Safety, Security and Risk ("SSR") committee meets at least 11 times yearly and acts as the senior leadership group responsible for Safety, Security and Risk. Various members of our Operating Board chaired this committee in several parts. The results of this committee are reported monthly to our Operating Board, with a summary to our Main Board. We regularly train our team members in various topics and share and develop best practices internally through our Area-based Safety Champions. Key H&S training (fire safety, personal safety and safeguarding) is actively monitored centrally and reported monthly to both the SSR committee and the Operating Board and action is taken if the completion rate ever drops below 95%. We maintain relationships with primary authority partnerships for Fire and Health and Safety. We use an independent third party to conduct unannounced safety audits at all our hotels. Each hotel typically receives at least two reviews per year or more based on its risk profile. Our personal safety devices support and protect our colleagues who work alone, particularly overnight, providing extended coverage across our hotels. We have dedicated Incident Management procedures to react to serious events within our business, which are tested yearly. We actively monitor our audit, enforcement, accident, and incident data, ensuring that all information is analysed and improvements are made where possible.	Our health and safety record has been consistently good, and we have maintained a strong track record that aligns with our commitment to robust health and safety management. In 2024, we maintained strong health and safety audit results with a pass rate over 95% something we achieved for seven years in succession. We also had over 250 enforcement contacts and visits, the majority of which were from fire officers, but also included food hygiene inspections, environmental health officers, licensing inspectors and other enforcing agencies, none of which found any issues of concern that required action to be taken. During 2024 we increased the number of hotel colleagues provided with basic training in first aid from circa 1,000 to over 3,500 to ensure that there is always at least 1 person on duty at all times that has been provided with our basic first aid training. The monitoring of the completion of key H&S training has been consistently maintained at above 95%. We continue to make progress in developing our Business Continuity Management System ("BCMS") and undertook a full mock test of a cyber ransomware attack. With our platform,' Better Me, ' we continued to develop tools to support our colleagues' well-being. The sustainability section of this report provides further details. We have commenced the role out of the first phase of our Fire Digitisation system, which is due to be completed in 2025. This will provide greater central oversight of fire compliance and further improve fire safety standards.

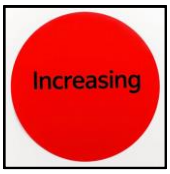
Principal Risks & Uncertainties (continued)

Principal Risk	Risk Description	Key Mitigations in Place	Progress in 2024
Regulatory Change of inherent risk compared to 2023: 	We expect to comply with all laws and regulations, whether pre-existing or upcoming. New or changes to existing regulations can impact Travelodge's business model and require us to change our working methods, which incurs additional costs. We also risk being found non-compliant with regulations. Financial penalties or enforced closures of our hotels could be imposed for breaches of health and safety or data protection legislation, which are good examples of this. Due to the number of hotels we operate and the volume of customers who stay with us, we may be exposed to isolated incidents that fall below our expected standards and may expose us to prosecution. During 2024, we consider inherent regulatory risk to have increased, given the volume of regulation impacting us that has been announced. Across the United Kingdom, the introduction of visitor levies by councils in the UK and nationally across Wales and Scotland will increase our cost base if not passed on to our customers and increase complexity and business change to prepare for any pass-on mechanics. We also note Sustainability-related reporting regulations coming into force alongside other regulations such as the deposit and return bottle scheme in England and Northern Island announced at the start of 2025.	We monitor new and emerging risks through our Safety, Security and Risk Committee, including regulatory changes. This group ensures we know the possible impacts and any required business changes to remain compliant. All risks within our business, including each regulatory risk, are owned by one of our Operating Board members and reviewed at least quarterly for material change. We also maintain relevant insurance cover to an appropriate level where required under regulation or where considered appropriate to mitigate a specific risk.	During 2024, the Safety, Security and Risk Committee considered several areas of developing regulation which could impact us. This included maintaining a dedicated group to review changing fire legislation following the aftermath of the Grenfell tragedy. We continue to monitor the progress and development of the proposed Terrorism Protection of Premises legislation (also known as Martyn's Law). We also considered the emergence of the Retained EU Law (Revocation and Reform) Bill, which retained the majority of existing EU law. A working group was established to effectively manage the upcoming impact of visitor levies, including our ability to effectively communicate with each levy operator, to prepare our systems and processes to manage each levy effectively, and to build relationships with our segment and sector groups such as UK Hospitality. We also note that draft regulations published in July 2023 would have added specific additional corporate and company reporting requirements to the large UK-listed and private companies such as Travelodge, including an annual resilience statement, distributable profits figure, material fraud statement and triennial audit and assurance policy statement have also been withdrawn.

Principal Risks & Uncertainties (continued)

Principal Risk	Risk Description	Key Mitigations in Place	Progress in 2024
Recruitment and retention Change of inherent risk compared to 2023: Unchanged	We employ approximately 13,000 people, with around 85% of colleagues being team members earning the national living wage, assistant hotel managers, and hotel managers. Our most significant risk is failure to attract and retain employees, particularly in relation to housekeeping team members in London and the South East, which is caused by labour supply changes and lower levels of EU starters. As a result, and our roles becoming less attractive to the younger generations, competition for employees remains significant in our markets.	Our hotels operate on minimum manning levels, subject to their risk and complexity. We continue to seek ways of reducing headcount through strategic productivity activity, including the contactless hotel model and our workaround commitment to contractual hours for our existing workforce. Through our annual Your Voice survey, we continue to analyse the key reasons that colleagues leave and the key drivers that lead to colleagues recommending Travelodge as a great place to work. We know from our 2024 survey that a sense of belonging, well-being and career development are key drivers of eNPS. So we continue to focus on our Learn More, Earn More and Belong strategy to deliver initiatives to support this. These include evolving our Belong campaigns to include more colleagues with a focus on emotional, physical, financial and work well-being, internal team succession for all hotel roles via Aspire, using variable pay schemes to increase average earnings and increasing the number of colleagues who can complete one or more of the Aspire levels. We continue to commit to increasing the number of contractual hours for our colleagues as we know colleagues who have higher contractual hours (24 or more) are more likely to stay with us, as well as setting clear targets for stability (hourly paid colleagues who have been in employment for 6 months or more). We will also continue focusing on creating more part-time opportunities for hotel management roles to support the need for more flexible working patterns.	In 2024, we achieved over 80% stability for the first time, ending the year at 82.9%, and labour turnover decreased to 54% from 76% in 2023. Our overall Glassdoor rating was 3.69. Average contractual hours per colleague remained at 18 hours in 2024, with 28.9% of colleagues having contractual hours of 24 or more. Our Your Voice response rate was the highest ever at 80% vs 70% in 2023, and our wellbeing & career development scores showed year-on-year progress. During 2024, we expanded the opportunities to learn more with 1,069 colleagues completing one of 5 Aspire levels, from just under 200 in 2023, and 800 learning opportunities were completed by Sleepy Hollow colleagues, including bitesize sessions, Limitless and coaching. 6,375 colleagues benefitted from our Earn More schemes during 2024, with the average hourly pay increase being 10.7%, which equates to an additional £0.12 per hour for those colleagues. At the end of 2024, we had 47 part-time hotel/assistant hotel managers in the role, and 66% of our hotel management team were internal appointments. In 2025, we expect to introduce auto-scheduling and shift locator, which will improve efficiency for our hotel managers to complete rotas that incorporate the needs of their team members and allow team members to search and accept additional shifts in their home hotel or other hotels in their geographical area.

Principal Risks & Uncertainties (continued)

Principal Risk	Risk Description	Key Mitigations in Place	Progress in 2024
Price competition and market trends Change of inherent risk compared to 2023: 	Our competitors could adjust their room rates, adversely impacting demand for our rooms. Whilst we cannot control our competitors' pricing, we face a risk that our ability to react to these price changes is sub-optimal and adversely impacts our revenue. Macro factors in 2024 impacted demand from several market segments. Even though these are not direct customer groups for us, competitors reduced rates to replace this business. In some other areas, demand and market rates increased.	We operate a fully centralised, best-in-class revenue management team and system, which allows us to forecast our prices versus our competitors accurately and frequently and, therefore, price confidently. We regularly benchmark our results to Smith Travel Research, an industry benchmark data set.	We have a continuous improvement programme in both digital and revenue management innovations. In 2024 we invested in enhancements to our RM strategy, including: room type premiums, rate type premiums, on the day rates, groups pricing and room display hierarchy. This work is integrated into our digital and sales channel strategy. Our corporate sales team has a continuous programme to sign up more small and medium entities alongside improvements to the corporate member's website. We performed strongly compared to our competitors, who performed well within our comparable market set. Our key competitors increased their investments, including increases in their Global Distribution Systems, commissions and acquisition costs.

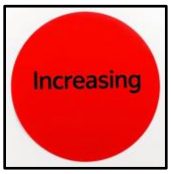
Principal Risks & Uncertainties (continued)

Principal Risk	Risk Description	Key Mitigations in Place	Progress in 2024
Cyber and data Change of inherent risk compared to 2023: Unchanged	While our data and systems contain the expected controls to protect us from cybercrime, they are nevertheless exposed to external threats such as hackers, malware or viruses. These could lead to data breaches or disruption to our business operations. A significant and successful cyber attack could threaten our liquidity. As part of our due diligence we have assessed, with the assistance of our Cyber Trusted Partner, which threat actors are the most likely to attempt to compromise our data or systems and have aligned our security programme to address those risks. We run business systems that are internet-based. These may attract the attention of threat actors who may wish to steal data or deny access to these systems. We may also be exposed to collateral damage if a key supplier or national infrastructure is compromised, resulting in a loss or reduced service from that supplier. Globally, cyber incidents have grown over the last years, and this may impact our ability to secure cyber insurance at a reasonable cost, or even at all.	We manage information in compliance with relevant compliance and legal regulations, including the Data Protection Act (2018). We review general data security regularly and invest in proportionate and appropriate resources, systems and processes to ensure the security of our systems, our Customers, our card data, and our compliance with the regulatory requirements of both PCI DSS and data protection regulations. We operate an ongoing information and cyber security programme that continually assesses our systems, controls, processes and cyber security awareness training against industry best practices, the NIST 2.0 framework, and evolving threats. We invest in making the necessary changes and improvements to strengthen our cyber security provisions in the light of emerging threats and changes in the underlying technical infrastructure.	We continued our business-wide phishing training testing out-performing the KPI and colleagues completed two rounds of cyber awareness training. In 2024, our cyber maturity continued to improve, and we hit a key NIST maturity milestone in the summer alongside migrating to version 2.0 of the framework. We have now set ourselves a stretch target for 2025. We are externally assessed by cybersecurity experts annually against this framework alongside the annual PCI DSS audit. In 2024 we were audited against version 4.0 of the PCI controls which was mandatory from March 2024. The results of these audits inform our ongoing investment and actions to improve our security posture continually. We have an Incident Response and Recovery partner on retainer to provide expertise and support if a cyber incident should occur. We also developed our business incident management procedures, undertaking an incident management test of a simulated cyber event. We have proportionate technical protection in place for the type of threat actor likely to target our business.

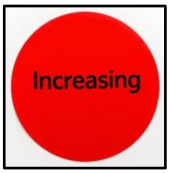
Principal Risks & Uncertainties (continued)

Principal Risk	Risk Description	Key Mitigations in Place	Progress in 2024
Loss of supplier or supplier business-critical IT system Change of inherent risk compared to 2023: 	Travelodge relies on third parties for services and, as such, is exposed to business interruption risks or going concern risks, which could impact our ability to trade. This risk could also crystallise through material business change projects that affect our suppliers or related business-critical IT systems. During 2024, we commenced a program to upgrade and transition our Property Management System to a new cloud-based system. This is now materially completed. We have also started a new program to review and consider replacing and upgrading our Food & Beverage system. This risk has been heightened during 2024 as we review a replacement and upgrade to our Food and Beverage system. This is a key business system; interruption for extended periods could have a material impact on our business.	We maintain regular communications and performance management processes with existing key suppliers and review their business continuity and disaster recovery plans. Where appropriate, we ensure contingency supply options are available if required. Risk assessments are performed by our Procurement, Legal and Risk teams in conjunction with other compliance functions during key supplier sourcing events including incumbent reviews or where we have material changes to scope with existing suppliers. This includes but is not limited to descriptions of processing, privacy impact assessment, business continuity provisions, Security technical controls, financial due diligence, service level agreements and audit rights within Supplier contracts, which are proportionate to the presented by the supplier. We will place appropriate governance, risk mitigation, and programme assurance on the change where required in line with that risk profile.	We continued to monitor, review and performance manage our key suppliers during 2024. Efforts to maintain the optimum balance of supplier diversification and contingency/substitution planning with critical services and products were key this year in areas such as linen, food and beverages and various suppliers supporting our hotel refit program. Introducing our new supply chain sustainability risk partner in 2025 alongside the introduction of our new Head of Supplier Relationship Management will bolster our strategic sourcing reviews by adding enhanced supplier risk identification and monitoring capabilities, further enhancing our supply chain resilience. We have implemented the necessary governance arrangements to mitigate any risks. We also have established a dedicated implementation team, including seconded members of Travelodge, to work with any external implementation partner.

Principal Risks & Uncertainties (continued)

Principal Risk	Risk Description	Key Mitigations in Place	Progress in 2024
Macroeconomic Change of inherent risk compared to 2023: 	The broader economy, mainly in the UK, where we trade most of our hotels, but also in Spain, may suffer from adverse events that indirectly reduce the demand for our rooms or food and beverage offerings or increase our cost base. This could, in extreme, threaten our liquidity. During 2024, we consider inherent macroeconomic risk to have increased. There is continuing tension across parts of the world, particularly in the Middle East, alongside the ongoing conflict in Ukraine, contributing to energy cost risk. There is also possible uncertainty due to political change with a new Labour government in the UK and a new Republican government in the United States of America from January 2025. These factors can contribute to volatility in cost inflation and supply chain continuity risk. The economy is still adjusting to moving away from an extended period of very low interest rates. Which initially drove a cost of living crisis. Whilst in 2024, inflation and interest rates recovered from peak levels, there remains a risk for future economic stability, and demand still has the potential to be reduced, which could be at least partly offset by consumers choosing to trade down to lower-cost operators. Energy and linen are our two largest supplier spending areas (excluding rents and rates). Both markets faced unprecedented inflationary pressures coming into 2024.	We currently have a strong balance sheet with substantial liquidity. We continue to seek to drive efficiencies into our business; these include using flexible energy contracts that allow electricity and gas prices to be bought and sold throughout the contract term. We review our financial projections for the foreseeable future, particularly the occupancy and rate forecasts, which have been stress-tested with plausible but pessimistic changes to those assumptions, including macroeconomic shocks. This allows us to react to macroeconomic or other modifications and maximise financial returns. We continue to focus on our high-value, high-risk supplier contracts, prioritise sourcing efforts based on emerging risks, and identify opportunities to leverage market conditions to drive material incremental supply chain value, maintain supply stability, and reduce costs.	During 2024, we acquired 66 Travelodge-branded hotels during 2024, deleveraging our rental costs. We remain contracted to our key linen supplier until 2026. Due to energy and labour being the single highest cost contributors, costs are negotiated more frequently to ensure accurate cost budgeting and that final costs are truly market-reflective. We renewed our energy contracts in 2023, which allows us to hedge until April 2026. We have agreed on a hedging framework, which we adhere to and are currently 75% hedged throughout 2025 and 55% of quarter 1 in 2026. We are commencing full market reviews of both of these areas in 2025. Significant work also took place to minimise short-term inflationary impacts on key contracts by using extended contract terms as a lever, providing us and our strategic partners with mutual longer-term contractual stability and security.

Principal Risks & Uncertainties (continued)

Principal Risk	Risk Description	Key Mitigations in Place	Progress in 2024
Sustainability and Climate Change Change of inherent risk compared to 2023:  	Sustainability is core to our business strategy. Sustainability, including climate change, biodiversity depletion, and environmental pollution present businesses with financial, operational, and reputational risks. Regulatory action and reporting requirements to manage climate change could result in additional taxes or restrictions being imposed. The risk to the business has increased over the last few years, mainly due to the risk of non-compliance to several growing reporting and regulatory requirements, including the introduction of the Non-Financial and Sustainability Information Statement (NFSIS) in 2023, the Corporate Sustainability Reporting Directive (CSRD) which could impact our operations in Spain and the announcement of IFRS S1 and S2 which are expected to be enacted into UK law during 2025. In addition we may also be required to implement new business change to meet the requirements of new sustainability related laws, such as the announced deposit return scheme for drinks containers in England and Northern Ireland, which has already been implemented in Wales and announced in Scotland.	We prepared our first sustainability strategy in 2021 and issued our first report on this matter, "Better Future" which laid out the material sustainability topics that mattered to us, and the goals and KPIs we had set ourselves to advance our sustainability agenda. Our Better Future report is issued annually and provides an update on our progress. The most recent version can be found here. Since 2021 we have created a formal Sustainability Committee of the Group, chaired by a non-executive director, to oversee our sustainability strategy including the Group's plans on environment and climate change. We also have a dedicated sustainability team to support and challenge the wider business on sustainability matters and ensure we remain compliant with reporting matters. We monitor our sustainability agenda and associated risks and opportunities through steering groups covering these three pillars, chaired by various Operating Board members, which meet quarterly. These group also acts the as the focus for business change, ensuring we can react to changing legislation to mitigate risk or maximise opportunity.	During 2024 the key area of progress to undertake a double-materiality assessment, refreshing our original assessment conducted in 2021. This work will set our priorities for the future, refreshing those already in place for changes in stakeholder views, laws and the changing sustainability landscape. We have also prepared our second set of Taskforce on Climate-Related Disclosures and further reporting on sustainability which can be found within the 2024 financial statements for T&L Holdco Limited.

Approved by the Board of Directors and signed on their behalf by:

Jo Boydell
Chief Executive Officer

31 March 2025

Corporate Governance Framework

On 28 February 2024, T&L Holdco Limited completed the acquisition of the Company and its existing Travelodge operating entities (Travelodge OpCo Group), becoming the UK parent company of the expanded Travelodge Group. Under the new corporate governance framework put in place following the acquisition:

● the Board of Directors of the Company remains the main governance body of the Travelodge OpCo Group and retains a separate Audit Committee to assist the Board in overseeing the systems of internal control and risk management, and the external financial reporting, of Travelodge OpCo Group and

● the Safety, Security & Risk Committee (SSR), which is the Travelodge Group's senior management risk committee, remains responsible for overseeing the Group's risk management framework and processes at Group level, and reports separately to the Audit Committee of Thame and London Limited on matters relevant to the Travelodge OpCo Group.

Authority for decision-making is formally delegated by the Board and flows through the Travelodge OpCo Group to ensure an appropriate and consistent approach.

Further details of Travelodge's corporate governance arrangements can be found in the 2024 account of T&L Holdco Limited on page 53.

Directors' Report

The Directors present the Directors' Report for the audited consolidated financial statements for Thame and London Limited for the year ended 31 December 2024.

Directors
The directors of the company who were in office during the year and up to the date of signing the financial statements are set out on page 26.

Results
Results for the Group are for the full year ended 31 December 2024, with comparatives for the full year ended 31 December 2023.

For 2024, the Group made EBITDA (adjusted)(1) Profit of £200.7m (2023: £243.9m), Operating Profit of £268.6m (2023: £324.4m) and a Loss Before Tax of £6.7m (2023: Profit of £33.8m).

Ownership
The Company is a wholly owned subsidiary of T&L Holdco Limited which acquired all the company's share capital in February 2024 from Anchor Holdings SCA. T&L Holdco Limited was incorporated in 2024 and is now the holding company for the group. In 2023, the Company was the ultimate parent company producing UK consolidated accounts for the Travelodge group.

