Trading Update Presentation

For the quarter ended 31 March 2020

Release: 18 May 2020

travelodge.co.uk

Disclaimer

You must read the following before continuing

This presentation has been prepared by Thame and London Limited, TVL Finance plc and Travelodge Hotels Limited (collectively, "the "Company") solely for informational purposes. For the purposes of this disclaimer, the presentation that follows shall mean and include the slides that follow, the oral presentation of the slides by the Company or any person on their behalf, any question and answer session that follows the oral presentation, hard copies of this document and any materials distributed in connection with the presentation. By attending the meeting at which the presentation is made, dialling into the teleconference during which the presentation is made or reading the presentation, you will be deemed to have agreed to all of the restrictions that apply with regard to the presentation and acknowledged that you understand the legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of the presentation. The Company does not make any representation or warranty or other assurance, express or implied, that this document or the information contained herein or the assumptions on which they are based are accurate, complete, adequate, fair, reasonable or up to date and they should not be relied upon as such. The Company does not accept any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on all or any part of this document and any liability is expressly disclaimed.

The Company has included non-IFRS financial measures in this presentation. These measurements may not be comparable to those of other companies. Reference to these non-IFRS financial measures should be considered in addition to IFRS financial measures, but should not be considered a substitute for results that are presented in accordance with IFRS.

The information contained in this presentation has not been subject to any independent audit or review. A significant portion of the information contained in this document, including all market data and trend information, is based on estimates or expectations of the Company, and there can be no assurance that these estimates or expectations are or will prove to be accurate. Our internal estimates have not been verified by an external expert, and we cannot guarantee that a third party using different methods to assemble, analyse or compute market information and data would obtain or generate the same results. We have not verified the accuracy of such information, data or predictions contained in this report that were taken or derived from industry publications, public documents of our competitors or other external sources. Further, our competitors may define our and their markets differently than we do. In addition, past performance of the Company is not indicative of future performance. The future performance of the Company will depend on numerous factors which are subject to uncertainty.

Certain statements contained in this document that are not statements of historical fact, including, without limitation, any statements preceded by, followed by or including the words "will," "targets," "believes," "expects," "aims," "intends," "may," "anticipates," "would," "could" or similar expressions or the negative thereof, constitute forward-looking statements, notwithstanding that such statements are not specifically identified. In addition, certain statements may be contained in press releases, and in oral and written statements made by or with the approval of the Company that are not statements of historical fact and constitute forward-looking statements. Examples of forward-looking statements include, but are not limited to: (i) statements about future financial and operating results; (ii) statements of strategic objectives, business prospects, future financial condition, budgets, potential synergies to be derived from acquisitions, projected levels of production, projected costs and projected levels of revenues and profits of the Company or its management or board of directors; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements.

Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict and outside of the control of the management of the Company. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. We have based these assumptions on information currently available to us, if any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, our future results of operations and financial condition, and the market price of the notes, could be materially adversely affected. You should not place undue reliance on these forward-looking statements. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements referenced above. Forward-looking statements speak only as of the date on which such statements are made. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

We have included other operating information in this presentation, some of which we refer to as "key performance indicators." We believe that it is useful to include this operating information as we use it for internal performance analysis, and the presentation by our business divisions of these measures facilitates comparability with other companies in our industry, although our measures may not be comparable with similar measurements presented by other companies. Such operating information should not be considered in isolation or construed as a substitute for measures prepared in accordance with IFRS.

The presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to or acquire the Company or the Company's securities, or an inducement to enter into investment activity in any jurisdiction in which such offer, solicitation, inducement or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This presentation is not for publication, release or distribution in any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction nor should it be taken or transmitted into such jurisdiction.

