



## **NOTIFICATION TO BONDHOLDERS**

**By**

### **TRAVELODGE GROUP**

(Thame and London Limited and its subsidiaries)

concerning

### **TVL Finance plc's**

#### **£330,000,000 Senior Secured 10.250% Notes due 2028**

ISIN: XS2615792863 (Rule 144A); XS2615792194 (Regulation S)  
Common Code: 261579286 (Rule 144A); 261579219 (Regulation S)

#### **€250,000,000 Senior Secured Floating Rate Notes due 2028**

ISIN: XS2615793242 (Rule 144A); XS2615792947 (Regulation S)  
Common Code: 261579324 (Rule 144A); 261579294 (Regulation S)

### **Travelodge agrees to acquire 66 Travelodge-branded hotels from its largest landlord - LXi REIT - for £210 million, with support from Travelodge's owner GoldenTree Asset Management**

- The 66 hotels will be acquired on a freehold and long leasehold basis enabling the Travelodge group to take control of the assets, enhancing value
- The assets will be acquired through a newly created property holding group, under a new Travelodge group holding company, benefitting from support to drive further growth from its owner, GoldenTree Asset Management (GTAM)
- The hotels cover a wide geography, including London, the Midlands and the North of England across City Centre and roadside locations
- The transaction comes after Travelodge reported record-breaking Q3 results in November, with revenue up 16.7% to £782.0 million and underlying earnings (adjusted EBITDA) up 22.4% to £201.2 million
- Travelodge looks forward to continuing to work with LXi, with whom it has enjoyed a strong working relationship over many years, and who remain its largest landlord
- The Travelodge group plans to explore further freehold opportunities, which would further diversify Travelodge's freehold/leasehold asset base

**8 January 2024** – Travelodge, the UK's first budget hotel brand which operates nearly 600 hotels, today announces that it has exchanged contracts to acquire 66 Travelodge-branded hotels on a freehold and long leasehold basis from its largest landlord, LXi REIT plc ("LXi"), for a combined sum of £210 million.

The acquired portfolio includes hotels in London, regional city centres (Birmingham, Bath, Leeds, Liverpool), and roadside locations.

Travelodge operates a well-diversified, high-quality network of hotels located in major cities and towns across the UK. The business is well underway with its hotel refit programme – its most significant brand transformation to date – with plans to accelerate this investment and upgrade approximately 50% of the room estate by the end of 2024. The programme includes a new hotel design featuring a new style reception area, next-generation rooms with bedside charging ports and blackout curtains and upgraded bar cafes.

**Jo Boydell, Travelodge Chief Executive of Travelodge, said:** *"The acquisition of 66 Travelodge hotels from LXi REIT, with support from our owner GoldenTree Asset Management, will mark a positive step for Travelodge as we seek to optimise our hotel portfolio and diversify our freehold/leasehold split to enhance value. The new structure will provide us with a platform to explore further freehold acquisitions. We have nearly four decades of expertise in operating budget hotels and we look forward to continuing to invest in our hotel network to drive growth.*

*We are pleased to announce this transaction with LXi, with whom we have enjoyed a strong working relationship over many years. We look forward to continuing to work with LXi, who remain our largest landlord, with the 69 Travelodge hotels they continue to own."*

**Simon Lee, CEO of LXI REIT Advisors, said:** *"We are delighted to be transacting with Travelodge on this landmark sale of 66 hotels for £210 million, which is in line with the latest book value. Most of the sale proceeds will be used to pay down debt, reducing Group LTV to 34%, and Travelodge's proportion of Group rent will reduce to 11%. The sale and debt repayment are not expected to have a material impact on the Company's earnings.*

*Travelodge operate a best-in-class hotels business and the firm commitment of its owners to the business is demonstrated by their support to enable the purchase of 66 of its assets."*

The transaction comes after Travelodge reported record-breaking Q3 financial results in November 2023, with double digit revenue growth of 16.7% to £782 million and underlying earnings (adjusted EBITDA) up 22.4% to £201.2 million. This strong performance reflects continued demand from Travelodge's diverse range of leisure and business customers who seek affordable, quality accommodation.

Travelodge continues to see significant growth opportunities in the UK, with over 300 target locations identified following a comprehensive review of gaps in the market. Additionally, the company will continue to review extension opportunities across its existing estate. The business has also established a profitable market presence in Spain, operating six hotels including its third in Madrid which opened last year, and has identified a further 20 target locations across the country.

The transaction is expected to complete on 28 February 2024. The purchase price for the transaction is expected to be funded through a combination of a further shareholder investment from GTAM, the proceeds of a third party financing facility secured on the assets acquired in the transaction, and approximately £35 million of cash from Travelodge. The newly created property holding group that will acquire the assets will be held by a newly formed parent company of Thame and London Limited and will not guarantee or be subject to the covenants under the existing Travelodge senior secured notes due 2028.

## **About Travelodge**

In 1985, Travelodge became the UK's first budget hotel brand when it opened its first hotel at Barton-under-Needwood. Today, we operate nearly 600 hotels across the UK, Ireland and Spain and annually welcome over 21 million guests.

With rooms from £35, Travelodge is the ideal base for all business and leisure trips and we aim to offer customers the location, value and quality to suit all their travel needs.

We are currently looking to expand our UK hotel network and we have identified a further 300 locations where we would like to open a Travelodge hotel.

Travelodge employs over 12,000 employees and is dedicated to creating an environment where everyone can learn more, earn more and belong.

\*\*\*\*\*

*This announcement contains statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as "forward-looking statements". A number of risks and uncertainties could cause our actual results to differ materially from current projections, forecasts, estimates and expectations relating to us. In particular, the property purchase transaction may not be completed on the terms described herein, or at all. Our forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and other factors, many of which are beyond our control. Any or all of these forward-looking statements may turn out to be incorrect.*

*This release and the information contained herein are for information purposes only and do not constitute a prospectus or an offer to sell, or a solicitation of an offer to buy or subscribe for, any securities in the United States of America or in any other jurisdiction.*

## **Contact**

For further information, please contact:

### **Travelodge Investor Relations**

01844 358 655

[investors@travelodge.co.uk](mailto:investors@travelodge.co.uk)

### **FGS Global**

Jenny Davey/Anjali Unnikrishnan

0207 251 38 01

[Travelodge-LON@fgsglobal.com](mailto:Travelodge-LON@fgsglobal.com)