At 31 December 2024, the Directors regarded Anchor Holdings SCA Luxembourg as the ultimate controlling party of the Group.

Currently, the Company is ultimately majority-owned indirectly by funds managed by GoldenTree Asset Management LP. A minority stake is held by certain senior managers under the Management Incentive Plan.

GoldenTree Asset Management LP is a global asset management firm that specialises in opportunities across the credit universe in sectors such as high yield bonds, leveraged loans, distressed debt, structured products, emerging markets, private equity and credit-themed equities. The firm was founded in 2000 with offices in New York, West Palm Beach, London, Singapore, Sydney, Tokyo, Dubai and Dublin, and has approximately $53 billion in assets under management.

Statement of Corporate Governance Arrangements
This is disclosed per The Wates Corporate Governance Principles for Large Private Companies under the Companies (Miscellaneous Reporting) Regulations 2018 and Corporate Governance reporting at Group level in the 2024 accounts of T&L Holdco Limited on page 53.

Following the acquisition by T&L Holdco Limited of all the company's share capital in February 2024, the non-executive Directors of Thame and London Limited were appointed to the Board of the T&L Holdco Limited. The new Board committees took over the work previously carried out by the equivalent Thame and London Limited committees. However, Thame and London Limited retains a separate Audit Committee to assist its Board in overseeing the systems of internal control, risk management and external financial reporting of Travelodge OpCo Group. There were no additional matters discussed in the Thame and London Limited Audit Committee over and above those that are reported within the Audit Committee report in the 2024 accounts of T&L Holdco Limited, on pages 59 to 62.

Statement with respect to Employee Engagement
"Stakeholder Engagement" and Principle 6 of the adopted Wates principles on corporate governance can be viewed within the 2024 accounts of T&L Holdco Limited on page 58 and within the Section 172 Statement of these accounts.

Statement with respect to Business Relationships
The strategic report discusses the Company's approach toward individual stakeholders and further clarity provided as part of the section entitled "Stakeholder Engagement" within the 2024 accounts of T&L Holdco Limited on page 58 and within the Section 172 Statement of these accounts.

(1) EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment. In this measure, the benefit of rent free periods agreed in the ordinary course of rent negotiation, are spread on a straight line basis until the next rent review (normally five years from initial agreement). Non underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business. The calculation for this measure is consistent with prior years. See APM glossary pages 95-104 for further details and statutory reconciliations

Directors' Report (continued)

Statement with respect to Emissions and Energy Consumption
We have completed the mandatory reporting requirements for all emission sources. These sources fall within our organisational boundary, based on an operational control approach in accordance with the GHG Protocol. This reporting is as required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Environmental Reporting Guidelines, including the Streamlined Energy and Carbon Reporting (SECR) requirements (March 2019).
Our total energy consumption for 2024 was 217.7 GWh (2023: 223.1 GWh) with an intensity of 16.0 (2023: 16.7) kWh consumed per room sold.
Our total mandatory carbon emissions reporting for 2024 was 43,665 tonnes (2023: 44,685 tonnes) of carbon dioxide and equivalent gases (CO2e), with an intensity of 3.2 (2023: 3.4) tCO2e per 1,000 rooms sold.

The strategic report presents further information with regard to non-financial and sustainability information on pages 21-33 within the 2024 accounts of T&L Holdco Limited.

Currency
The majority of the Group's revenue is earned in sterling. The majority of the Group's costs are paid in sterling.

Directors' and officers' insurance and indemnities
The Company maintains directors' and officers' liability insurance which provides appropriate cover for legal action brought against its directors and officers. The Company has also granted indemnities to each of its directors to the extent permitted by law. The indemnities, which constitute qualifying third-party indemnity provisions as defined by section 234 of the Companies Act 2006, were in force during 2024, are in place at the date the financial statements are approved and will remain in force for all current Directors.

Employees
Travelodge has policies for resourcing, and equality and diversity which clearly sets out our commitment to equal opportunities. Our resourcing policy draws attention to making reasonable adjustments for those with potential disabilities, and the equality & diversity policy highlights the rights of disabled colleagues. In accordance with our equality statement and the Equality Act 2010, we consider reasonable adjustments during our recruitment process to support inclusion of candidates who may have disabilities. We are committed to ensuring that the abilities of everyone at Travelodge are recognised and valued at all levels of the organisation, including anyone working with a disability.

Going concern
The strategic report discusses the Group's assessment of the appropriateness of the going concern assumption on page 10.

Future developments
Commentary in respect of likely future developments in the business has been included in the Outlook section of the Chief Executive Officer's report on page 3 and in the assessment of the going concern assumption on pages 40-41.

Taxation
The Underlying current tax expense for 2024 of £9.2m (2023: tax credit £7.9m) breaks down between a current tax charge of £2.2m (2023: tax charge £2.3m) and a deferred tax charge of £7.0m (2023: tax credit £10.2m).

There was a non-underlying tax charge of £1.2m for 2024 (2023: £1.7m credit) in respect of the taxable items within the non-underlying credit in the year.

Dividend
The Directors do not recommend the payment of a dividend.

Independent Auditors
The auditors, PricewaterhouseCoopers LLP (see page 28 for details), have indicated their willingness to continue in office.

Approved by the Board of Directors and signed on behalf of the Board

Jo Boydell
Chief Executive Officer

31 March 2025

Officers and Professional Advisors

DIRECTORS

Martin Robinson, Chairman
Jo Boydell
Aidan Connolly
Stephen Shurrock
Helen Normoyle
Rachel Kentleton

COMPANY SECRETARIES

Jo Boydell
Katherine Thomas

REGISTERED OFFICE

Sleepy Hollow
Aylesbury Road
Thame
Oxfordshire
England
OX9 3AT

BANKERS

Barclays PLC
1 Churchill Place
London
E14 5HP

SOLICITORS

Addleshaw Goddard
Milton Gate
60 Chiswell Street
London
EC1Y 4AG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102 Section 1A have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

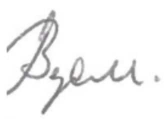
The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board



Jo Boydell
Chief Executive Officer

31 March 2025

Independent auditors' report to the members of Thame and London Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Thame and London Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and the Parent Company Balance Sheet as at 31 December 2024; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the Parent Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We determined one component within the Group to require a full scope audit, which was the main UK trading entity, Travelodge Hotels Limited, and makes up 95% of EBITDA (Adjusted);
- We performed centralised audit procedures over an additional 4 components, as well as consolidation adjustments, to provide sufficient Group wide coverage on all financial statement line items; and

- This provided coverage of approximately 97% of revenue, approximately 95% of EBITDA (adjusted), and approximately 99% of net assets.

Key audit matters

- Treatment of acquisition accounting and value of acquired assets (group)
- Recognition of deferred tax assets (group)
- Recoverability of the amounts owed by group undertakings (parent)

Materiality

- Overall group materiality: £5,020,000 (2023: £6,000,000) based on approximately 2.5% of EBITDA (adjusted).
- Overall company materiality: £1,432,000 (2023: £1,600,000) based on approximately 1% of Total Liabilities.
- Performance materiality: £3,765,000 (2023: £4,500,000) (group) and £1,074,000 (2023: £1,200,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The treatment of acquisition accounting and value of acquired assets is a new key audit matter this year. Application of IFRS 9 hedge accounting and errors in the right of use assets and lease liabilities on additions, modification and remeasurement, which were key audit matters last year, are no longer included because of the risk of material misstatement being reduced for the year ended 31 December 2024. In the prior year hedge accounting was new to the group and there was a higher volume of lease modifications in the year, both of which reflected a greater risk of material misstatement at the time. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Treatment of acquisition accounting and value of acquired assets (group) *Refer to the accounting policy in Note 2.27 and the Critical accounting judgements and estimation uncertainties in Note 3, together with Note 29 Asset Acquisitions.* During the year ended 31 December 2024, the Group completed the acquisition of six hotel properties and one office building with the intention of converting this into a hotel with a combined total consideration (including directly attributable transaction costs) of £52.7m.	Our audit procedures performed included: • Obtained and read key documentation and agreements relating to the acquisitions together with the valuations performed by management's experts; • Reviewed managements documentation supporting the conclusion that the acquisitions are accounted for as asset acquisitions; • Used our internal valuation experts to evaluate the methodology used by management's experts and the valuation basis for the hotels acquired. Our internal valuations experts also evaluated the assumptions used by

Key audit matter	How our audit addressed the key audit matter
There is a risk of material misstatement to the financial statements relating to the judgement in determining that the transactions are asset acquisitions rather than business combinations, considering the requirements of IFRS 3 'Business combinations'. In addition, the valuation of the acquired properties, including the allocation of the value between asset classes, is material and involves significant estimation.	management's experts, including assessing exit yields, and discount rates; • Agreed the reasonableness of the recognised split between asset classes within property, plant and equipment; and • Reviewed the disclosures in the Annual Report, including in Note 29, and checked that these are consistent with our audit work performed. Based on the work performed, as summarised above, we concluded the Group's asset acquisition accounting is supportable and the recognised acquired hotel properties have been appropriately valued and disclosed.
Recognition of deferred tax assets (group) *Refer to the accounting policy in Note 2.10, the critical accounting estimates and judgements in Note 3, and Note 24 Deferred Tax.* The Group has £21.2m of recognised deferred tax assets in relation to historical losses. A deferred tax asset must be recognised to the extent that recovery is probable. Estimation is required to establish this. Full utilisation of the deferred tax asset is forecast to be beyond the period of the Board approved budget. The inherent uncertainty in longer-term forecasts has led the Group to apply a risk weighting adjustment to the forecasts. We focused on the valuation of the deferred tax asset due to the size of the balance and the estimates involved in determining the future taxable income forecasts and the risk-weightings applied to the calculation.	We obtained management's taxable income forecast and ensured it was consistent with the Board approved budget. We tested management's forecasts of future taxable profits, which supported the amounts recognised as a deferred tax asset, and considered the likelihood of these forecasts being achieved. We obtained an understanding of how management had developed its forecast for the future cash flows, including obtaining a detailed understanding of the key assumptions made in developing these forecasts. We satisfied ourselves that the short-term forecasts were reasonable and had been prepared with appropriate Board involvement. In forming this conclusion, we benchmarked projections to credible third parties where available. We assessed the appropriateness of the risk-weighting, focussing on the reasonableness of assumptions applied, including the RevPAR growth and new hotel openings. Given the estimation uncertainty inherent in the forecasting process, we re-performed the sensitivity analysis. We considered the disclosure in the Annual Report and are satisfied that this is adequate and that the sensitivities disclosed are appropriate.
Recoverability of the amounts owed by group undertakings (parent) *Refer to the accounting policy in Note 2 and to Note 4 Trade and Other Receivables of the Parent Company financial statements.* At the balance sheet date, the Company has amounts recoverable of £140.2m from other group undertakings (2023: £152.2m). We have focused our testing on the recoverability of this balance given this is a significant balance in the Parent Company financial statements. Management performed an assessment of the recoverability of the amounts owed by group undertakings, where they determined that no objective evidence of impairment existed.	Our audit procedures performed included assessing management's view of the recoverability of the amounts owed by group undertakings to understand the impairment risk of the receivables in compliance with FRS 102. We reviewed management's assessment of the recoverability of the amounts owed by group undertakings to confirm that there was no objective evidence that an impairment exists. Based on the work performed, we did not identify any material misstatements relating to the recoverability of the carrying value of receivables from group undertakings at the balance sheet date.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We determined one component, Travelodge Hotels Limited, over which to perform full scope audit procedures, with no other components providing more than 15% of the Group's external revenue or EBITDA (adjusted). We determined the most efficient approach to scoping was to perform an audit of one or more financial statement line items for the other 4 in scope components, primarily relating to the acquired properties and external debt. All audit work was performed by the group engagement team, and no component auditors were engaged. This approach ensured that appropriate audit coverage has been obtained across all financial statement line items.

The impact of climate risk on our audit

In planning our work, we were mindful of the increased focus on the impacts of climate change risk on the companies and their financial reporting. As part of our audit we made enquiries of management to understand the process adopted to assess the extent of the potential impact of climate change on the Group's financial statements. The Directors consider that the impact of climate change does not give rise to a material financial statement impact. We used our knowledge of the Group to evaluate the Directors' assessment. We particularly considered how climate change risks could impact the assumptions made in the forecasts prepared by management and used in their impairment and going concern assessments. We also considered the consistency of the disclosures in relation to climate change made in the other information within the Annual Report with the financial statements and our knowledge from our audit. Our procedures did not identify any material impact as a result of climate risk on the Group and parent company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	**Financial statements - company**
Overall materiality	£5,020,000 (2023: £6,000,000).	£1,432,000 (2023: £1,600,000).
How we determined it	approximately 2.5% of EBITDA (adjusted)	approximately 1% of Total Liabilities
Rationale for benchmark applied	EBITDA (adjusted) continues to be the focus for management and therefore we have determined this to be the most appropriate benchmark for materiality. This is consistent with our prior year approach.	We believe that total liabilities is the key performance benchmark of the parent company, as it is a holding company for the group and does not trade.

For each component in the scope of our group audit, we allocated a materiality of £4,769,000, which is less than our overall group materiality. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%%) of overall materiality, amounting to £3,765,000 (2023: £4,500,000) for the group financial statements and £1,074,000 (2023: £1,200,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £251,000 (group audit) (2023: £300,000) and £71,600 (company audit) (2023: £300,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Critically assessing the assumptions within the models including assessing the historical accuracy of management's forecasts and obtained corroborating evidence for the assumptions used, including forecast revenue per available room (RevPAR);
- Evaluating the directors' assessment of the continuous demand for hotel accommodation, the potential impact of inflation, employment cost changes, energy costs and the ability of the Group to manage costs, agreeing to third party evidence where available and ensuring they align to our understanding of the business;
- Obtaining and reviewing the Group's financing and hedging agreements;
- Performing independent sensitivity analyses to the severe but plausible case to assess the impact on liquidity headroom; and
- Confirming that consistent assumptions have been used across going concern, impairment and other key areas of estimation.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations, employment legislation and data protection legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as taxation legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Evaluating management's controls designed to prevent and detect irregularities;
- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in significant accounting estimates;
- Reviewing Board meeting and other minutes to identify any non-compliance; and
- Identifying and testing journal entries meeting certain criteria which included journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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 required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Diane Walmsley

Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 April 2025

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

		2024			2023		
		Underlying	**Non-underlying**	**Total**	**Underlying**	**Non-underlying**	**Total**
	Note(s)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue	4	1,036.6	-	1,036.6	1,035.2	-	1,035.2
Operating Expenses	6, 8, 9	(574.9)	(11.1)	(586.0)	(542.1)	(14.4)	(556.5)
Foreign exchange (gains) / loss		(0.3)	-	(0.3)	0.2	-	0.2
Other Income	7, 8	5.6	0.7	6.3	5.4	0.9	6.3
Depreciation & Amortisation		(177.8)	-	(177.8)	(163.8)	-	(163.8)
Impairment reversal	8	-	-	-	-	7.7	7.7
(Loss) / Profit on disposal of fixed assets	8	(10.2)	-	(10.2)	(5.0)	0.3	(4.7)
Operating Profit / (Loss)	4	279.0	(10.4)	268.6	329.9	(5.5)	324.4
Finance Costs	8, 11	(300.2)	10.3	(289.9)	(295.1)	(4.2)	(299.3)
Finance Income	8, 10	11.0	3.6	14.6	7.9	0.8	8.7
(Loss) / Profit before Tax	4	(10.2)	3.5	(6.7)	42.7	(8.9)	33.8
Income Tax	8, 12	(9.2)	1.2	(8.0)	7.9	1.7	9.6
(Loss) / Profit for the year		(19.4)	4.7	(14.7)	50.6	(7.2)	43.4

Non-underlying items are detailed as they relate to items that are considered to be significant in nature and quantum, and not in the normal course of business. See Note 8 for details (page 54).

The management measure for profitability is EBITDA (adjusted) and full details of how this is calculated are in the glossary of page 95.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	£m	£m
(Loss)/ Profit for the year	(14.7)	43.4
Items that will subsequently be reclassified into profit and loss:		
Gains / (costs) of hedging	0.4	(0.5)
Gains / (losses) on cash flow hedges	2.9	(4.2)
Currency translation differences	(0.6)	(0.1)
Total other comprehensive income/(expense) for the year	2.7	(4.8)
Total comprehensive (expense) / income for the year	(12.0)	38.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2024

	Share Capital	Other Reserves	Foreign Exchange Reserve	Cash Flow Hedge Reserve	Accum-ulated Losses	Total Equity
	£m	£m	£m	£m	£m	£m
At 1 January 2024	-	12.5	(0.2)	(4.7)	(711.6)	(704.0)
Loss for the year	-	-	-	-	(14.7)	(14.7)
Other comprehensive expense						
Currency translation differences	-	-	(0.6)	-	-	(0.6)
Gain of hedging	-	-	-	0.4	-	0.4
Gains / (losses) on cash flow hedges	-	-	-	2.9	-	2.9
Total comprehensive income/(expense)	-	-	(0.6)	3.3	(14.7)	(12.0)
Transactions with owners						
Recognition of share-based payments (note 26)	-	8.1	-	-	-	8.1
Total transactions with owners	-	8.1	-	-	-	8.1
At 31 December 2024	-	20.6	(0.8)	(1.4)	(726.3)	(707.9)

	Share Capital	Other Reserves	Foreign Exchange Reserve	Cash Flow Hedge Reserve	Accum-ulated Losses	Total Equity
	£m	£m	£m	£m	£m	£m
At 1 January 2023	-	5.7	(0.1)	-	(755.0)	(749.4)
Profit for the year	-	-	-	-	43.4	43.4
Other comprehensive expense						
Currency translation differences	-	-	(0.1)	-	-	(0.1)
Costs of hedging	-	-	-	(0.5)	-	(0.5)
Gains / (losses) on cash flow hedges	-	-	-	(4.2)	-	(4.2)
Total comprehensive income/(expense)	-	-	(0.1)	(4.7)	43.4	38.6
Transactions with owners						
Recognition of share-based payments (note 26)	-	6.8	-	-	-	6.8
Total transactions with owners	-	6.8	-	-	-	6.8
At 31 December 2023	-	12.5	(0.2)	(4.7)	(711.6)	(704.0)

THAME AND LONDON LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note	2024 £m	2023 £m
NON-CURRENT ASSETS			
Intangible assets	14	156.7	153.5
Property, plant and equipment	15	250.0	149.8
Right of use assets	16	2,227.7	2,211.3
Deferred tax asset	24	8.8	15.8
		2,643.2	2,530.4
CURRENT ASSETS			
Inventory	17	2.0	1.8
Trade and other receivables	19	44.6	32.4
Current tax assets	12	1.5	0.9
Cash and cash equivalents	18	227.7	195.7
		275.8	230.8
TOTAL ASSETS		2,919.0	2,761.2
CURRENT LIABILITIES			
Trade and other payables	20	(166.2)	(156.4)
Corporate tax creditor	12	(0.4)	(1.4)
Lease liabilities	21	(92.8)	(81.9)
Provisions	25	(0.6)	(0.4)
		(260.0)	(240.1)
NON-CURRENT LIABILITIES			
Senior secured bond related debt	22	(600.8)	(533.8)
Investor loan	22	(140.2)	(152.2)
Lease liabilities	21	(2,610.6)	(2,528.0)
Provisions	25	(1.9)	(2.4)
Financial derivative liability	23	(13.4)	(8.7)
		(3,366.9)	(3,225.1)
TOTAL LIABILITIES		(3,626.9)	(3,465.2)
NET LIABILITIES		(707.9)	(704.0)
EQUITY			
Share capital	26	-	-
Other reserves	26	20.6	12.5
Cash flow hedge reserve		(1.4)	(4.7)
Foreign exchange reserve		(0.8)	(0.2)
Accumulated losses		(726.3)	(711.6)
TOTAL EQUITY		(707.9)	(704.0)

These financial statements on pages 35 to 94 were approved by the Board of Directors on 31 March 2025 and signed on their behalf by:

Aidan Connolly
Director

31 March 2025

Thame and London Limited Company registration number 0817076

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	£m	£m
CASH GENERATED FROM OPERATING ACTIVITIES (Note 30)	468.0	479.1
Corporate tax	(2.6)	(1.7)
Net cash generated from operating activities	465.4	477.4
INVESTING ACTIVITIES		
Interest received	10.7	7.0
Purchases of property, plant and equipment and intangible assets	(114.8)	(81.0)
Asset acquisition	(49.0)	-
Loans to developers	(8.7)	-
Net cash used in investing activities	(161.8)	(74.0)
FINANCING ACTIVITIES		
Finance fees paid	(5.4)	(2.6)
Interest paid	(60.6)	(49.9)
IFRS 16 lease rental capital payments	(56.8)	(50.8)
IFRS 16 lease rental interest payments	(202.5)	(208.3)
Issue of fixed rate notes	88.6	330.0
Issue of floating rate notes	-	219.3
Finance issue transaction costs	(4.0)	(20.4)
Investor loan interest repayment	(20.4)	(75.0)
Investor loan capital payment	(10.5)	-
Redemption of fixed rate bonds	-	(439.2)
Redemption of floating rate bonds	-	(65.0)
Net cash from financing activities	(271.6)	(361.9)
Net increase in aggregate cash and cash equivalents	32.0	41.5
Cash and cash equivalents at beginning of the year	195.7	154.2
Cash and cash equivalents at end of the year	227.7	195.7

The Glossary on pages 95 to 104 demonstrates the reconciliation of the above measures to the alternative performance measures.