Significant and Increasing Covid-19 Impact

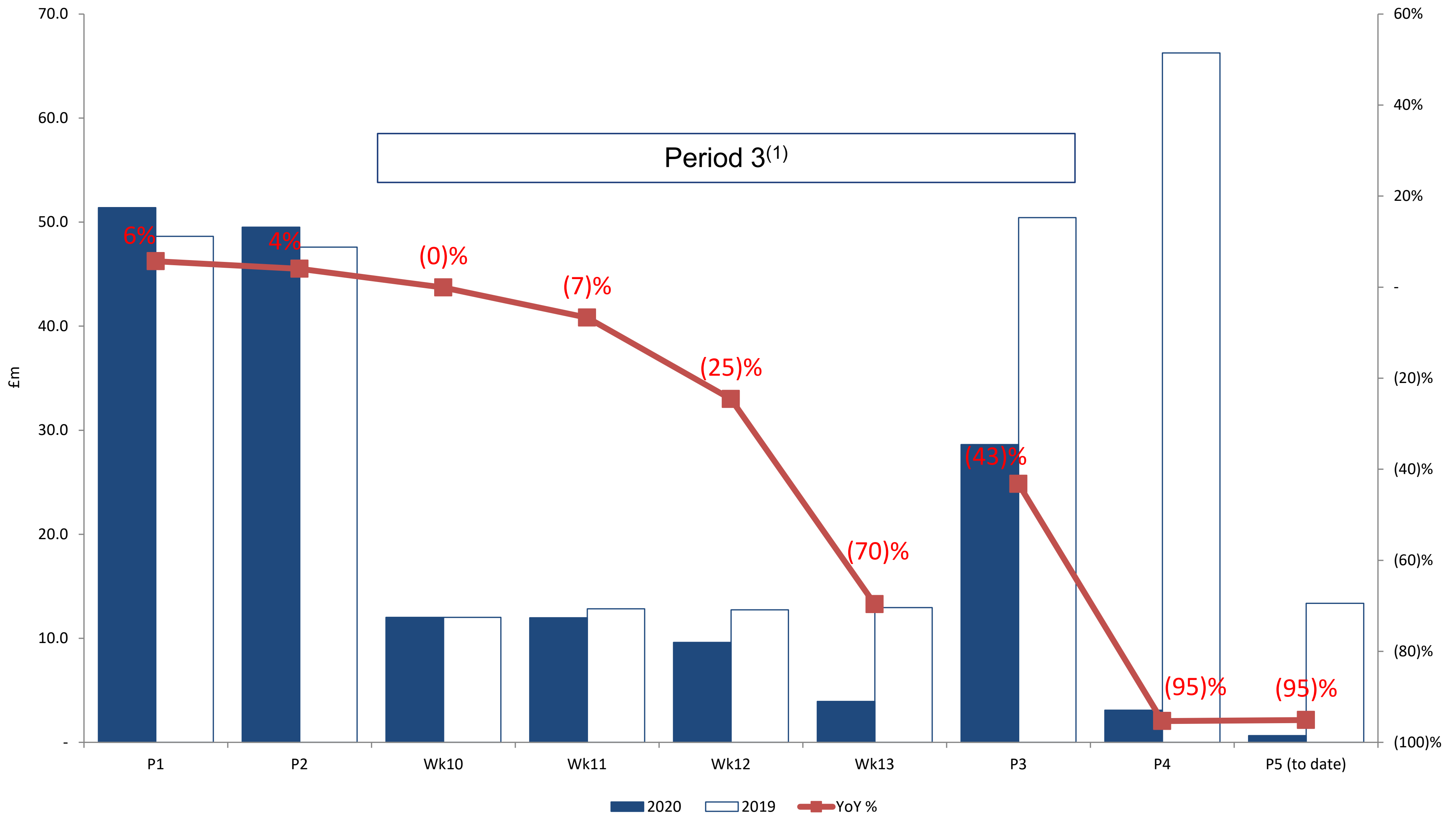
Headlines – quarter ended 31 March 2020

- Strong start to the year in January and February
- Significant and increasing Covid-19 impact from mid-March
  - Overall Q1 revenue down (10.8)% to £129.5m (2019: £145.2m)
  - LFL RevPAR[(1)] down (7.5)% to £31.39 (2019: £33.94)
  - EBITDA (adjusted)[(2)] down £(15.6)m to £(13.9)m
- Revenue now trending down 95% on prior year
- Hotels expected to remain closed until at least early July
- Recovery plan established but continually reassessed as the situation develops

1. *RevPAR is computed as the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period.*
   Like-for-like ("LFL") RevPAR compares the RevPAR in Q1 2020 vs. Q1 2019 on the basis of RevPAR generated by hotels that were opened before 1 January 2019.
2. *EBITDA (adjusted) = Earnings before interest, tax, depreciation, amortisation and before rent free adjustment and non-underlying items, before IFRS16. Non-underlying items have been removed as they relate to non-recurring, one-off items.*