1 GENERAL INFORMATION

Thame and London Limited, ("the Company") is a private company limited by share capital and was incorporated in the United Kingdom on 7th August 2012. The Company is domiciled in the UK. The address of its registered office and principal place of business are disclosed in the Officers and Professional Advisors page on page 26. The Company acquired the Travelodge Hotels Limited 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 ACCOUNTING POLICIES

2.1 Going concern

In assessing the appropriateness of the going concern assumption, the Board has considered the possible cash requirements of the Group and Company to the end of 2026, taking a balanced view from the cost of living crisis, current macro-economic environment and political pressures the range of trading outcomes and mitigating actions which could be taken.

Availability of funding

We completed a refinancing in June 2024, where an additional £85m in senior secured notes was raised (still due in 2028) alongside replacing the existing €250m floating rate notes with new floating rate notes at a reduced coupon and extending maturity to 2030. We continue to have access to the revolving credit facility ("RCF") which matures in October 2027.

There are currently no drawings under the Group's £50m RCF, which has quarterly springing net leverage covenant test provided the test conditions are met (minimum of 40% drawn down) and remains undrawn under both our base case and severe but plausible scenario.

Base case scenario

Our base case forecast, to the end of 2026, reflects a return to normal levels of trading, in line with historical trading patterns. Overall, we expect like-for-like RevPAR to be moderately ahead of 2024 levels, with total revenue benefiting from new openings since 2023.

Our most significant cost is rent, with each lease reviewed on a five-yearly cycle in line with the relevant inflationary uplift, typically RPI or CPI, with a significant proportion having caps and collars in place. Other costs include wages, impacted by the National Living Wage increase and increases to National Insurance contributions, impacted by the increased rate and the reduced threshold. Supply costs are expected to increase in line with inflation or specific supply chain contractual increases, and the majority of our energy costs are hedged giving greater certainty over our costs.

We consider the base case to be reflective of the range of outcomes we face and there are also a number of potential upsides and mitigations that have not been included, such as the potential higher levels of staycation driven by a squeeze on household budgets and higher costs for international travel and increased inbound demand driving an indirect benefit to the Midscale & Economy sector. Additionally, we see good long-lead event bookings, and there are more events currently announced for 2025 than there were in all of 2024, and positive indications on future construction business demand.

Under this base case scenario, the Group is expected to continue to have significant headroom relative to the total funding available to it and to comply with banking covenants where applicable.

Severe but plausible downside scenarios

Our performance could be influenced by the continued macro-economic and political uncertainty, low levels of UK consumer confidence and businesses facing significant cost increases, potentially impacting on the levels of discretionary spend. Whilst there are a number of positive demand drivers the Board has therefore considered a severe but plausible downside scenario, considering a significant decline in RevPAR and higher inflation than the base case.

Our base case assumes moderate RevPAR growth vs 2024 and outperformance of the MS&E segment. The severe but plausible scenario assumes 2025 RevPAR declines vs 2024 by c. (5)%, which is comparable with the decline experienced by the Midscale & Economy segment during the Global Financial Crisis, when the UK economy contracted by more than (4)% points, which is significantly worse than current forecasts for UK GDP in 2025. This would also result in the first time in more than 20 years where the Midscale & Economy sector has seen two years of consecutive RevPAR contraction. This scenario then assumes RevPAR growth in 2026, in line with the patterns seen after the Global Financial Crisis.

Our base forecasts already include inflationary increases above CPI and RPI across the supply chain and contractually agreed costs for a number of significant supplies. Under our severe but plausible scenario, we consider the impact in the event that RPI and CPI were two percentage points higher than our base forecast 2025. The most significant cost impacted by higher inflation, in addition to the base forecast, is rent. Each lease is reviewed on a five-yearly

2 ACCOUNTING POLICIES (continued)

Going concern (continued)

cycle and this review cycle for the estate is broadly spread evenly over a five-year period, as such, the impact to the end of 2026 as a result of higher inflation would be a limited increase in rent due to the timings of reviews. We have also assumed that NLW growth in 2026 is 1% point higher than the base case scenario.

In this severe but plausible downside scenario, even before the potential mitigation which could reasonably be expected to be available, the group retains liquidity and complies with banking covenants.

Conclusion

Based on the above, taking account of current trading performance and reasonably possible changes in trading performance, the Directors believe that it remains appropriate to adopt the going concern basis in preparing the consolidated financial statements.

2.2 Basis of Accounting

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to the Group reporting under those standards as at 31 December 2024.

The consolidated financial statements have been prepared under the historical cost convention. The principal and material 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 UK-adopted IAS 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, liquidity risk, currency risk and capital risk is discussed in note 21.

2.3 Changes in accounting policies

The accounting policies adopted in these consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements in 2023, except for the adoption of the new standards and policies applicable for 2024. The significant accounting policies adopted are set out below.

- Amendments to IAS 1 Non-Current Liabilities with Covenants– classification of liabilities as Current or Non-current.
- Amendments to IFRS 16 – Lease liability in Sale and Leaseback transactions.
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.4 New standards and interpretations not yet effective

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods an on foreseeable future transactions.

- Amendments to IFRS 9 and IFRS 7 relating to the classification and measurement of Financial Instruments.
- IFRS 19 – Updated disclosure guidance for Subsidiaries without Public Accountability
- IFRS 18 – Presentation and Disclosure in Financial Statements effective from 1 January 2027
- FRS 102 – Amendments to the disclosures of supplier finance arrangements from 1 January 2025

2.5 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 2024. 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. Consistent 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.

2 ACCOUNTING POLICIES (continued)

2.6 Revenue recognition

The Group's principal performance obligation is to provide budget hotel accommodation and other goods and services to guests. Revenue includes rooms revenue, food and beverage sales, Wi-Fi and car park sales, which are recognised when the guests stay, net of trade discount and VAT. When payment is received at the time of room booking, prior to arrival date, a liability for prepaid room purchases is recognised and held on the balance sheet as a contract liability. Revenue is recognised when the customer stays. Stays that span multiple nights are spread across the stay. A proportion of the prepaid room purchases would be non-refundable on cancellation of the room booking, with revenue being recognised once the booking is cancelled or the stay date passes.

Note 4 discloses the disaggregated revenues of the Group, detailing the revenue from hotel accommodation and food and beverage, as well as Other revenue, which is predominantly franchise and management fees, which are recognised in line with accommodation revenue at the point of stay.

Under management agreements, the Group's performance obligation is to provide hotel management services. Base and incentive management fees are typically charged. Base management fees are typically a percentage of total hotel revenues and incentive management fees are generally based on the hotel's profitability. Both are treated as variable consideration. Base management fees are recognised as the underlying hotel revenues occur. Incentive management fees are recognised over time when it is considered highly probable that the related performance criteria will be met, provided there is no expectation of a subsequent reversal of the revenue.

Franchise fees are made up of a percentage of total hotel revenues, which are recognised as the underlying hotel revenues occur, and a fixed fee per reservation, recognised at booking date.

2.7 Non-underlying items

Management classify non-underlying items to be those that are considered to be significant in nature and quantum and not in the normal course of business or are consistent with items that were treated as non-underlying in prior periods. Separate presentation of these items is intended to enhance understanding of the financial performance of the Group in the particular year under review and the extent to which results are influenced by material, unusual and/or non-recurring events. Non-underlying items are separately disclosed in note 8.

2.8 Leasing

The Group's leasing activities and how these are accounted for

The Group leases various properties, all but a few being hotel properties. Rental contracts are typically made for fixed periods between 25 years and 35 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any financial covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The lease liability is reduced by the lease capital repayment portion of the rental. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

2 ACCOUNTING POLICIES (continued)

Leasing (continued)

Variable lease payments
Variable lease payments that depend on sales are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

Extension and termination options
a) Lessee options
Due to a property lease term typically being for fixed periods between 25 years and 35 years lessee there is usually insufficient evidence to support the consideration of lease extension and termination options until 3 years prior to the termination date (in line with our 3 year planning process) unless commercial negotiations have commenced sooner. Consequently, lease extensions are not included in the measurement of the lease liability until considered reasonably certain.

b) Lessor options
Lessor only extension rights apply to a number of our properties and as required by IFRS 16 the period of the option to extend the lease is included as part of the overall lease term.

As a lessee
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and less any lease incentives received. End of lease restoration costs are excluded from the initial cost as lease properties are continuously maintained and refurbished.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined by the contractual terms of the leases, taking into account break clauses and lease extension options as set out above. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the incremental borrowing rate specific to that lease. Generally, the Group uses the incremental borrowing rate as the discount rate.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or rate or when there is a lease modification. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right- of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Group has elected to recognise all its property right-of-use assets and lease liabilities. It has elected not to recognise short-term leases that have a lease term of 12 months or less and leases of low-value assets.

As a lessor
When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The lease classification of a sub-lease is also based on an assessment of the risks and rewards of ownership of the right-of-use-asset arising from the head lease, in particular whether or not the risks and rewards of ownership lie with the lessor.

2 ACCOUNTING POLICIES (continued)

2.9 Foreign currencies

Transactions and balances

The presentational and functional currency of the Company is sterling. Foreign currency transactions are translated into sterling using average exchange rates over the financial year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit and loss in operating expenses.

Group companies

The presentational and functional 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 are translated into sterling at rates prevailing at the balance sheet date. Income statement items are translated at the average rates of exchange. All resulting exchange differences are recognised in other comprehensive income.

2.10 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 income tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part of, the deferred tax asset to be utilised.

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 to other comprehensive income or to equity, in which case the deferred tax is also dealt with in other comprehensive income or 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.

2.11 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.

2.12 Brand

The brand name acquired through the acquisition of the Travelodge Hotels Limited 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 Hotels Limited would expect to receive on forecast future revenues. The resulting cash flow was discounted to the acquisition date using the Group's pre-tax weighted average cost of capital.

2 ACCOUNTING POLICIES (continued)

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 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.

The brand name is considered a corporate asset by the Group. For the purposes of impairment testing the Group concluded that it is not possible to allocate out the value of the asset accurately across the individual cash-generating units of the Group and instead has been considered across the total combined cash generating units. The Group views the smallest possible cash-generating unit as each individual hotel. Please refer to note 14 for additional details.

2.13 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 under construction are not depreciated.

2.14 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 (see also 'Brand' policy above). The Group identifies the smallest possible cash-generating unit as each individual hotel.

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.

2.15 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.

2.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Items held at fair value in the financial statements include derivative financial instruments and financial liabilities including borrowing.

2 ACCOUNTING POLICIES (continued)

2.17 Trade receivables

Trade receivables are mainly amounts due from an external financial service provider who collect payments from customers using our loyalty card scheme to pay after booking. Trade receivables are initially measure at fair value and are expected to be received within 12 months and are therefore classed as current assets. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

2.18 Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in currency and interest rates. The Group uses currency and interest rate swap contracts to hedge these exposures and they are designated as cash flow hedges of floating rate borrowings. The Group does not use derivative financial instruments for speculative purposes.

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 initially recognised at fair value (Note 2.16) on the date on which a derivative contract is entered into and subsequently at fair value. In the absence of quoted prices, the fair value of the derivative is estimated using external market information from bank institutions and derivatives markets participants, and using market accepted methodologies based on discount of future cash flows and option valuation models. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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. Hedge relationships are designated and documented at inception, together with the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or forecast transaction, the nature of the risk being hedged, how management will assess hedge effectiveness, the hedge ratio and sources of hedge ineffectiveness. Hedge ineffectiveness could arise from asset mismatch (size of asset changing during hedge period), timing mismatch (changes in expected cash flows compared to derivative maturity), volatility mismatch (significant unexpected fluctuations to exchange or interest rate during the hedge period).

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.

The fair value of the derivative financial instruments are re-measured at the balance sheet date, considering the credit risk of both counterparties to the transaction, and any changes in the fair value 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. The Group applies cash flow hedge accounting when hedging variable interest rate and/or currency risks on floating rate finance debt denominated in local currency or foreign currency respectively.

Hedge accounting is discontinued when the hedging relationship ceases to meet the qualifying criteria. This includes when the risk management objective changes or when the hedging instrument is sold, terminated or exercised.

Hedging instruments based on the external Euro bonds that were modified in the year have been modified to the same extent.

Amounts reported in other comprehensive income are reclassified to the income statement when the hedged transaction affects profit or loss. As well, the Group considers time value of options and "currency basis" of derivative instruments as "cost of hedging" under IFRS9, deferring into other comprehensive income their "aligned" amount.

There is potential for differences to arise between the estimates used to determine the valuation of the hedged item and the derivative, although as both are based on future market yields, Management believe that the potential exposure is immaterial as shown in the sensitivity analysis on Derivative Liabilities in Note 23.

2 ACCOUNTING POLICIES (continued)

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments. Cash equivalents such as money market funds, short term deposit and credit card debtors are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.20 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 assets and liabilities are presented gross in the balance sheet unless the Group has a legally enforceable right to offset them. A right of set off is the Group's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty.

Financial liabilities such as the external bonds were reviewed to ensure they were a modification and not a full extinguishment of the previous bonds by using the qualitative and quantitative test to determine significant change.

2.21 Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

2.22 Pension costs

The Group offers a defined contribution scheme to its employees by way of recommending a third party stakeholder scheme with The Scottish Widows plc and the 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.

2.23 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.

2.24 Ordinary 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.

2.25 Share Based Payments

The Group's ultimate parent company, Anchor Holdings S.C.A. ("Anchor"), has issued share capital to management of the Group under a Management Incentive Plan ("MIP"). Management will only receive value from their shareholding if there is an exit event and they remain in employment by the company or another group company at the date of exit. The arrangement represents an equity-settled share-based payment. If an exit event occurs and the sale proceeds are insufficient to cover management's entitlement on the exit event, the company is obligated to settle the arrangement. This arrangement represents a cash-settled share-based payment.

Anchor has issued warrants to a small group of employees for the option to acquire share capital on an exit event. The employees will only receive value from their shareholdings if there is an exit event and they remain in employment by a group company at the date of exit. The arrangement constitutes an equity-settled share-based payment. If an exit event occurs and the sale proceeds are insufficient to cover the employee's entitlement on the exit event, Anchor is obligated to settle the arrangement. This arrangement represents a cash-settled share-based payment.

Equity-settled

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using a Binomial Lattice model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

2 ACCOUNTING POLICIES (continued)

Share Based Payments (continued)

The expense in relation to options over Anchor's shares granted to employees of the company is recognised by the company as a capital contribution.

Modifications and cancellations

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions (the "original fair value") and under the modified terms and conditions (the "modified fair value") are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Cash-settled

For cash-settled share-based payments the goods or services received are measured at fair value with a corresponding liability which is remeasured to fair value at each reporting date. Changes in fair value are recognised through profit or loss.

2.26 Intergroup debtors and creditors

Loans to and from other group undertakings are repayable on demand. They are initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. After this initial recognition, they are measured at amortised cost using the effective interest method, which means an interest charge is recognised systematically over the life of the loan, giving a constant rate of return.

2.27 Asset Acquisition

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity or assets are acquired. The consideration transferred for an acquisition comprises the fair value of the assets transferred.

Where the legal form of a company acquisition is deemed as an asset purchase, they are accounted for as asset acquisitions, recognising the asset at the fair value and any excess of the consideration is capitalised as part of the asset. If those amounts are less than the fair value of the net identifiable assets of the assets acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any consideration which is non-cash, such as lease liabilities, are recognised and measured at their fair value, determined by market rates.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

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. Estimates and judgements are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. 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.

Critical Accounting Judgements

Brand life
The Group uses judgement to determine that the value of the brand name will be maintained indefinitely and is therefore not amortised. Management has used judgement to determine that the brand name will contribute to cash flows indefinitely, given its strength and longevity, which was first introduced into the UK in 1985.

Hedge Accounting
Management has applied judgement that the hedge designation on the original EUR loan notes continued to be effective through the refinance, which was determined to be a modification (as per IFRS 9), and resulted in a lower coupon rate and an extended maturity date.

Asset acquisitions
The Group has applied judgement regarding the accounting of the new property purchases as asset acquisitions as opposed to business combinations. Qualitative and quantitative assessments under IFRS 3 were carried out and the judgements were supported by the results of the optional asset concentration tests.

Intercompany
Management have classified intercompany receivables as current assets and, as in prior years, management expect these balances to increase and decrease to support the commitments of other Group entities.

Critical Accounting Estimates

Discount rate - Leases
Management uses estimation in determining the appropriate discount rates to apply when new leases are entered into and lease modifications are calculated.

If a 2.25% point increase or deduction in discount rate was applied across the estate the total value of Right of use assets and Lease liabilities will decrease by £400m or increase by £523m respectively.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES (continued)

Deferred Tax Asset
Tax assets are not recognised unless it is probable they will result in future economic benefit to the Group.

Management has estimated the extent to which deferred tax assets are recoverable, utilising Board approved forecasts as a base for future taxable income, against which the deferred tax asset can be offset.

The total available deferred tax asset is £87.8m (net of deferred tax liabilities), of which £8.8m has been recognised. The £87.8m of available deferred tax assets includes those derived from historical losses, of which £18.5m has been recognised. These losses arose in the UK and are unrestricted. Longer term forecasting is inherently uncertain. As a result, a risk-weighting has been applied to the long term forecast (based on Board approved forecasts for 5 years plus extrapolation) to determine the deferred tax asset that has been recognised.

Based on the extrapolated forecast, prior to risk-weighting, the available deferred tax asset would take 9 years to be fully utilised, assuming taxable income from year 5 onwards remains consistent.

A 1%pt reduction in assumed RevPAR growth in year 2 onwards results in a £6m reduction in the deferred tax asset recognised.

A 1%pt reduction in the assumed EBITDA margin % growth in year 3 onwards results in a £7m reduction in the deferred tax asset recognised.

4 DISAGGREGATED REVENUE DISCLOSURES

	2024			2023		
	UK	**International**	**Total**	**UK**	**International**	**Total**
	£m	£m	£m	£m	£m	£m
Revenue	1,008.0	28.6	1,036.6	1,016.5	18.7	1,035.2
Operating profit/(loss)[1]	261.5	7.1	268.6	318.0	6.4	324.4
(Loss) /profit before tax[2]	(10.1)	3.4	(6.7)	30.2	3.6	33.8

(1) UK Operating profit/(loss) includes a £10.4m loss (2023: £5.5m loss) on non-underlying items.

(2) UK profit/(loss) before tax includes a £3.5m gain (2023: £8.9m loss) on non-underlying items.

	2024	2023
	£m	£m
Revenue from accommodation related sales[1]	966.7	971.1
Revenue from food and beverage sales	66.4	61.6
Other Revenue [2]	3.5	2.5
Total Revenue	**1,036.6**	**1,035.2**

(1) Accommodation related sales includes Wi-Fi and car parking sales

(2) Other revenue includes revenue from franchise fees and managed hotels

5 ANALYSIS OF ASSETS AND LIABILITIES BY GEOGRAPHICAL REGION

	2024				2023			
	UK	**International**	**Unallocated**	**Total**	**UK**	**International**	**Unallocated**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Assets								
Property, plant and equipment	207.4	42.6	-	250.0	147.70	2.1	-	149.8
Right of use assets	2,199.1	28.6	-	2,227.7	2,181.7	29.6	-	2,211.3
Intangible assets	156.7	-	-	156.7	153.5	-	-	153.5
Deferred tax asset	4.4	4.4	-	8.8	11.1	4.7	-	15.8
Financial derivative asset	-	-	-	-	-	-	-	-
Inventory	2.0	-	-	2.0	1.8	-	-	1.8
Trade and other receivables	39.6	5.0	-	44.6	29.8	2.6	-	32.4
Corporation tax debtor	0.5	1.0	-	1.5	0.9	-	-	0.9
Cash and cash equivalents	221.7	6.0	-	227.7	190.2	5.5	-	195.7
Total assets	2,831.4	87.6	-	2,919.0	2,716.7	44.5	-	2,761.2
Liabilities								
Lease liabilities	(2,668.4)	(35.0)	-	(2,703.4)	(2,574.0)	(35.9)	-	(2,609.9)
Trade and other payables	(159.2)	(7.0)	-	(166.2)	(154.1)	(2.3)	-	(156.4)
Senior secured bond related debt	-	-	(600.8)	(600.8)	-	-	(533.8)	(533.8)
Corporation tax creditor	(0.4)	-	-	(0.4)	(1.4)	-	-	(1.4)
Investor loan	-	-	(140.2)	(140.2)	-	-	(152.2)	(152.2)
Provisions	(2.5)	-	-	(2.5)	(2.8)	-	-	(2.8)
Financial derivative liability	-	-	(13.4)	(13.4)	-	-	(8.7)	(8.7)
Total liabilities	(2,830.5)	(42.0)	(754.4)	(3,626.9)	(2,732.3)	(38.2)	(694.7)	(3,465.2)

6 OPERATING EXPENSES

	2024 £m	2023 £m
Cost of goods sold	65.0	58.5
Employee costs (note 9) (1)	268.5	245.5
Fees payable to the Company auditors		
- audit for the parent company and consolidated financial statements	0.4	0.3
- audit fee for subsidiaries	0.3	0.2
Utilities (energy and water)	46.0	43.6
Business rates	35.1	33.8
Other hotel costs(2)	32.0	38.0
Other site insurance costs	9.3	9.5
Other operating expenses(3)	129.4	127.1
Operating expenses	586.0	556.5

(1) Employee costs include £10.6m (2023: £14.4m) of non-underlying items (note 8) in relation to the Share Based Payment charge for the 2022 management incentive programme, and bonus payments in relation to the hotel acquisitions.

(2) Other hotel costs include maintenance costs, cleaning materials and equipment, refuse and hotel project costs.

(3) Other Operating Expenses include marketing expenses, IT system costs, booking commissions and fees, professional fees and security.

7 OTHER INCOME

	2024 £m	2023 £m
Rent receivable/(payable) (third party landlords)(1)	(1.3)	0.2
Rent receivable(2)	4.5	5.5
Other income(3)	3.1	0.6
Total Other Income	6.3	6.3

(1) Rent receivable/(payable) of £(1.3)m (2023: £0.2m) relates to turnover rent (including the payables balances due to rental amounts due to the performance of the business) and the prior year relates to accrued rent payment in relation to the CVA.

(2) Rent receivable relates to sublet income.

(3) Other income mainly consists of an access road compensation payment and compensation for room damage and smoking fines.

The comparative figure for Other Income is the combination of Net Rent and Other Income which are now reported in one line.

8 NON-UNDERLYING ITEMS

	2024	2023
	£m	£m
Share based payment scheme	(8.1)	(7.0)
Bonuses paid in relation to refinancing the Group's debt	-	(7.4)
Bonuses in relation to property acquisitions and other corporate activity	(2.5)	-
Other operating expenses	(0.5)	-
Operating expenses	**(11.1)**	**(14.4)**
Damages for losses during hotel closure	0.7	-
CVA excess cumulative EBITDA rent payment	-	0.9
Other income	**0.7**	**0.9**
Reversal of impairment of property plant & equipment and right of use assets	-	7.7
Depreciation, amortisation & impairment	-	**7.7**
Profit on disposal of assets	-	0.3
Profit on disposal of assets	-	**0.3**
Total non-underlying operating debit	**(10.4)**	**(5.5)**
Bond refinancing fees	(2.4)	(4.2)
Gain on modification of EUR loan notes	12.7	**-**
Finance costs	**10.3**	**(4.2)**
Discount on bond tap drawdown	3.6	-
Discount on bond repurchase	**-**	0.8
Finance income	**3.6**	**0.8**
Total non-underlying credit / (debit) (before taxation)	**3.5**	**(8.9)**
Provision for estimated tax liability	-	-
Total non-underlying credit / (debit)	**3.5**	**(8.9)**
Corporation tax benefit of non-underlying items	1.2	1.7
Total non-underlying impact	**4.7**	**(7.2)**

Non-underlying items (before taxation) were a net credit of £3.5m for the year ended 31 December 2024 (31 December 2023: charge of £8.9m). The Group's policy in respect of non-underlying items is described in Note 2.

8 NON-UNDERLYING ITEMS (continued)

Within Operating Expenses, there are £11.1m expenses relating to non-underlying items. £2.5m related to employee bonuses in respect of the acquisition of the 66 hotels by PropCo and other corporate activity. The acquisition was not in the ordinary course of business and not a recurring cost, therefore considered to be non-underlying in nature. £8.1m related to the management incentive plans issued in 2022. The incentive plans are considered to be non-underlying given they are a one-off issuance and the timing and value of the vesting are linked to an exit event, the timing of which is uncertain.

The £0.5m other operating expenses mainly relate to one-off risk and compliance costs and expenses relating to the purchase of the Spanish hotels, both of which were not in the ordinary course of business.

Other income of £0.7m is in relation to compensation for loss of earnings from a landlord for a hotel closure due to fire safety deficiencies by the landlord. This is a one-off as it is not income as part of the usual course of business for Travelodge and it would not be expected to reoccur.

In finance costs, £2.4m of non-underlying items relate to the early settlement of the Euro bond facility. The fees are not incurred as part of the usual trade of the business and therefore considered non-underlying in nature. There is also a finance gain of £13.8m on the euro loan notes relating to the reduction of the coupon rate achieved during the year which due to not being in the ordinary course of business, is classified as a non-underlying gain. The unwind of the discount is being spread over the term of the notes and the charge in the year relating to this is £1.1m.

Within finance income there is £3.6m of income relating to the discount on the £85m tap on the fixed rate GBP bond drawdown. The exercise is not considered as part of the usual course of the business and therefore the discount received when drawing down the bond was considered a one-off and classed as a non-underlying receipt.

Non-underlying items (before taxation) were a net charge of £8.9m for the year ended 31 December 2023 including the release of the CVA accrued cost of £0.9m, a £7.7m reversal of impairment provisions and a £0.3m profit on disposal of assets relating to the forced closure of our hotel in Bedford Wyboston following a compulsory purchase order from National Highways. There were also charges of £7.4m for employee bonuses in relation to the bond refinancing and £7.0m relating to the management incentive plans issued in 2022. In addition, in finance costs, there was a £2.8m charge in respect of early settlement fees on the repayment of the floating bonds, a £1.4m charge for refinancing and a £0.8m discount credited on the bond repurchase.

9 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Directors of the Company are considered to be the key management of the Group.

	2024 £m	2023 £m
Directors' emoluments		
Directors' emoluments	3.3	7.4
Fees	-	-
Pension costs	-	-
Share Based Payments	4.6	4.2
Compensation for loss of office	-	-
Total	7.9	11.6
Includes:		
Remuneration of the highest paid Director	3.8	3.7

	2024 Number	2023 Number
Number of Directors accruing benefits under the defined contribution scheme	-	-

	2024 £m	2023 £m
Employees costs during the year (including Directors)		
Wages and salaries	237.7	219.9
Social security costs	16.5	13.3
Other pension costs	6.2	5.3
Cost of employee share scheme (Note 26)	8.1	7.0
Total employee costs	268.5	245.5

In 2024, £1.8m of directors' emoluments (which exclude employer's national insurance) (2023: £4.3m) was in respect of incentives paid in relation to the acquisition of the UK hotels and other exceptional corporate activities, which have been charged to non-underlying items (together with employer's national insurance).

Number of Directors who exercised share options during the year was 2 (2023: nil).

One of the non-executive directors of the Group is remunerated at the direction of the ultimate owner.

Equity Share Based Payment charges of £8.1m (2023: £7.0m), have arisen due to the Management Incentive Plan introduced in 2022 (further described in Note 26). The amount attributable to the highest paid director in the year was £3.0m.

In 2024, £4.1m (2023: £3.2m) of employee costs were capitalised during the year in respect of employees working on IT and hotel refit capital projects.

9 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

		2024 Number	2023 Number
Average FTE number of persons employed[1]			
Monthly			
	- UK	1,736	1,709
	- International	136	86
		1,872	1,795
Weekly			
	- UK	7,128	6,314
	- International	-	-
		7,128	6,314
		9,000	8,109

		2024 Number	2023 Number
Total number of persons employed[2]	- UK	12,991	12,891
	- International	185	96
		13,176	12,987

The total number of employees at the year ended 31 December 2024 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.

10 FINANCE INCOME

	2024			2023		
	Received	**Accrued**	**Total**	**Received**	**Accrued**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Interest on bank deposits	10.7	0.3	11.0	7.0	0.8	7.8
Interest on related party loans (note 28)	-	-	-	-	0.1	0.1
Discount on £85m bond tap	3.6	-	3.6	-	-	-
Discount on bond repurchase	-	-	-	0.8	-	0.8
Finance income	14.3	0.3	14.6	7.8	0.9	8.7

11 FINANCE COSTS

	2024	2023
	Total	**Total**
	£m	**£m**
Finance fees	7.4	11.3
Interest on bank loans	1.3	1.4
Swap interest	4.4	2.1
Interest on fixed and floating rate bonds	54.4	50.8
Interest on lease liabilities	213.8	209.2
Finance costs before interest on investor loan - underlying	281.3	274.8
Interest on investor loan	18.9	20.3
Finance costs - underlying	300.2	295.1
Non-underlying items:		
Fees in relation to refinancing of debt	(10.3)	4.2
Finance costs	289.9	299.3

12 INCOME TAX

	2024 £m	2023 £m
Current tax		
Current tax on profits for the year	0.6	2.3
Adjustment in respect of previous years	0.4	(0.8)
Provision for uncertain tax position	-	-
	1.0	1.5
UK corporation tax	0.4	1.2
Foreign tax	0.6	0.3
Total current tax (credit) / charge	1.0	1.5
Deferred tax		
Current year (credit) / charge	9.4	(7.6)
Adjustment in respect of previous years	(2.4)	-
Effect of change in tax rate	-	(3.5)
Total deferred tax charge / (credit) (note 24)	7.0	(11.1)
	-	
Income tax charge / (credit)	8.0	(9.6)

The main rate of UK corporation tax was 25% (2023: 23.52%). The prior year was a blended rate due to the change in tax rate substantially enacted in April 2023.

Deferred tax balances have been measured at a rate of 25.0% (2023: 25.0%), being the rate applicable at the balance sheet date and the rate at which the deferred tax is expected to unwind.

Current corporation tax is calculated at 25% (2023: 23.52%) of the estimated assessable profit for the year.

12 INCOME TAX (continued)

The total charge for the year can be reconciled to the loss per the income statement as follows:

	2024	2023
	£m	£m
(Loss) / profit before tax	(6.7)	33.8
Tax at the UK corporation rate of 25% (2023: 23.52%)	(1.7)	8.0
Tax effect of:		
Items not deductible for tax purposes	6.4	7.4
Losses where no DTA is recognised	-	(20.7)
Adjustment in respect of previous years	(2.1)	(0.8)
Effect of change in tax rate	-	(3.5)
Amounts not recognised	5.4	-
Income tax charge / (credit) for the year	8.0	(9.6)

The deferred tax credit/ charge arising is comprised as follows:

	Intangible and Right of Use assets	Tax losses and hold-over relief	Accelerated tax depreciation	Total
2024	**£m**	**£m**	**£m**	**£m**
(Credit)/ charge due to movement in the year (note *24*)	(2.5)	2.2	7.3	7.0
(Credit)/ charge to income statement	**(2.5)**	**2.2**	**7.3**	**7.0**
2023				
(Credit)/ charge due to movement in the year (note *24*)	(1.9)	(20.1)	10.9	(11.1)
(Credit)/ charge to income statement	**(1.9)**	**(20.1)**	**10.9**	**(11.1)**

13 SUBSIDIARIES

Investment in subsidiaries is in ordinary shares and the subsidiaries of the Group are as listed below:

Name of subsidiary undertaking	Registered address	Country of Incorporation	% of equity held
Full Moon Holdco 4 Limited*	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Full Moon Holdco 5 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Full Moon Holdco 6 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Full Moon Holdco 7 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
TVL Finance PLC	47 Esplande ,St Helier, Jersey, JE1 0BD	Jersey	100
Travelodge Hotels Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Travelodge Hoteles Espana SL	Calle Santa Leonor, 34, 28037, Madrid, Spain	Spain	100
Travelodge Propco Espana SL#	Calle Santa Leonor, 34, 28037, Madrid, Spain	Spain	100
Travelodge Opco Espana SL#	Calle Santa Leonor, 34, 28037, Madrid, Spain	Spain	100
TLLC Holdings 2 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
FullMoonPropco1 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
FullMoonPropco2 Limited #	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Travelodge Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
TLLC 2018 Limited	Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT	Great Britain	100
Travelodge Holdings (Malta) Limited	The Landmark, Level 1, Suite 2, Triq L-Iljun, Qormi QRM3800, Malta	Malta	100

* direct investment
\# acquired 2024

The following UK subsidiaries will take advantage of the audit exemption set out in section 479A of the Companies Act 2006 for the year ended 31 December 2024. In addition as dormant companies, Travelodge Limited and TLLC 2018 Limited claim exemption for preparing individual accounts under section 394A and filing individual accounts under section 448A of the Companies Act 2006 for the year ended 31 December 2024.

The Company will guarantee the debts and liabilities of the following UK subsidiary undertakings at the balance sheet date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

Name of subsidiary undertaking	Company number
Full Moon Holdco 4 Limited	05893849
Full Moon Holdco 5 Limited	05893854
Full Moon Holdco 6 Limited	05893977
Full Moon Holdco 7 Limited	09657187
TLLC Holdings2 Limited	04588957

14 INTANGIBLE ASSETS

Intangible assets 2024:	Brand[1]	Assets under construction[2]	IT Software[3]	Total
	£m	£m	£m	£m
Cost				
At 1 January 2024	145.0	5.0	12.4	162.4
Additions - Capital expenditure	-	7.7	-	7.7
Transfers between categories	-	(7.3)	6.7	(0.6)
Write off fully depreciated assets	-	-	(5.3)	(5.3)
At 31 December 2024	145.0	5.4	13.8	164.2
Accumulated amortisation				
At 1 January 2024	-	-	(8.9)	(8.9)
Charge for the year	-	-	(3.9)	(3.9)
Write off fully depreciated assets	-	-	5.3	5.3
At 31 December 2024	-	-	(7.5)	(7.5)
Carrying amount				
At 31 December 2024	145.0	5.4	6.3	156.7
At 31 December 2023	145.0	5.0	3.5	153.5

14 INTANGIBLE ASSETS (continued)

Intangible assets 2023:	Brand(1)	Assets under construction(2)	IT Software(3)	Total
	£m	£m	£m	£m
Cost				
At 1 January 2023	145.0	3.2	12.6	160.8
Additions - Capital expenditure	-	1.8	1.1	2.9
Transfers between categories	-	-	-	-
Write off fully depreciated assets	-	-	(1.3)	(1.3)
At 31 December 2023	145.0	5.0	12.4	162.4
Accumulated amortisation				
At 1 January 2023	-	-	(6.5)	(6.5)
Charge for the year	-	-	(3.7)	(3.7)
Write off fully depreciated assets	-	-	1.3	1.3
At 31 December 2023	-	-	(8.9)	(8.9)
Carrying amount				
At 31 December 2023	145.0	5.0	3.5	153.5
At 31 December 2022	145.0	3.2	6.1	154.3

(1) The brand intangible asset arose on the acquisition of Travelodge Hotels Limited. This is not subject to annual amortisation but is assessed for impairment on an annual basis.

(2) Assets under construction predominantly consist of costs in relation to investment in IT software. Once complete the costs are transferred to the appropriate asset category.

(3) IT software is measured initially at purchase cost and is amortised on a straight line basis over three years.

The brand name acquired through the acquisition of the Travelodge Hotels Limited 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 using the board approved budgeted EBITDAR figure for the next five years and then applying a conservative growth rate of 2% to perpetuity before applying the pre-tax WACC figure to arrive at an estimated amount for future value of the business. This value is compared against the carrying amount of the assets in the business, including the brand value to ensure there is adequate headroom and confirm no impairment of the brand is required. Future EBITDAR forecasts would have to reduce by 27% before impairment of the brand value would have to be considered.

No impairments of brand name were recorded in 2024 or 2023.

Other than brand, there are no intangible assets with indefinite lives. IT Software has been assessed as having finite lives and are amortised under the straight – line method over three years from the date the asset became fully operational.

15 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment - 2024	**Assets under construction(1)**	**Land(2)**	**Freehold and long leasehold buildings(2)**	**Fixtures and fittings(3)**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Cost					
At 1 January 2024	20.0	-	1.8	218.4	240.2
Additions - Capital expenditure (note 29)	103.2	17.1	35.6	-	155.9
Movement on capital creditors(4)	5.2	-	-	(0.2)	5.0
Transfers	(106.9)	-	-	106.9	-
Write off fully depreciated assets	-	-	-	(36.4)	(36.4)
Disposals	-		-	(22.5)	(22.5)
At 31 December 2024	21.5	17.1	37.4	266.2	342.2
Accumulated depreciation					
At 1 January 2024	-	-	(0.2)	(90.2)	(90.4)
Charge for the year	-	-	(0.4)	(50.1)	(50.5)
Write off depreciation on fully depreciated assets	-	-	-	36.4	36.4
Disposals	-	-	-	12.3	12.3
At 31 December 2024	-	-	(0.6)	(91.6)	(92.2)
Carrying amount		-			
At 31 December 2024	21.5	17.1	36.8	174.6	250.0
At 31 December 2023	20.0	-	1.6	128.2	149.8

15 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment - 2023	Assets under construction(1)	Freehold land, freehold and long leasehold buildings(2)	Fixtures and fittings(3)	Total
	£m	£m	£m	£m
Cost				
At 1 January 2023	6.0	1.8	216.5	224.3
Additions - Capital expenditure	76.4	-	1.3	77.7
Movement on capital creditors(4)	4.8	-	(5.1)	(0.3)
Transfers	(67.2)	-	67.2	-
Write off fully depreciated assets	-	-	(49.4)	(49.4)
Disposals	-	-	(12.1)	(12.1)
At 31 December 2023	20.0	1.8	218.4	240.2
Accumulated depreciation				
At 1 January 2023	-	(0.2)	(103.5)	(103.7)
Charge for the year	-	-	(43.3)	(43.3)
Write off depreciation on fully depreciated assets	-	-	49.4	49.4
Disposals	-	-	6.6	6.6
Impairment reversal	-	-	0.6	0.6
At 31 December 2023	-	(0.2)	(90.2)	(90.4)
Carrying amount				
At 31 December 2023	20.0	1.6	128.2	149.8
At 31 December 2022	6.0	1.6	113.0	120.6

(1) Assets under construction predominantly consists of on-going capital maintenance and refit projects. Once complete the costs are transferred to the appropriate asset category.

(2) Freehold, freehold and long leasehold buildings includes freehold land stated at cost of £17.1m (2023: less than £0.1m) which is not depreciated. Freehold land 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.

(3) Fixtures and fittings are initially measured at cost and are depreciated over 3 to 5 years.

(4) Movement on capital creditors represents the year-on-year movement in accrued capital expenditure at year end.

15 PROPERTY, PLANT AND EQUIPMENT (continued)

In line with its accounting policy, the Group assesses the carrying value of all cash generating units (CGU), which includes individual hotels, where there are indications of impairment. Impairment reviews are performed annually at the Group's year end of 31 December. The Group considers each trading site to be a CGU. A trading site will offer a combination of accommodation and food and beverage services. Some trading sites provide accommodation only.

An impairment trigger assessment was performed as an initial step to ascertain whether a full impairment test was required. This assessment reviewed the carrying value of each CGU against a proxy for expected future cashflows, being budget projections for 2025 extrapolated over the relevant lease term using a growth rate of 2.0% and discounted at weighted average cost of capital. The Group considered a headroom of 10% or more on this basis to be a suitable indicator that no impairment event exists. CGUs failing this assessment were then tested for impairment in full.

In assessing whether an asset has been impaired, the carrying value of the CGU is compared with its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal and this is calculated for each site at year end.

In order to form an estimate of the value in use, 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 2.0% (2023: 2.0%). The key assumptions are consistent with past experience and with external sources of information. Reviews are performed on a site by site basis over the length of the lease. The Directors have considered the Company's financial projections and the assumptions which underpin those projections including future growth of the budget hotel sector, brand demand and occupancy.

The financial projections include the expected estimated cash outflows in order to meet the Group’s net zero commitment by 2050. The impact of climate change initiatives are considered to be immaterial in the short to medium term.

The discount rate assumption has been calculated with reference to the market-weighted average pre-tax cost of capital based on a portfolio of similar hotel businesses using the Capital Asset Pricing Model as a starting point. As permitted by IAS 36, this is then adjusted to reflect the estimated incremental borrowing cost of leasing for each asset based on market rates at the date of the review, in line with the methodology for assessing the variation in the discount rate by asset used to calculate the discount rate which has been used to derive the lease liabilities included on the balance sheet as a result of IFRS 16. This resulted in a weighted average pre-tax discount rate of 8.8% (2023: 9.2%).

As a result of this review, an impairment charge of £nil (2023: £nil) has been made in the year and £nil (2023: £0.6m) of the previously recognised impairment has been reversed. There are no material reversals to consider at 31 December 2024.

16 RIGHT OF USE ASSETS

An analysis of Right of use assets for 2024 is given below:

	Property £m	Total £m
Cost		
At 1 January 2024	3,152.0	3,152.0
New leases [(1)]	42.4	42.4
Transfers from intangible assets under construction	0.6	0.6
Rent reviews and adjustments	98.2	98.2
Disposals	-	-
Foreign Exchange Translation Adjustment	(2.1)	(2.1)
At 31 December 2024	3,291.1	3,291.1
Accumulated depreciation		
At 1 January 2024	(940.7)	(940.7)
Depreciation charge for the year	(123.4)	(123.4)
Foreign Exchange Translation Adjustment	0.7	0.7
At 31 December 2024	(1,063.4)	(1,063.4)
Carrying amount		
At 31 December 2024	2,227.7	2,227.7
At 31 December 2023	2,211.3	2,211.3

16 RIGHT OF USE ASSETS (continued)

New leases related to 6 sites (5 sites in 2023), including one site that opened following the year end. Lease adjustments of £98.2m in 2024 mainly consisted of rent reviews. Lease adjustments of £103.3m in 2023 mainly consist of rent reviews, including a regear of 122 hotels leased by LXI REIT.

An analysis of Right of use assets for 2023 is given below:

	Property £m	Total £m
Cost		
At 1 January 2023	3,030.4	3,030.4
New leases (1)	19.9	19.9
Rent reviews and adjustments	103.3	103.3
Disposals	(0.8)	(0.8)
Foreign Exchange Translation Adjustment	(0.8)	(0.8)
At 31 December 2023	3,152.0	3,152.0
Accumulated depreciation		
At 1 January 2023	(831.5)	(831.5)
Depreciation charge for the year	(116.8)	(116.8)
Disposals	0.3	0.3
Foreign Exchange Translation Adjustment	0.2	0.2
Impairment reversal (note 8)	7.1	7.1
At 31 December 2023	(940.7)	(940.7)
Carrying amount		
At 31 December 2023	2,211.3	2,211.3
At 31 December 2022	2,198.9	2,198.9

(1) Includes £0.5m of initial direct costs, £0.3m of which were included in capital creditors in 2022

As permitted by IFRS 16, the Group has elected not to recognise Right of use assets in respect of short term or low value leases.

In line with its accounting policy, the Group assesses the carrying value of all cash generating units where there are indications of potential impairment. Where an impairment trigger is identified, the assessment is performed annually at the Group's year end of 31 December.

As a result of this review, an impairment charge of £nil (2023: £nil) has been made in the year.

During 2020 and 2021, the Group impaired the assets of a number of hotels due to the significant downturn in performance and a reduced forecast of future profitability. We reassessed these hotels in 2023, given the turnaround in performance seen consistently over the past 2 years, and we reversed Right of use impairments to the value of £7.1m. In 2024, there have been no reversal of impairments.

17 INVENTORY

	2024 £m	2023 £m
Finished goods held for resale	2.0	1.8
Total	2.0	1.8

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the basis of first in, first out and net realisable value is the estimated selling price less any costs to sell. Inventories recognised as an expense during the year ended 31 December 2024 amounted to £30.5m (2023: £21.8). These were included in cost of goods sold. Write-downs of inventories to net realisable value amounted to £nil (2023: £nil).

18 CASH AND CASH EQUIVALENTS

	2024 £m	2023 £m
Cash at bank and in hand	64.8	54.6
Other Cash(1)	2.6	6.2
Money market funds	154.0	70.0
Short term deposits(2)	6.3	64.9
Total	227.7	195.7

(1) Other cash includes £2.0m (2023: £5.8m) of credit card debtors which are sales taken on card awaiting transfer into a main bank account.

(2) Short term deposits are made for varying periods of time between one day and three months depending on the immediate cash requirements of the Group. They earn interest at the respective short- term deposit rates. The Group does not have material cash balances which are subject to contractual or regulatory restrictions. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the amounts as disclosed above.

19 TRADE AND OTHER RECEIVABLES

	2024 £m	2023 £m
Amounts due within one year:		
Trade amounts receivable		
- Gross amount receivable	11.0	10.4
- Expected credit losses	(0.5)	(0.5)
- Net amounts receivable	10.5	9.9
Other amounts receivable (3)	18.3	6.7
Other taxation	-	-
Accrued income(2)	1.8	1.2
Prepayments(1)	11.2	12.5
Loans to related parties and key management personnel (note 28)	2.8	2.1
Total	44.6	32.4

(1) Prepayments mainly include prepayments of property costs, marketing, finance costs and system costs.
(2) Accrued income is made up of £1.6m (2023: £1.1m) accrued income, £0.2m (2023: £0.1m) accrued rent receivable and £nil (2023: £nil) accrued supplier rebates.
(3) Other amounts receivable includes loans to developer of £8.7m. These are considered fully recoverable as funds issued to developers hold the related hotel property as collateral (see note 22).

Management has estimated the fair value of trade and other receivables to be equal to the book value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. If a customer goes into default, we consider forward looking information on that individual customer such as related industry trends. Default is defined when payment is not received per initial agreed terms. A receivable is written off when it is concluded that there are no reasonable expectations that the debt will be recovered, such as a business entering administration and approved by an appropriate authority. Loss rates are not applied to individually aging buckets. The Group estimates expected credit losses based on historical experience. A trade receivable is recognised when the amount due is unconditional, the allowance for expected credit loss relating to trade and other receivables at the year end was £0.5m (2023: £0.5m). During the year, credit losses of £nil (2023: £nil) were recognised within operating costs in the consolidated income statement.

Trade Receivable Ageing

	2024 £m	2023 £m
Current	9.5	8.7
Past due:		
30 days	0.1	0.2
60 days	0.6	0.5
90+ days	0.8	1.0
Total	11.0	10.4

20 TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Trade payables	(22.7)	(9.9)
Other payables[1]	(12.5)	(14.1)
Social security and other taxation [2]	(10.7)	(6.3)
Accruals	(58.0)	(77.9)
Deferred income	(1.5)	(1.0)
Contract liabilities - Prepaid room purchases [3]	(50.8)	(42.2)
Capital payables	(10.0)	(5.0)
Amounts falling due within one year	(166.2)	(156.4)

(1) Other payables include bank and bond interest accrued £7.3m (2023: £10.8m), bond issue costs accrued £0.1m (2023: £0.1m) and pension fund contributions £1.7m (2023 £1.0m).

(2) Social security and other taxation includes VAT creditor of £5.4m (2023: £3.3m).

(3) Prepaid room purchases of £50.8m (2023: £42.2m) relate to cash received at the time of room booking prior to arrival date and is recognised when customers stay. 48.0% (2023: 54.1%) would be non-refundable on cancellation of the room booking, with revenue being recognised once the booking is cancelled, the stay date passes or the voucher expires. Customer stays are within 1 year of the booking date so contract liabilities at the start of the year are recognised within revenue in the year

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 has estimated the fair value of trade and other payables to be equal to the book value.

21 LEASE LIABILITIES

The Group leases various buildings which are used within the Travelodge business. The leases are non- cancellable leases with varying terms, escalation clauses and renewal rights. These include variable payments that are not fixed in amount but based upon a percentage of sales.

	2024 **£m**	**2023** **£m**
Opening Balance	(2,609.9)	(2,539.3)
New leases	(42.4)	(19.4)
Lease Adjustments	(98.2)	(103.3)
Foreign Exchange Translation Adjustment	1.7	0.9
Finance Costs	(213.9)	(209.2)
Payments	259.3	259.1
Disposals	-	1.3
Closing Balance	(2,703.4)	(2,609.9)
Amounts falling due within one year	(92.8)	(81.9)
Amounts falling due over one year	(2,610.6)	(2,528.0)
	(2,703.4)	(2,609.9)

New leases related to 6 sites (5 sites in 2023), including a site opened following the year end. Lease adjustments of £98.2m in 2024 mainly consisted of rent reviews. Lease adjustments of £103.3m in 2023 mainly consist of rent reviews, including a regear of 122 hotels leased by LXI REIT.

Lease liabilities are based on discounted future committed lease payments and therefore do not include the impact of variable lease components, short-term and low value leases. Further information regarding these payments is provided below.

Lease liabilities have been discounted at a weighted average discount rate of 9.17% (2023: 9.18%) with a range between 5.0% and 12.5% (2023: 5.0% to 12.5%) and represent leases with a weighted average remaining length, including landlord extension options, from the balance sheet date of 21.8 years (2023: 22.6 years).

Details of lease payments made in the year and charged to the Income Statement are given below:

Lease payments charged/(credited) to Income Statement

	Total 2024 £m
Variable lease payments charge not included within right of use assets	1.3
Income from subleasing right of use assets	(4.5)
	(3.2)

	Total 2023 £m
Variable lease payments charge not included within right of use assets	0.7
Income from subleasing right of use assets	(5.5)
	(4.8)

The total cash outflow for leases in 2024 was £259.3m (2023: £259.1m).

22 FINANCIAL ASSETS AND LIABILITIES

Risk

The Group's principal financial instruments comprise derivatives, bank loans, senior unsecured bonds, cash, short-term deposits, trade receivables and trade payables. The Group's financial instruments policies can be found can be found in the accounting policies in Note 2. The Board agrees policies for managing the financial risks summarised below:

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders and complying with lending covenants. 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.

The group aims to maintain sufficient funds for working capital and future investment in order to meet growth targets. The Group may transact sale and leaseback transactions as part of its plans to provide further funding for growth. The revolving credit facility was replaced in April 2023 with a 54 month £50m revolving credit facility (RCF). Under the RCF, the Group's covenant requirements, which apply if drawings under the RCF are £32m or more, are tested at the end of March, June, September and December to ensure a leverage ratio (Net leverage to EBITDA) of 5.5:1 or lower. At the 2024 & 2023 year ends, the RCF remained undrawn.

The Board regularly reviews the Group's funding strategy as part of the business planning and budgeting processes.

Interest rate risk

The Group finances most of its operations through borrowings. The Group has borrowings at fixed and floating rates with a portion of its debt instruments designated in Euros at floating EURIBOR rates and the balance in sterling at fixed rates. As noted below, the Group has elected to mitigate the currency exposure on the Euro designated debt with a currency derivative entered into contemporaneously with the drawdown of the loan instrument. The cross currency swap exchanges GBP at floating rates pegged to SONIA interest rates for Euros`. To mitigate this interest rate risk the Group entered into an interest rate cap and collar option in June 2023.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. Interest rate swaps are used where necessary to maintain a mix of fixed and floating rate borrowings to manage this risk, in line with the Group treasury policy. At the year end, 73% (2023: 68%) of Group debt was fixed for an average of 49 months (2023: 58 months) at an average interest rate of 11.4% (2023: 11.7%).

In accordance with IFRS 7 Financial Instruments; Disclosures, the Group has undertaken sensitivity analysis on its financial instruments which are affected by changes in interest rates. This analysis has been prepared on the basis of a constant amount of net debt, a constant ratio of fixed to floating interest rates, and on the basis of the hedging instruments in place at 31 December 2024. Consequently, the analysis relates to the situation at those dates and is not representative of the years then ended. The following assumptions were made:

- Balance sheet sensitivity to interest rates applies only to derivative financial instruments, as the carrying value of debt and deposits does not change as interest rates move; and
- Gains or losses are recognised in equity or the consolidated income statement in line with the Group's accounting policies.

Based on the Group's net debt/cash position at the year end, a 1% change in SONIA rates would affect the Group's profit before tax by £2.3m (2023: £1.4m). The Group is unaffected by EURIBOR changes because of the cross currency derivative (note 23).

Liquidity risk

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.

22 FINANCIAL ASSETS AND LIABILITIES (continued)

The tables below summarise the maturity profile of the Group's financial liabilities at 31.12.2024 and 31.12.2023 based on contractual undiscounted payments, including interest:

2024	On Demand	Less than 12 months	More than 12 months	Total
	£m	£m	£m	£m
Interest-bearing loans and borrowings	-	-	(850.3)	(850.3)
Investor loan note	-	-	(239.9)	(239.9)
Other financial liabilities	-	(374.1)	(5,432.3)	(5,806.4)
Non-derivative financial liabilities	-	**(374.1)**	**(6,522.5)**	**(6,896.6)**
Derivative contracts- receipts	-	17.7	170.4	188.1
Derivative contracts- payments	-	(19.9)	(184.8)	(204.7)
Derivative financial liabilities	-	**(2.2)**	**(14.4)**	**(16.6)**
Total financial liabilities	-	**(376.3)**	**(6,536.9)**	**(6,913.2)**

2023	On Demand	Less than 12 months	More than 12 months	Total
	£m	£m	£m	£m
Interest-bearing loans and borrowings	-	-	(792.2)	(792.2)
Investor loan note	-	-	(239.9)	(239.9)
Other financial liabilities	-	(365.0)	(5,450.5)	(5,815.5)
Non-derivative financial liabilities	-	**(365.0)**	**(6,482.6)**	**(6,847.6)**
Derivative contracts- receipts	-	15.6	193.0	208.6
Derivative contracts- payments	-	(19.9)	(205.3)	(225.2)
Derivative financial liabilities	-	**(4.3)**	**(12.3)**	**(16.6)**
Total financial liabilities	-	**(369.3)**	**(6,494.9)**	**(6,864.2)**

Contractual undiscounted payments relating to lease liabilities due in more than 5 years includes £1,341.9m (2023: £1,306.6m) due between 5 and 10 years, £2,181.7m (2023: £2,185.8m) due between 10 and 20 years and £826.7m (2023: £926.0m) due in more than 20 years.

Credit risk

Due to the high level of cash held at the year end, the most significant credit risk faced by the Group is that arising on cash and cash equivalents. The Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments. The Group seeks to minimise the risk of default in relation to cash and cash equivalents by spreading investments across a number of counterparties and dealing in accordance with Group treasury policy which specifies acceptable credit ratings and maximum investments for any counterparty. In the event that any of the Group's banks get into financial difficulty, the Group is exposed to the risk of withdrawal of currently undrawn committed facilities. This risk is mitigated by the Group having a range of counterparties to its facilities.

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. Loans advanced to developers are protected by The Group taking a second charge over the Ipswich Town Centre Travelodge, also owned by the developer. Loans advanced to developers in relation to the Greenwich Travelodge hold the related property as collateral. The Group will also be able to offset the upfront payment against the rent for the Ipswich Town Contre in the event that the new hotels are not delivered. The Group is exposed to a small amount of credit risk attributable to its trade and other receivables. This is minimised by dealing with counterparties with good credit ratings. The amounts included in the balance sheet are net of expected credit losses, which have been estimated by management based on prior experience and any known factors at the year end.

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.

22 FINANCIAL ASSETS AND LIABILITIES (continued)

Currency exposures
As noted above, the Group issued a portion of its refinanced bond debt in Euros in April 2023. To mitigate the foreign exchange risk inherent in this instrument, the Group transacted a cross currency swap for €200m of the €250m floating rate bond split between two financial institutions. The refinancing event that took place in 2024 was reviewed and deemed to be a modification of the loans rather than extinguishment of the debt therefore the conclusion was carried over and the hedge continued in place for the new loans. The Group also has a €50m natural hedge by holding funds in a Euro designated deposit account with a further financial provider.

At 31 December 2023, the Group had no material non-financial currency exposures that would give rise to net currency gains or losses being recognised in the income statement.

Net debt	**2024**	**2023**
	£m	**£m**
Cash at bank and in hand	227.7	195.7
External debt redeemable:		
- Sterling fixed rate notes	(415.0)	(330.0)
- Euro floating rate notes (including financial derivative)	(207.8)	(225.4)
- Issue costs	8.6	12.9
Senior secured bond related debt	(614.2)	(542.5)
Revolving credit facility	-	-
External debt	(614.2)	(542.5)
Net external debt	(386.5)	(346.8)
Investor loan note	(140.2)	(152.2)
Net debt before leases liabilities	(526.7)	(499.0)
Lease liabilities	(2,703.4)	(2,609.9)
Net debt including lease liabilities	(3,230.1)	(3,108.9)

Sterling loan notes
On 28 April 2023, the Group issued £330m of Sterling Loan Notes (maturity 28 April 2028) with interest of 10.25% pa paid semi-annually in October and April. The issue costs of £4.7m were capitalised and are being amortised over the expected life of the Sterling Loan Notes. On 27 June 2024, the Group issued £85m of Sterling Loan Notes (maturity 28 April 2028) with interest of 10.25% per annum paid semi-annually in October and April.

Euro loan Notes
On 28 April 2023, the Group issued €250m of Euro Loan Notes (maturity 28 April 2028) with interest of 5.5% above three month EURIBOR paid quarterly in July, October, January and April. Costs resulting from the refinancing in April 2023 of £7.5m are being amortised over 3 years.

On 27 June 2024, the Group redeemed the €250m of Euro Loan Notes issued in 2023 and replaced them with a new issue of €250m of Euro Loan Notes (maturity 30 June 2030) with interest of 3.75% above three month EURIBOR paid quarterly in September, December, March and June. The issue costs of £1.7m have been capitalised and are being amortised over the expected life of the Euro Loan Notes.

22 FINANCIAL ASSETS AND LIABILITIES (continued)

Revolving credit facility and super senior term loan

In April 2023 the Group secured a new revolving credit facility ("RCF") of £50.0m. The RCF facility is available to the Group until October 2027. At 31 December 2024 and 31 December 2023, the revolving credit facility was entirely undrawn.

Under the RCF, the Group's covenant requirements, which apply if drawings under the RCF are £32m or more, are tested at the end of March, June, September and December to ensure a leverage ratio (Net leverage to EBITDA) of 5.5:1 or lower.

Letter of credit facility

In April 2023, a letter of credit facility of £30m was secured as part of the refinancing and is available to the Group until October 2027. At the balance sheet date, letters of credit were in issue, but not called upon, to the value of £20.7m (2023: £27.1m).

Investor loan notes

In 2023, the Group held investor loan note agreements with Anchor Holdings SCA to the value of £135.0m in three tranches. The original investor loan note of £95m had an original termination date of January 2026, however this was amended as a result of the refinancing to be October 2028. The two subsequent tranches of £10m and £30m respectively had termination dates in 2033.

The interest rate charged on the investor loan note was 15%. Accrued interest for the year ended 31 December 2024 totalled £18.9m (2023: £20.3m) with the total cumulative accrued interest on the three tranches being £15.8m (2023: £17.2m) following a repayment of interest during the year of £20.4m (2023: £75.0m) and a repayment of capital of capital during the year of £10.5m (2023: £nil).

In February 2024, the Group novated the entire investor loan notes to its new parent company, T&L Holdco Limited, so this Group's capital balance for the Investor Loan Notes at the year end was £124.5m (2023: £135.0m) and the accrued interest balance was £15.7m (2023: £17.2m).

22 FINANCIAL ASSETS AND LIABILITIES (continued)

	Cash	Lease liabilities	Senior secured Fixed Rate Notes	Senior secured Euro Floating Rate Notes (including financial derivative liability)	Total External debt	Investor loan note	Total
	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2024	195.7	(2,609.9)	(330.0)	(225.4)	**(2,969.6)**	(152.2)	**(3,121.8)**
New leases	-	(42.4)	-	-	**(42.4)**	-	**(42.4)**
Lease adjustments	-	(98.2)	-	-	**(98.2)**	-	**(98.2)**
Foreign exchange translation adjustments	-	1.7	-	-	**1.7**	-	**1.7**
Lease payments	-	259.3	-	-	**259.3**	-	**259.3**
Disposals	-		-	-		-	
Interest on lease liabilities	-	(213.9)	-	-	**(213.9)**	-	**(213.9)**
Accrued investor loan interest	-	-	-	-	**-**	(18.9)	**(18.9)**
Non-cash Fair value gain on Euro loan notes	-	-	-	12.7	**12.7**	-	**12.7**
Senior floating euro bond fx gain	-	-	-	9.6	**9.6**	-	**9.6**
Change in value of financial derivative liability	-	-	-	(4.7)	**(4.7)**	-	**(4.7)**
Senior fixed rate bond	-	-	(85.0)	-	**(85.0)**	-	**(85.0)**
Investor loan capital repaid	-	-	-	-	**-**	10.5	**10.5**
Investor loan interest paid	-	-	-	-	**-**	20.4	**20.4**
Cash movement in year	32.0	-	-	-	**32.0**	-	**32.0**
Net movement in year	32.0	(93.5)	(85.0)	17.6	**(128.9)**	12.0	**(116.9)**
Balance at 31 December 2024	**227.7**	**(2,703.4)**	**(415.0)**	**(207.8)**	**(3,098.5)**	**(140.2)**	**(3,238.7)**

22 FINANCIAL ASSETS AND LIABILITIES (continued)

	Cash £m	**Lease liabilities £m**	**Senior secured fixed rate bond £m**	**Senior secured floating rate bond £m**	**Senior secured Fixed Rate Notes £m**	**Senior secured Euro Floating Rate Notes (including financial derivative liability) £m**	**Total External debt £m**	**Investor loan note £m**	**Total £m**
Balance at 1 January 2023	154.2	(2,539.3)	(65.0)	(440.0)	-	-	**(2,890.1)**	(206.9)	**(3,097.0)**
New leases	-	(19.4)	-	-	-	-	**(19.4)**	-	**(19.4)**
Lease adjustments	-	(103.3)	-	-	-	-	**(103.3)**	-	**(103.3)**
Foreign exchange translation adjustments	-	0.9	-	-	-	-	**0.9**	-	**0.9**
Lease payments	-	259.1	-	-	-	-	**259.1**	-	**259.1**
Disposals	-	1.3	-	-	-	-	**1.3**	-	**1.3**
Interest on lease liabilities	-	(209.2)	-	-	-	-	**(209.2)**	-	**(209.2)**
Accrued investor loan interest	-	-	-	-	-	-	**-**	(20.3)	**(20.3)**
Repayment of fixed and floating rate bonds	-	-	65.0	440.0	-	-	**505.0**	-	**505.0**
Senior floating euro bond	-	-	-	-	-	(225.4)	**(225.4)**	-	**(225.4)**
Senior fixed rate bond	-	-	-	-	(330.0)	-	**(330.0)**	-	**(330.0)**
Investor loan interest paid	-	-	-	-	-	-	**-**	75.0	**75.0**
Cash movement in year	41.5	-	-	-	-	-	**41.5**	-	**41.5**
Net movement in year	41.5	(70.6)	65.0	440.0	(330.0)	(225.4)	**(79.5)**	54.7	**(24.8)**
Balance at 31 December 2023	**195.7**	**(2,609.9)**	**-**	**-**	**(330.0)**	**(225.4)**	**(2,969.6)**	**(152.2)**	**(3,121.8)**

22 FINANCIAL ASSETS AND LIABILITIES (continued)

Financial assets and liabilities measured at amortised cost

The carrying value of trade and other receivables, cash and cash equivalents, and trade and other payables are considered to be reasonable approximations of their fair values largely due to the short- term maturities of these instruments. The fair value of the Group's borrowings is estimated at £781.8m. The fair value of the Group's borrowings is based on Level 1 valuation techniques where there is an active market for the instrument and on Level 2 valuation techniques otherwise.

A comparison of the carrying value and fair value of the Group's financial assets and liabilities at each reporting date is shown below.

	Amortised cost		Fair value		
	Financial assets £m	Financial liabilities £m	Financial assets £m	Financial liabilities £m	Carrying amount £m
At 31 December 2024					
Financial instrument categories					
Cash and cash equivalents	227.7	-	227.7	-	227.7
Financial assets at amortised cost [1]	31.6	-	31.6	-	31.6
Financial derivative liability	-	(13.4)	-	(13.4)	(13.4)
Sterling Fixed Rate Note	-	(415.0)	-	(427.0)	(415.0)
Euro Floating Rate Note	-	(194.4)	-	(206.6)	(194.4)
Investor loan note	-	(140.2)	-	(148.2)	(140.2)
Financial liabilities[2]	-	(2,806.6)	-	(2,806.6)	(2,806.6)
	259.3	(3,569.6)	259.3	(3,601.8)	(3,310.3)
At 31 December 2023					
Financial instrument categories					
Cash and cash equivalents	195.7	-	195.7	-	195.7
Financial assets at amortised cost [1]	18.7	-	18.7	-	18.7
Financial derivative liability	-	(8.7)	-	(8.7)	(8.7)
Sterling Fixed Rate Note	-	(330.0)	-	(341.9)	(330.0)
Euro Floating Rate Note	-	(216.7)	-	(220.9)	(216.7)
Investor loan note	-	(152.2)	-	(150.3)	(152.2)
Financial liabilities[2]	-	(2,716.8)	-	(2,716.8)	(2,716.8)
	214.4	(3,424.4)	214.4	(3,438.6)	(3,210.0)

(1) Financial assets at amortised cost of £32.8m (2023: £18.7m) are made up of trade receivables £10.5m (2023: £9.9m), other receivables of £18.3m (2023: £6.7m) and loans to related parties of £2.8m (2023: £2.1m).

(2) Financial liabilities of £2,806.5m (2023: £2,716.8m) are made up of lease liabilities of £2,703.4m (2023: £2,609.9m), trade payables £22.7m (2023: £9.9m), capital payables £10.0m (2023: £5.0m), accruals £58.0m (2023: £77.9m) and other payables £12.4m (2023: £14.1m).

Financial assets at amortised cost and financial liabilities (excluding lease liabilities, finance lease payables and Notes) are due within one year.

22 FINANCIAL ASSETS AND LIABILITIES (continued)

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: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
Level 3: inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying value of trade and other receivables, cash and cash equivalents and trade and other payables are considered to be reasonable approximations of their fair value largely due to the short term maturities of these instruments.

The fair value of the Group's borrowings is estimated at £781.4m (2023: £713.1m). The fair value of the Group's borrowings is based on Level 1 valuation techniques where there is an active market for the instrument and on Level 2 valuation techniques otherwise.

As at 31 December 2024	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Financial liabilities measured at fair value through profit and loss				
Derivatives (interest rate collar)	-	(0.6)	-	(0.6)
Derivatives (cross currency swap)	-	(12.8)	-	(12.8)
Total	-	(13.4)	-	(13.4)

As at 31 December 2023	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Financial liabilities measured at fair value through profit and loss				
Derivatives (interest rate collar)	-	(3.2)	-	(3.2)
Derivatives (cross currency swap)	-	(5.5)	-	(5.5)
Total	-	(8.7)	-	(8.7)

23 DERIVATIVE FINANCIAL INSTRUMENTS

In line with the Group's treasury policy, the Group has entered into three types of derivative instruments to mitigate the volatility and uncertainty through the income statement as a result of the 250m EUR floating notes issues in June 2024 and April 2023.

FX Forward and cross currency swap
In April 2023, an FX forward was taken out with external banking counterparties over €200m (£GBP) of EUR floating rate loan. In June 2023, the FX forward was rolled into a more structured cross currency swap, whereby the principal €200m was secured against GBP and the floating interest swapped from EURIBOR to SONIA. The instruments have been designated as cash flow hedge accounting instruments since their trade dates and are remeasured to fair value at the balance sheet date. The term of the hedging instruments is to June 2026, which management has deemed to be concurrent with the possible loan repayment date (the contractual repayment date is June 2030). The fair value movement of £3.3m (2023: £4.7m) has been recognised in Other Comprehensive Income (OCI). Ineffectiveness in the hedging arrangements of £0.1m (2023: £0.3m) has been recognised through the Income Statement. The refinancing event that took place in 2024 was reviewed and deemed to be a modification of the Euro Loan Notes rather than extinguishment of the debt therefore it was concluded that the currency exposure was unaffected and the hedge continued in place for the new Euro Loan Notes.

At the year end 100% of Group's EUR debt exposure was fixed, by virtue of the 200m EUR Cross currency swap and a further 50m of EUR cash reserves.

SONIA Collar
In June 2023, a collar on SONIA rates was entered into, to protect the variability of SONIA GBP rates to which the Group is exposed as a result of the Cross Currency Swap of EUR £200m hedging the EUR notes, which leaves the final interest rate under the derivative linked to SONIA £3m. An amount of £177m has been hedged till April 2026, limiting the evolution of SONIA to the rates 4.30% and 5.80% and 8%.

In accordance with IFRS7 Financial Instruments; Disclosures, the Group has undertaken sensitivity analysis on its financial instruments which are affected by changes in interest rates. This analysis has been prepared on the basis of a constant amount of net debt, a constant ratio of fixed to floating interest rates, and on the basis on the hedging instruments in place at the year end which reflects the position at that point in time. The following assumptions were made:

- Balance sheet sensitivity to interest rates applies only to derivative financial instruments, as the carrying value of debt and deposits does not change as interest rates move; and
- Gains or losses are recognised in equity or the consolidated income statement in line with the Group's accounting policies.

Based on the Group's net debt/cash position at the year end, a 1% change in SONIA rates would affect the Group's profit before tax by £2.2m (2023: £1.4m). The Group is unaffected by EURIBOR changes because of the cross currency derivative.

The sensitivity analysis below describes possible movements in GBP interest rates with all other variables held constant, showing the impact on profit before tax and equity.

Derivatives Liabilities (CCS and collar)	**Effect on fair value of financial instruments £m**	**Effect on profit before taxation £m**	**Effect on equity £m**
Increase of 100 basis points in GBP SONIA rates	1.1	-	1.1
Decrease of 100 basis points in GBP SONIA rates	(2.0)	-	(2.0)

23 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The sensitivity analysis below describes possible movements in EUR interest rates with all other variables held constant, showing the impact on profit before tax and equity.

Derivatives Liabilities (CCS)	**Effect on fair value of financial instruments £m**	**Effect on profit before taxation £m**	**Effect on equity £m**
Increase of 100 basis points in EUR rates	(0.5)	-	(0.5)
Decrease of 100 basis points in EUR Rates	0.5	-	0.5

The sensitivity analysis below describes possible movements in spot EURGBP rate with all other variables held constant, showing the impact on profit before tax and equity.

Derivatives Assets and Liabilities (CCS and options)	**Effect on fair value of financial instruments £m**	**Effect on profit before taxation £m**	**Effect on equity £m**
Increase of 10% (appreciation EUR)	17.1	-	17.1
Increase of 10% (depreciation EUR)	(17.1)	-	(17.1)

Fair Values

IFRS13 Fair Value Measurement requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. The classification uses the following 3 level hierarchy:

- Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – using other techniques for which all inputs, which have a significant effect on the recorded fair value, inputs, other than quoted prices within Level 1 are observable for the asset or liability, either directly or indirectly; and
- Level 3 – using techniques which use unobservable inputs, which have a significant effect on the recorded fair value, that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

23 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities measured at fair value	2024	2023
	£m	£m
Financial assets		
Derivative Financial instruments – Level 2	-	-
Financial Liabilities		
Derivative Financial instruments – Level 2	(13.4)	(8.7)

During 2024 and 2023 there were no transfers between fair value measurement levels.
Derivative financial instruments include £13.4m of liabilities (2023: £8.7m) due after one year.

Reconciliation of equity components and analysis of comprehensive income – Cross currency swap	Cash flow hedge reserve		
	Intrinsic value of options	Cost of hedging reserve	Total hedge reserves
	£m	£m	£m
<u>**Cross currency swap 2024**</u>			
Opening balance at 1 January 2024	(1.8)	0.3	(1.5)
Change in Fair Value of hedging instrument(OCI)	(7.0)	-	(7.0)
Costs of hedging deferred (OCI)	-	(0.1)	(0.1)
Reclassified to profit or loss	7.7	-	7.7
	(1.1)	0.2	(0.9)
<u>**Interest rate cap/collar 2024**</u>			
Opening balance at 1 January 2024	(2.4)	(0.8)	(3.2)
Change in Fair Value of hedging instrument (OCI)	2.3	-	2.3
Costs of hedging deferred (OCI)	-	0.5	0.5
Reclassified to profit or loss	-	-	-
	(0.1)	(0.3)	(0.4)
Balance as at 31.12.2024	(1.2)	(0.1)	(1.3)
<u>**Cross currency swap 2023**</u>			
Change in Fair Value of hedging instrument (OCI)	(4.5)	-	(4.5)
Costs of hedging deferred (OCI)	-	0.3	0.3
Reclassified to profit or loss	2.7	-	2.7
	(1.8)	0.3	(1.5)
<u>**Interest rate cap/collar 2023**</u>			
Change in Fair Value of hedging instrument (OCI)	(2.4)	-	(2.4)
Costs of hedging deferred (OCI)	-	(0.8)	(0.8)
Reclassified to profit or loss	-	-	-
	(2.4)	(0.8)	(3.2)
Balance as at 31.12.2023	(4.2)	(0.5)	(4.7)

Cash flow hedges are expected to impact on the consolidated income statement in line with the liquidity risk table shown in Note 22.

23 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Effect of hedge accounting on the financial position and performance.

The effects of the interest rate swaps on the group's financial position and performance are as follows:

Derivatives	**2024**	**2023**
	£m	**£m**
Cross currency Swap		
Carrying amount		
Current liabilities – Financial derivative liability	-	-
Non-current liabilities – Financial derivative liability	(12.6)	(5.5)
Notional amount	€200m	€200m
Maturity date	30 June 2026	28 April 2026
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments	(7.0)	(1.5)
Change in value of hedged item used to determine hedge effectiveness	(6.9)	(4.1)
Weighted average hedged rate for the year	0.8850 GBP/EUR	0.8850 GBP/EUR
Interest rate cap/collar		
Carrying amount		
Current liabilities – Financial derivative liability	-	-
Non-current liabilities – Financial derivative liability	(0.6)	(3.2)
Notional amount	£177m	£177m
Maturity date	30 June 2026	28 April 2026
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments	2.6	(3.2)
Change in value of hedged item used to determine hedge effectiveness	2.6	(3.2)
Weighted average hedged rate for the year	4.3% - 8.0%	4.3% - 8.0%

24 DEFERRED TAX

The following are the major deferred tax assets and (liabilities) recognised by the Group which are expected to be recovered or settled more than twelve months after the reporting year end and movements thereon during the forthcoming year.

Deferred tax	**Balance at 1 Jan 2024**	**Credited/ (Charged) to income statement**	**Balance at 31 Dec 2024**
Tax losses	23.4	(2.2)	21.2
Capital Allowances	22.4	(5.7)	16.7
Intangible assets	(36.2)	-	(36.2)
Share schemes	-		-
Leases	5.2	0.6	5.8
Other short term timing differences	1.0	0.3	1.3
Net deferred tax asset/(liability)	**15.8**	**(7.0)**	**8.8**
Amounts expected to be recovered in:			
No more than 12 months after the reporting year	3.7		3.3
More than 12 months after the reporting year	12.1		5.5
Net deferred tax asset/(liability)	**15.8**		**8.8**

The main rate of UK corporation tax was 25.0%. The deferred tax assets have been recognised at the rate expected to apply on utilisation.

There is an unrecognised deferred tax asset of £79.0m (2023: £75.5m) relating to tax losses and other timing differences.

The Group carries out an assessment of the recoverability of these losses for each reporting period. As a result of recent performance, management consider it probable that the Group will be able to recover a portion of the temporary differences and losses in the future as described in Note 2, and as a consequence have recognised additional deferred tax assets in excess of the deferred tax liabilities totalling £8.8m.

The UK deferred tax liability has been offset against the UK deferred tax asset, to the extent that a legal right of set-off exists. The deferred tax figures above include a deferred tax asset for Spain of £4.4m (2023: £4.9m) representing deferred tax where no legal right of set off exists.

To determine a reasonable loss utilisation forecast a risk weighting has been applied to an extrapolated long term forecast. Prior to risk weighting, it would take 9 years to fully utilise the losses accumulated.

Movement in net deferred tax asset/(liability)	**2024 £m**	**2023 £m**
Beginning of year	15.8	4.7
Credit/(charge) to income statement	(7.0)	11.1
Currency translation		-
Reclassified from /(to) current tax		-
End of year	**8.8**	**15.8**

25 PROVISIONS

	2024 Property £m	2024 Other £m	2024 Total £m	2023 Property £m	2023 Other £m	2023 Total £m
At 1 January	(0.6)	(2.2)	(2.8)	(0.6)	(2.5)	(3.1)
Amount utilised	-	0.3	0.3	-	0.1	0.1
Additional provision recognised		(0.4)	(0.4)	-	-	-
Release of provisions	0.4	-	0.4	-	-	-
Transfer to accruals	-	-	-	-	0.2	0.2
At 31 December	(0.2)	(2.3)	(2.5)	(0.6)	(2.2)	(2.8)
The balance can be analysed as:						
Due in less than one year	-	(0.6)	(0.6)	-	(0.4)	(0.4)
Due in greater than one year	(0.2)	(1.7)	(1.9)	(0.6)	(1.8)	(2.4)
Total	(0.2)	(2.3)	(2.5)	(0.6)	(2.2)	(2.8)

Provisions of £2.5m as at 31 December 2024 consist of public liability claims of £0.7m, litigation, amounts relating to future rates liabilities and other provisions of £1.6m in addition to onerous contract provisions of £0.2m within the Property category.

Public Liability
A provision of £0.7m was brought forward relating to the estimated claims against the Company from employees and the public. The claims result from alleged accidents and injuries sustained in the Group's premises. During the year, the provision was re-assessed and £nil (2023: £0.2m) transferred to accruals.

Onerous Contracts
These relate to the rates payable on 4 empty and historic subleased restaurant units and provision has been made for the period that the sublet or assignment of the lease is not possible. Provisions are expected to be utilised over a period of 5 years. The provision at the start of the year was £0.6m and £0.4m has been released in 2024.

Other Provisions
Additional provisions were recognised in the year of £0.4m relating to risk and compliance cases.

26 SHARE CAPITAL AND OTHER RESERVES

Other reserves of £20.6m on the balance sheet within Total Equity, is in relation to the introduction of the Management Incentive Plan in 2022. The charge of £8.1m to the income statement for Equity Share Based Payments is described within this note.

Management Incentive Plan ("MIP")
Under the MIP, employees are issued Class L and Class L1, or Class K and Class K1 Ordinary Shares in Anchor Holdings S.C.A. ("Anchor"). A Class L, L1, K and K1 Shareholder employee can only benefit from the value of the Ordinary Shares if they are employed by the company or a group company on an exit event or partial exit.

The number of Shares in issue under the MIP are as follows:

	2024 Number of options	2024 Weighted average issue price £	2023 Number of options	2023 Weighted average exercise price £
Class L/L1 shares				
Outstanding at 1 January	156,394	3.74	156,394	3.74
Issues during the year	-	-	-	-
Shares bought back during the year	(42,260)	3.74	-	-
Outstanding at 31 December	114,134	3.74	156,394	3.74

The options are exercisable upon a vesting event.

26 SHARE CAPITAL AND OTHER RESERVES (continued)

		2024		2023
	Number of options	Weighted average issue price	Number of options	Weighted average exercise price
Class K/K1 shares		£		£
Outstanding at 1 January	200	4,495	200	4,495
Issues during the year	-	-	-	-
Shares bought back during the year	(66)	4,495	-	-
Outstanding at 31 December	134	4,495	200	4,495

Warrants Agreement
Under the warrant agreements, employees are issued warrants to subscribe to Class L and Class L1 Ordinary Shares in Anchor Holdings S.C.A. ("Anchor"). Following exercise of the warrants, a Class L and Class L1 Shareholder can only benefit from the value of the Class L and Class L1 Ordinary Shares if they are employed by the company or a group company on an exit event or partial exit.

The number warrants granted to subscribe for Class L and Class L1 Shares are as follows:

		2024		2023
	Number of options	Weighted average issue price	Number of options	Weighted average exercise price
Class L/L1 shares - warrants		£		£
Outstanding at 1 January	31,314	-	31,314	-
Issues during the year	-	-	-	-
Outstanding at 31 December	31,314	-	31,314	-

The warrants have not been exercised.

The subscription of Class L, L1, K and K1 Shares represent an equity-settled share-based payment. The warrants granted for the subscription of Class L and Class L1 Shares also represent an equity-settled share-based payment.

Equity-settled share-based payments
The weighted average fair value of options granted in the year was determined using the Binomial Lattice pricing model. The Binomial Lattice model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date"). Service conditions, which includes continued employment, are taken into account by adjusting the number of options expected to vest at each reporting date.

Estimation has been applied in determining the accounting charge, within the valuation model itself, such as revenue growth and the discount rate on a pre-IFRS 16 basis (10.9% June subscription, 11.4% November warrants issue), and the vesting date, which is assumed to be 5 years from the date of the first issue. The vesting date was previously assumed to be 3 years (expiring in June 2025) and it is management's belief that is not expected to occur by this original date, therefore the assumed vesting date has been reviewed and amended to 5 years.

During the period, participants of the MIP agreed to a share transfer for a third of their shares in issue. This constitutes a modification of a performance condition for the shares. As such, the full Share Based Payment charge for the associated shares and the incremental fair value have been recognised in the accounts.

The resulting charge is £8.1m in respect of costs for employees (2023: £7.0m).

Cash-settled share-based payments
In addition to the MIP and warrant arrangements, the company and employees of the MIP and warrants have entered into an arrangement whereby the company is obligated to settle the arrangement in cash should the proceeds be insufficient to cover the Class L, L1, K and K1 shareholders' entitlement on an exit event. This arrangement represents a cash-settled share-based payment.

There is only a remote probability that the cash settled arrangement would arise, and therefore the value of the liability has been measured at nil. As a result, there is no liability for a future cash settlement recognised in the accounts.

Share Capital	2024 & 2023 Number of shares	2024 & 2023 £
Authorised, called up , allotted and fully paid:		
Ordinary shares of £0.000001 each	1,000,000	1

27 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 2024 the capital commitment not provided for in the financial statements, subject to satisfactory practical completion, was £23.3m (2023: £17.1m).

28 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

At 31 December 2024, the Directors regard Anchor Holdings SCA as the ultimate parent undertaking and controlling party, a company incorporated in Luxembourg. The Group is currently majority owned indirectly by funds managed by GoldenTree Asset Management LP. A minority stake is held by certain senior managers under the Management Incentive Plan.

Thame and London Limited is now an intermediate parent undertaking within the Group at 31 December 2024. In 2023, Thame and London Limited was the largest UK parent producing consolidated group accounts. With the group restructuring in 2024 and the creation of a new property group, a new parent company was established, T&L Holdco Limited. T&L Holdco Limited is the new parent company of Thame and London Limited and the new property group which are both wholly owned by T&L Holdco Limited directly. T&L Holdco Limited is now the parent undertaking of the largest group of undertakings to consolidate the financial statements of the Group at 31 December 2024 and contains the results of the Thame and London consolidated accounts as well as the results of the new Property group. The consolidated financial statements of Thame and London Limited and T&L Holdco Limited are available from Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT.

The Company's immediate parent company is T&L Holdco Limited which is the ultimate parent of the Group. Details of the subsidiaries of the Thame and London Limited group are set out in Note 13 of these consolidated group accounts. Details of the subsidiaries of T&L Holdco Limited are set out in Note 14 of the consolidated group accounts of T&L Holdco Limited on page 101.

In 2024, with the formation of the new property group, TL Prop Holdco Limited became the holding company of that group and is wholly owned by T&L Holdco Limited. Consolidated accounts for the property group are prepared by TL Prop Finco Limited which is a direct wholly owned subsidiary of TL Prop Holdco Limited. The financial statements of these companies are available from Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT. In 2024, following the acquisition of 66 hotels from LXi REIT, the new property group leased these 66 hotels to Travelodge Hotels Limited under the same terms as the previous leases with LXi REIT to Travelodge Hotels Limited.

Anchor Holdings SCA provided the Company with investor loans totalling £135.0m (2023: £135.0m). The original investor loan note of £95.0m had a termination date of January 2026 (however this was amended as a result of the refinancing to be October 2028) with two subsequent tranches drawn in 2020, for £10.0m and £30.0m respectively, having a termination date of 2033. In February 2024, £10.6m of the Investor loans were repaid leaving a balance of £124.4m. In February 2024, £20.3m of the accrued interest relating to these loans was repaid during 2024 (2023: £75m). The loan accrued interest at 15.0% (2023: 15.0%) per annum. In February 2024, the investor loans were novated to T&L Holdco Limited. Interest accrued in the year is £18.9m (2023: £20.3m) and the total balance at the year end including accrued interest was £140.1m (2023: £152.2m).

Travelodge Hotels Limited has agreed to make loan facilities available to Anchor Holdings SCA and Anchor Holdings G.P.S.A up to a maximum of £2.2m (2023: £2.2m) and £0.9m (2023: £0.9m) respectively. At the balance sheet date, Anchor Holdings SCA and Anchor Holdings G.P.S.A had utilised £1.8m (2023: £1.2m) and £0.7m (2023: £0.7m) respectively with no repayment of principal by either entity during the year (2023: £nil). The loans accrue interest at 5.1% (2023: 5.1%) per annum. Interest accrued in the year was £0.1m (2023: £0.1m), with Anchor Holdings SCA making no payments of interest in 2024 (2023: £nil). The total interest accrued at the balance sheet date was £0.4m (2023: £0.3m).

29 ASSET ACQUISITIONS

On 17 April 2024 the operating group of the wider Travelodge group acquired five hotels and a sixth hotel in December 2024 from another hotel operator in Spain, expanding Travelodge's already existing presence in that country. The acquisition was deemed an asset acquisition because the concentration test applied.

Purchase consideration	**Total 2024 £m**
Cash paid	34.5
	34.5

The assets and liabilities recognised as a result of the acquisition are as follows:

	2024 £m
Property, plant and equipment	34.5
	34.5

Directly attributable costs of £3.5m have also been capitalised within property, plant and equipment.

Per our fair value assessment of the transaction, the consideration paid for the acquisition by TL Propco 1 Ltd, TL Propco 2 Ltd and TL Propco 3 Ltd was equal to the assets acquired and liabilities assumed, and therefore there is no gain or loss to be recognised in relation to the transaction.

In November 2024, the operating group acquired a freehold office building near St Paul's Cathedral in London for a consideration of £14.0m. Subject to planning permission, this freehold will be converted into a hotel. The Group incurred transaction costs and property taxes related to this acquisition of £0.7m.

There were no acquisitions in the year ended 31 December 2023.

30 NOTE TO THE CASH FLOW STATEMENT

	2024	2023
	£m	£m
Operating profit	268.6	324.4
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	173.9	160.1
Amortisation of other intangible assets	3.9	3.7
Unrealised currency translation gain / (loss)	0.3	(0.2)
Share based payments	8.1	7.0
Impairment reversal	-	(7.7)
Loss/ (Profit) on disposal of fixed assets	10.2	4.7
	196.4	167.6
Operating cash flows before movements in working capital	465.0	492.0
(Increase) in inventory	(0.2)	(0.2)
(Increase) in receivables	(3.3)	(4.9)
Increase / (decrease) in payables	6.8	(7.4)
Increase / (decrease) in provisions	(0.3)	(0.4)
Total working capital movement	3.0	(12.9)
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	468.0	479.1

31 CONTINGENT LIABILTIES

In common with occupiers of buildings throughout the UK, we continually assess safety related factors associated with our buildings. As problems are identified, we may face the costs of rectification. It is impossible to meaningfully quantify the extent of such costs as may arise.

32 POST BALANCE SHEET EVENTS

On 20 January 2025 three new wholly owned subsidiaries of Travelodge Hotels Limited were incorporated, those being Full Moon Propco 3 Limited, Full Moon Propco 4 Limited and Full Moon Propco 5 Limited.

In March 2025, Louvre Hotels Group announced that it had exchanged contracts unconditionally on the sale of 9 UK hotels to the Travelodge Group for £30.5m. The acquisition is expected to complete in late Spring. The hotels will be acquired by a subsidiary of Thame and London Limited and the transaction will be funded through cash.

THAME AND LONDON LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

For the year ended 31 December 2024	Called Up Share Capital £m	Profit and Loss Account £m	Total Shareholders' Deficit £m
Balance at 1 January 2024	-	(3.0)	(3.0)
Result for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31 December 2024	-	(3.0)	(3.0)

For the year ended 31 December 2023	Called Up Share Capital £m	Profit and Loss Account £m	Total Shareholders' Deficit £m
Balance at 1 January 2023	-	(3.0)	(3.0)
Result for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31 December 2023	-	(3.0)	(3.0)

THAME AND LONDON LIMITED

PARENT COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2024

	Note	2024 £m	2023 £m
NON CURRENT ASSETS			
Investments	3	-	-
CURRENT ASSETS			
Trade and other receivables	4	140.2	152.2
TOTAL ASSETS		140.2	152.2
CURRENT LIABILITIES			
Trade and other payables	5	(3.0)	(3.0)
TOTAL ASSETS LESS CURRENT LIABILITIES		137.2	149.2
NON – CURRENT LIABILITIES			
Investor loan	6	(140.2)	(152.2)
NET LIABILITIES		(3.0)	(3.0)
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and Loss account	8	(3.0)	(3.0)
TOTAL SHAREHOLDERS' DEFICIT		(3.0)	(3.0)

The Company made no profit or loss in the year (2023: £nil).

These financial statements on pages 90 to 94 were approved by the Board of Directors and signed on its behalf by:

Aidan Connolly
Director

31 March 2025

Thame and London Limited Company registration number 08170768

1 GENERAL INFORMATION

The Company's legal form, country of incorporation, registered office, operations and principal activities are disclosed in Note 1 of the Group's financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006 and FRS 102, with sections 11 and 12 (certain exemptions of the reduced disclosure framework) applied as detailed below.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted have been consistently applied throughout the year and are set out in note 2.

2 MATERIAL ACCOUNTING POLICIES

Investments
Investments in a subsidiary company are shown at cost less accumulated impairment losses.

Related party transactions

As permitted by FRS 102 (section 33) 'Related party disclosure' the Company has not disclosed related party transactions with wholly-owned subsidiaries, which are disclosed in the consolidated financial statements of the T&L Holdco Limited group.

Employees

The Company has no employees (2023: nil).

Cash flow statement

Under FRS 102 (section 1), the Company is exempt from the requirement to prepare a cash flow statement as it has included the Company's cash flows in its own published consolidated financial statements.

Intercompany debtors and creditors
Loans to and from other Group undertakings are repayable on demand. They are initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. After this initial recognition, they are measured at amortised cost using the effective interest method, which means an interest charge is recognised systematically over the life of the loan, giving a constant rate of return.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management have classified intracompany receivables and payables as current assets and liabilities respectively and, as in prior years, management expect these balances to increase and decrease to support the commitments of other Group entities.

Intercompany

Management have classified intercompany receivables as current assets and, as in prior years, management expect these balances to increase and decrease to support the commitments of other Group entities.

3 INVESTMENTS

	Shares in subsidiaries £
Cost and net book value	
At 1 January 2024	1
At 31 December 2024	1

The Parent Company has investments in the subsidiary undertakings, as listed in the Subsidiary Undertakings note (consolidated financial statements note 13), which principally affect the profits or net assets of the Company. The Directors consider the value of the investments to be supported by the value of the underlying assets.

Travelodge Propco Espana SL, Travelodge Opco Espana SL and FullMoonPropco 2 were acquired in 2024. All other subsidiary undertakings were acquired on 12 October 2012. The investment of £1 represents investment in Full Moon Holdco 4 Limited, the only directly owned subsidiary.

4 TRADE AND OTHER RECEIVABLES

	2024 £m	2023 £m
Amounts owed by Group undertakings	140.2	152.2

Amounts owed by Group undertakings are unsecured and repayable on demand and bear interest between 0.0% and 15.0% (2023: 0.0% and 10.0%). Under the going concern assessment outlined in Note 2 of the Group statutory accounts, the Directors believe that no provision is required for impairment of Group debtors.

5 TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Amounts owed to Group undertakings	(3.0)	(3.0)
Accruals and deferred income		

Amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand.

6 INVESTOR LOAN

At 31 December 2024, the Group had three tranches of investor loan notes totalling £135.0m with £95.0m having a termination date of January 2026 (however this was amended as a result of the refinancing to be October 2028) and the two subsequent tranches of £10m and £30m respectively terminating in 2033. Interest accrued on these notes at 15% (2023: 15%).

Interest accrued in the year is £18.9m (2023: £20.3m) with the total cumulative accrued interest on the three tranches being £11.6m (2023: £17.2m). There were interest payments made totalling £20.3m during the period (2023: £75m) and capital repayments of £10.6m (2023: £nil). Following the novation of the loans to T&L Holdco Limited in February 2024, the total balance as at 31 December 2024 including accrued interest was £140.2m (2023: £152.2m).

7 CALLED UP SHARE CAPITAL

	2024 & 2023 Number of shares	2024 & 2023 £
Authorised, called up, allotted and fully paid:		
Ordinary shares of £0.000001 each	1,000,000	1

8 PROFIT AND LOSS ACCOUNT

	2024 £m	2023 £m
At 1 January	(3.0)	(3.0)
Result for the financial year	-	-
At 31 December	(3.0)	(3.0)

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own Income Statement for the year.
The Company made a result in the year of £nil (2023: result of £nil).

9 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

At 31 December 2024, the Directors regard Anchor Holdings SCA as the ultimate parent undertaking, a company incorporated in Luxembourg. The Company is currently majority owned indirectly by funds managed by GoldenTree Asset Management LP. A minority stake is held by certain senior managers under the Management Incentive Plan.

Thame and London Limited was the parent undertaking of the largest group of undertakings to consolidate the group’s financial statements at 31 December 2023. Following the group restructure in 2024, Thame and London Limited was acquired by T&L Holdco Limited and became a 100% subsidiary of that company. T&L Holdco Limited is now the ultimate parent to consolidate the group’s financial statements at 31 December 2024. The consolidated financial statements of Thame and London Limited and of T&L Holdco Limited are available from Sleepy Hollow, Aylesbury Road, Thame, Oxfordshire, OX9 3AT.

In 2023, Anchor Holdings SCA provided the Company with investor loans totalling £135.0m. The original investor loan note of £95m has a termination date of January 2026 (however this was amended as a result of the refinancing to be October 2028) and two subsequent tranches of £10.0m and £30.0m respectively have a termination date of 2033. In February 2024, £10.6m of the capital of the Investor loans were repaid leaving a balance of £124.4m. In February 2024, £20.3m of the accrued interest relating to these loans was repaid (2023: £75m). The loans accrue interest at 15.0% (2023: 15.0%) per annum. Following the novation of the loans to T&L Holdco Limited in February 2024, the total balance as at 31 December 2024 including accrued interest was £140.2m (2023: £152.2m).

ALTERNATIVE PERFORMANCE MEASURE (APM)

The Group uses the non-statutory alternative performance measures 'EBITDA (adjusted)' and 'Free Cash Flow' to monitor the financial performance of the Group internally. This measure is not a statutory measure in accordance with IFRS.

We report these measures because we believe it provides both management and other stakeholders with useful additional information about the financial performance of the Group's businesses.

APMs are not defined by IFRS and therefore may not be directly comparable with similarly titled measures reported by other companies. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

We believe the pre-IFRS measures are useful metrics for investors to understand our results of operations, profitability and ability to service debt and because they permit investors to evaluate our recurring profitability from underlying operating activities.

We also use these measures internally to track our business performance, establish operational and strategic targets and make business decisions. We believe EBITDA (adjusted) 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, amortisation and impairment charges, which may be unrelated to operating performance. We believe EBITDA (adjusted) is a useful measure of 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 and more closely aligns the recognition of rent free periods and rent reductions in profitability with the corresponding cash impact.

In line with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority, we have provided additional information on the APMs used by the Group below, including full reconciliations back to the closest equivalent statutory measure.

ALTERNATIVE PERFORMANCE MEASURE (APM) (continued)

Income Statement Measures

Reference	APM	Definition
I	Pre- IFRS 16	The performance under accounting principles prior to the adoption of IFRS 16.
II	EBITDA (adjusted)	Earnings before interest, tax, depreciation and amortisation and non-underlying items(III), on a pre-IFRS 16 basis, and before rent phasing adjustment(V). In this measure, the benefit of rent free periods agreed in the ordinary course of rent negotiation, are spread on a straight line basis until the next rent review (normally five years from initial agreement). The calculation for this measure is consistent with prior years.
III	Non-Underlying Items	Non-underlying items are related to items that are considered to be significant in nature and quantum and not in the normal course of business or are consistent with items that were treated as non-underlying in prior periods.
IV	Net rent payable / receivable Net external rent payable / receivable	Net external rent payable / receivable is the net of rent receivable and rent payable (pre-IFRS 16) before the rent phasing adjustment. External rent payable (pre-IFRS 16) before the rent phasing adjustment reflects the rental amounts accrued adjusted for rent free periods by spreading these over the period to the next rent review date (usually around five years).
V	Rent phasing adjustment	EBITDA (adjusted) is the measure used for internal management reporting. The rent phasing adjustment reflects the timing difference between the rent charge for the year in our internal management reporting measure EBITDA (adjusted) and the rent charge for the year under accounting standards pre-IFRS 16. In many of our leases we receive a rent free period at the beginning of the lease term. According to standards pre-IFRS 16, the benefit of this rent free period is recognised in our income statement as a deduction to the actual rent expense in each year, on a straight line basis, over the full life of each lease, with the unrecognised balance being held as an accrual on our balance sheet. As a result, our total pre-IFRS 16 rent expense does not reflect our cash payments of rent in any year. EBITDA (adjusted) in each year recognises the portion of the rent free credit attributable to such year as if such credit were applied on a straight line basis until the next rent review, normally five years which more closely aligns to cash payments.
VI	Like-for-like RevPAR Like-for-like occupancy Like-for-like average room rates	Revenue per available room, occupancy and average room rate (net of VAT) for UK hotels that have been open for at least two years at the end of the current year on a management reporting period basis. 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 day of the week and our like-for-like reporting is prepared on this basis for consistency.

ALTERNATIVE PERFORMANCE MEASURE (APM) (continued)

Reconciliation of (Loss) / Profit before tax to EBITDA (adjusted)[II]:

	2024	2023
	£m	**£m**
(Loss) / Profit before tax	(6.7)	33.8
Net Finance Costs	275.3	290.6
Operating Profit	268.6	324.4
Non-underlying Operating Items (see note 8)	10.4	5.5
Underlying Operating Profit	279.0	329.9
Depreciation, Amortisation – Underlying	177.8	163.8
Loss on disposal of fixed assets - Underlying	10.2	5.0
IFRS 16 Net rental income	(3.2)	(4.8)
Net external rent payable[1]	(263.4)	(249.8)
Unrealised currency translation (gain) / losses	0.3	(0.2)
EBITDA (adjusted)[II]	200.7	243.9

[1] Since the adoption of IFRS 16, operating lease rent is no longer charged to the statutory profit & loss account. IFRS 16 net rental income reflects the net rent income under IFRS 16 within Other Income in the Income Statement (Note 7). Net external rent payable reflects pre-IFRS 16 rental amounts accrued adjusted for rent free periods by spreading these over the period to the next rent review date.

Income Statement on APM basis

The table below details the construct of EBITDA (adjusted)[II] and the reconciliation to statutory profit/(loss).

	2024			2023			Variance 2024 vs 2023 before IFRS 16[1]	
	Before IFRS 16[1] £m	**IFRS 16 impact** £m	**Total** £m	**Before IFRS 16[1]** £m	**IFRS 16 impact** £m	**Total** £m	£m	Var %
Revenue by geographical region								
Revenue	**1,036.6**	**-**	**1,036.6**	**1,035.2**	**-**	**1,035.2**	**1.4**	**0.1%**
Revenue UK	1,007.9	-	1,007.9	1,016.4	-	1,016.4	(8.5)	(0.8)%
Revenue International	28.7	-	28.7	18.8	-	18.8	9.9	52.7%
Key income statement items								
Revenue	**-**	**-**	**-**	**1,035.2**	**-**	**1,035.2**	**(1,035.2)**	**(100.0)%**
Operating expenses	(574.9)	-	(574.9)	(542.1)	-	(542.1)	(32.8)	(6.1)%
Of which cost of goods sold	*(65.0)*	-	(65.0)	*(58.5)*	-	(58.5)	*(6.5)*	*(11.1)%*
Of which employee costs	*(257.9)*	-	(257.9)	*(231.1)*	-	(231.1)	*(26.8)*	*(11.6)%*
Of which other operating expenses	*(252.0)*	-	(252.0)	*(252.5)*	-	(252.5)	*0.5*	*0.2%*
Net external rent (payable) / receivable	(263.4)	266.6	3.2	(249.8)	254.6	4.8	(13.6)	(5.4)%
Other income	2.4		2.4	0.6	-	0.6	1.8	300.0%
EBITDA (adjusted)[2]	**200.7** [2]	**266.6**	**467.3** [3]	**243.9** [2]	**254.6**	**498.5** [3]	**(43.2)**	**(17.7)%**
Rent phasing adjustment[4]	4.9	(4.9)	-	4.3	(4.3)	-	0.6	14.0%
Unrealised currency gain	(0.3)	-	(0.3)	0.2	-	0.2	-	-
Loss on disposal of fixed assets	(10.2)	-	(10.2)	(5.5)	0.5	(5.0)	(4.7)	(85.5)%
Depreciation	(50.5)	(123.4)	(173.9)	(41.6)	(118.5)	(160.1)	(8.9)	(21.4)%
Amortisation	(14.9)	11.0	(3.9)	(13.9)	10.2	(3.7)	(1.0)	(7.2)%
Operating profit / (loss) (before non-underlying items)	**129.7**	**149.3**	**279.0**	**187.4**	**142.5**	**329.9**	**(57.7)**	**(30.8)%**
Finance costs before investor loan interest	(69.2)	(212.1)	(281.3)	(67.3)	(207.5)	(274.8)	(1.9)	(2.8)%
Investor loan interest	(18.9)	-	(18.9)	(20.3)	-	(20.3)	1.4	6.9%
Finance income	11.0	-	11.0	7.9	-	7.9	3.1	39.2%
Profit/(loss) for the year (before non-underlying items)	**52.6**	**(62.8)**	**(10.2)**	**107.7**	**(65.0)**	**42.7**	**(55.1)**	**(51.2)%**
Non-underlying items			3.5			(8.9)		
Profit/(loss) before tax			**(6.7)**			**33.8**		

ALTERNATIVE PERFORMANCE MEASURE (APM) (continued)

Finance costs

	2024			2023		
	Paid	**Balance sheet movement**	**Total**	**Paid**	**Balance sheet movement**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Finance fees(1)	5.4	6.4	11.8	2.6	8.7	11.3
Interest on bank loans	32.2	(29.8)	2.4	1.4	-	1.4
Interest on fixed and floating rate bonds	59.3	(4.9)	54.4	48.4	2.4	50.8
Swap Interest				2.1	-	2.1
Interest on obligations under finance leases(1)	1.4	0.3	1.7	1.6	0.1	1.7
Finance costs before interest on investor loan and IFRS 16 – underlying	98.3	(28.0)	70.3	56.1	11.2	67.3
Interest on investor loan	-	18.9	18.9	75.0	(54.7)	20.3
Fees in relation to restructuring of debt	-	2.4	2.4	-	4.2	4.2
Finance costs (pre-IFRS 16[I])	98.3	(6.7)	91.6	131.1	(39.3)	91.8
IFRS 16 adjustment(1)	201.1	11.0	212.1	205.4	2.1	207.5
Finance costs	299.4	4.3	303.7	336.5	(37.2)	299.3

(1) The total IFRS 16 notional interest charge on lease liabilities is £213.8m (2023: £209.2m). The IFRS 16 adjustment excludes the following items already included within finance costs (pre-IFRS 16): £1.7m (2023: £1.7m) in respect of interest on finance leases, and £nil (2023: £nil) in respect of unwinding of discount on provisions.

ALTERNATIVE PERFORMANCE MEASURE (APM) (continued)

Cash Flow Statement Measures

Reference	APM	Definition
I	Pre-IFRS 16	The performance under accounting principles prior to the adoption of IFRS 16.
II	EBITDA (adjusted)	Earnings before interest, tax, depreciation and amortisation and non-underlying items, on a pre-IFRS 16 basis, and before rent phasing adjustment. In this measure, the benefit of rent free periods agreed in the ordinary course of rent negotiation, are spread on a straight line basis until the next rent review (normally five years from initial agreement). Non-underlying items have been removed as they are related to items that are considered to be significant in nature and quantum, and not in the normal course of business. The calculation for this measure is consistent with prior years.
III	Free Cash Flow	Cash generated before asset acquisitions, including associated costs, interest, non-underlying costs, spend on provisions and financing.
IV	Underlying Working Capital	Working capital movement is stated before non-underlying movements, before rent phasing adjustment and before the impact of IFRS 16.

Reconciliation of Cash generated from operating activities in the cash flow statement to Free Cash Flow

	2024	2023
	£m	£m
Cash Generated from Operating Activities	468.0	479.1
IFRS 16 lease rental capital payments	(56.8)	(50.8)
IFRS 16 lease rental interest payments	(202.5)	(208.3)
Finance lease rental interest payments	1.4	1.6
Cash spend on provisions and non-underlying items through working capital	2.8	19.8
Net cash flows from operating activities before non-underlying items pre-IFRS 16	212.9	241.4
Capital expenditure	(114.8)	(81.0)
Free Cash Flow [III]	98.1	160.4

Reconciliation of EBITDA (adjusted) to Net cash generated from operating activities pre-IFRS 16:

	2024 Pre-IFRS 16[I] £m	2023 Pre-IFRS 16[I] £m
EBITDA (adjusted)[II]	200.7	243.9
Underlying working capital [IV]	12.2	(2.5)
Net cash flows from operating activities before non-underlying items pre-IFRS 16	212.9	241.4
Cash spend on provisions and non-underlying items through working capital[(1)]	(2.8)	(19.8)
Cash flows from operating activities	210.1	221.6
Corporate tax	(2.6)	(1.7)
Net cash generated from operating activities pre-IFRS 16	207.5	219.9

In 2024, net cash spend on provisions and non-underlying items of £2.8m relates to £1.7m of senior management bonuses paid in relation to the property acquisitions (the acquisition of 66 hotels by Travelodge PropCo Group which is held separately, but alongside T&L group) that took place during the year, and £1.0m that relates to the accrued exceptional costs relating to the refinancing that occurred in 2023.

In 2023, net cash spend on provisions and non-underlying items of £19.8m includes £6.4m in relation to employee bonuses, £0.2m for professional fees in connection with the design and implementation of the 2022 management incentive plan, £12.5m payments to compromised creditors under the terms of the CVA, £0.3m of other non-underlying spend and £0.4m spend on other provisions.

Reconciliation of Statutory working capital to underlying working capital:	2024	2023
	£m	£m
Total working capital movement (note 27)	3.0	(12.9)
Less rent working capital movement	3.8	(7.4)
Working capital movement pre-IFRS 16[I]	6.8	(20.3)
Less non-underlying pre-IFRS 16 (provisions and non-underlying items)	0.5	13.5
Less rent phasing adjustment pre-IFRS 16[I]	4.9	4.3
Underlying working capital [IV]	12.2	(2.5)

ALTERNATIVE PERFORMANCE MEASURE (APM) (continued)

Consolidated Cash Flow Statement

Memorandum - Analysis of free cash flow III

	2024 £m	2023 £m
EBITDA (adjusted)II	200.7	243.9
Underlying working capitalIV	12.2	(2.5)
Net cash flows from operating activities before non-underlying items	212.9	241.4
Capital expenditure	(114.8)	(81.0)
Free cash flow III generated in the year	98.1	160.4
Non-trading cash flow		
Finance fees paid	(5.4)	(2.6)
Interest paid	(60.6)	(49.9)
Interest income	10.7	7.0
Asset acquisition	(49.0)	-
Loans to developers	(8.7)	-
Finance lease rental interest payments	(1.4)	(1.6)
Cash spend on provisions and non-underlying items(1)	(2.8)	(19.8)
Corporate tax(2)	(2.6)	(1.7)
Non-trading cash flow	(119.8)	(68.6)
Cash generated/ (used)	(21.7)	91.8
Opening Cash	195.7	154.2
Cash generated / (used)	(21.7)	91.8
Net refinancing proceeds	-	549.3
Repayment of fixed and floating rate bond	-	(504.2)
Issue of fixed rate bonds	85.0	-
Premium on issue of fixed rate bonds	3.6	-
Investor loan interest paid	(20.4)	(75.0)
Investor loan capital paid	(10.5)	-
Finance issue costs	(4.0)	(20.4)
Closing Cash	227.7	195.7
Opening external net debt	(346.8)	(345.3)
Net increase in aggregate cash	32.0	41.5
Repayment of external debt	-	499.5
Net refinancing proceeds	-	(533.2)
Issue of fixed rate bonds	(85.0)	-
Effective interest on euro bond	12.7	-
Impact of foreign exchange on euro bond	9.6	-
Impact of revaluation of derivative	(4.6)	-
Net amortised bond transaction costs	(4.3)	(9.3)
Closing external net debt	(386.5)	(346.8)

(1) In 2024, net cash spend on non-underlying items through working capital of £2.8m relates to £1.7m of senior management bonuses paid in relation to the property acquisitions (the acquisition of 66 hotels by Travelodge PropCo Group which is held separately, but alongside T&L group) that took place during the year and £1.0m relates to the accrued exceptional costs relating to the refinancing that occurred in 2023.

In 2023, net cash spend on provisions and non-underlying items of £19.8m includes £6.4 in relation to employee bonuses, £0.2m for professional fees in connection with the design and implementation of a new senior management incentive plan, £12.5m payments to compromised creditors under the terms of the CVA, £0.3m of other non-underlying spend and £0.4m spend on other provisions.

(2) In 2024, Corporate tax includes £1.5m in respect of UK corporation tax for the year ended 31 December 2023 and £1.1m payment on account for Spanish corporation tax. In 2023, Corporate tax includes £0.5m, in respect of UK corporation tax for the year ended 31 December 2023, £0.5m for UK corporation tax for the year ended 31 December 2022 and £0.7m payment on account for Spanish corporation tax.

ALTERNATIVE PERFORMANCE MEASURE (APM) (continued)

Balance Sheet Measures

Reference	APM	Definition
I	Pre-IFRS 16	The performance under accounting principles prior to the adoption of IFRS 16.

Debt
The analysis of funding excludes operating lease liabilities under previous IFRS as our APMs deduct rent payable for these leases, and lease liabilities were not reported as debt pre-IFRS 16[I]:

Memorandum - Analysis of net funding

	Note	2024 £m	2023 £m
Cash at bank		227.7	195.7
External debt redeemable (excluding lease liabilities):			
Senior secured fixed rate bond	22	(415.0)	(330.0)
Senior secured floating rate bond	22	(207.8)	(225.4)
Revolving credit facility	22	-	-
Super senior term loan	22	-	-
Issue costs	22	8.6	12.9
Gross debt		(614.2)	(542.5)
External net debt		(386.5)	(346.8)
Finance Leases		(14.9)	(14.7)
Net debt before investor loan		(401.4)	(361.5)
Investor loan	22	(140.2)	(152.2)
Net debt		(541.6)	(513.7)

ALTERNATIVE PERFORMANCE MEASURE (APM) (continued)

Obligations under finance leases (pre-IFRS 16[I])

The Group has 4 properties (2023: 4 properties) which have been classified as finance leases with a weighted average lease term remaining of 46 years (2023: 47 years), including landlord options to extend leases which haven't yet been exercised.

	2024 £m	2023 £m
Amounts payable under finance leases		
Due within one year	1.7	1.6
Due between two and five years	7.0	6.9
Due beyond five years	64.0	65.7
	72.7	74.2
Less future finance charges	(57.8)	(59.5)
Amounts due after settlement after 12 months (capital liability)	14.9	14.7

Onerous lease provisions

In reaching its EBITDA (adjusted), the Group has provided for operating lease rentals where these were above the market rate, causing the hotel to be loss making or where we consider it improbable that trading profits will be generated, or where the Group has subsequently vacated the property and rental income is less than the rental expense, or where it is probable that a previously sublet unit will revert to the Group. The element of the rental which is above market, causing the hotel to be loss making or where we consider it improbable that trading profits will be generated, 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 4.7% (2023: 6.1%) which represents a risk-free and pre-tax rate based on 25 year government gilt and further adjusted for property risk. Since 2019, under IFRS 16 the onerous lease provisions relating to rent are reclassified to right of use assets, leaving only the provisions relating to rates.

ALTERNATIVE PERFORMANCE MEASURE (APM) (continued)

Operating Lease Commitments pre-IFRS 16[I]

Total commitments under operating leases pre-IFRS 16[I] amounted to:

	Pre-IFRS 16[I] 2024			Pre-IFRS 16[I] 2023		
	UK	International	Total	UK	International	Total
	£m	£m	£m	£m	£m	£m
Due within one year	266.0	4.9	270.9	251.4	5.1	256.5
Due between two and five years	1,064.0	17.7	1,081.7	1,013.3	19.2	1,032.5
Due beyond five years	2,890.1	26.9	2,917.0	2,917.9	32.8	2,950.7
Total	4,220.1	49.5	4,269.6	4,182.6	57.1	4,239.7

	UK	International	Total	UK	International	Total
	Years	Years	Years	Years	Years	Years
Average lease term remaining	12.7	8.8	12.4	13.4	9.8	13.4

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 at open market value and others based on CPI), with Group only renewal rights at the end of the lease. The figures above exclude landlord options to extend leases which have not yet been exercised (which are included in the lease liability under IFRS 16 per note 21).

Contractual undiscounted lease payments - maturity analysis

	Property 2024 £m	Total 2024 £m
Within one year	270.8	270.8
Greater than one year but less than five years	1,081.9	1,081.9
Greater than five years but less than ten years	1,341.9	1,341.9
Greater than ten years but less than fifteen years	1,243.7	1,243.7
Greater than fifteen years	1,764.7	1,764.7
Total undiscounted lease payments at 31 December 2024	5,703.0	5,703.0

	Property 2023 £m	Total 2023 £m
Within one year	258.1	258.1
Greater than one year but less than five years	1,032.1	1,032.1
Greater than five years but less than ten years	1,306.6	1,306.6
Greater than ten years but less than fifteen years	1,235.3	1,235.3
Greater than fifteen years	1,876.5	1,876.5
Total undiscounted lease payments at 31 December 2023	5,708.6	5,708.6

The figures above comprise both finance and operating leases and include landlord options to extend leases which have not yet been exercised (which are included in the lease liability under IFRS 16 per note 21).