Covid-19 Impact

Strong early trading overtaken by significant Covid-19 impact



1. P3 is the 4 week period from 27 Feb to 25 March

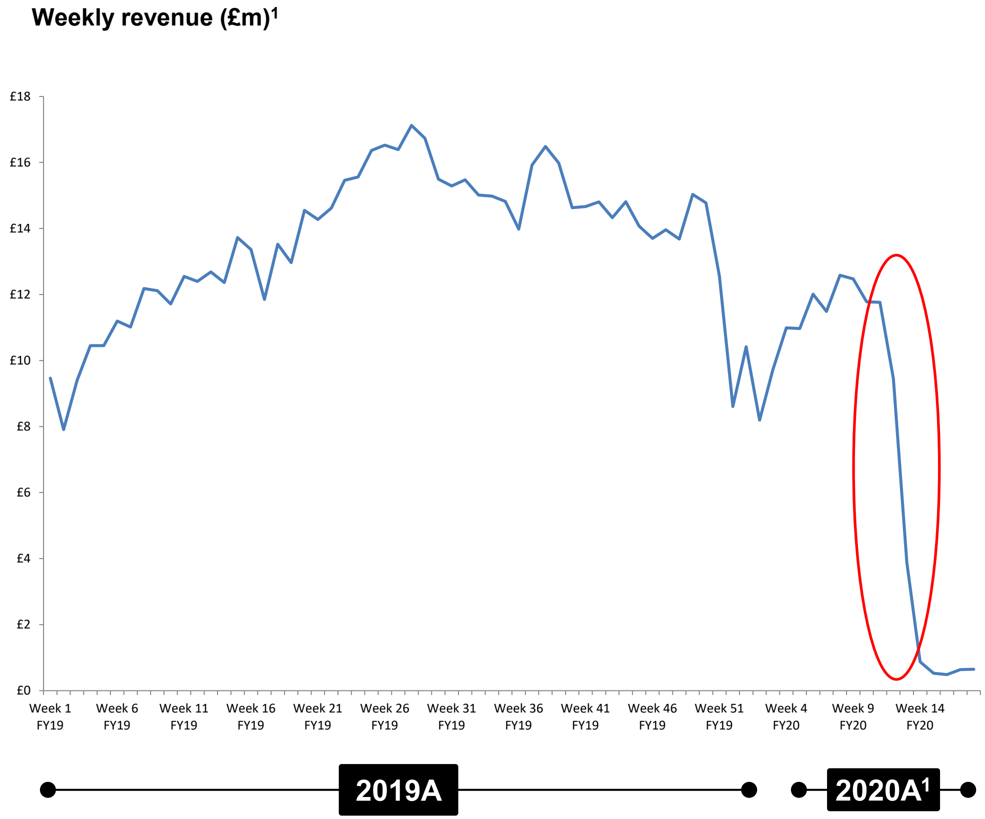
Travelodge
travelodge.co.uk

Covid-19 Impact

Revenues now trending down 95% on prior year as a result of closures

- Travelodge was ordered to close all its UK hotels on 24 March 2020, with the exception of those required for crisis efforts
- We are now open in 51 locations to support NHS workers, key workers and vulnerable groups, but at negligible operating income
- Revenues are down by more than 95%, open hotels are generating negligible net income and trading receipts are negative owing to refunds outstripping bookings
- The high-degree of operational leverage that Travelodge operates with, as previously described, means potentially significant operating losses and negative free cash flow in the immediate future
  - A 1% RevPAR decline equates to c.£6m - £7m in lost revenues
  - At a historical margin, this equates to c.£5m - £6m fall in EBITDA

Trading revenues have fallen significantly and are further impacted by refunds to our customers



1. Actual data until 29 April 2020

Company Reaction

We have taken decisive action to preserve liquidity and secure government support wherever possible

Operational actions

- Halted all discretionary spend
- Deferred all non-essential capex
- Senior management pay reductions
- Temporary suspension of Q2 rent payment
- Drew down on available financing facilities (£40m RCF drawn 17 March 2020, previously wholly undrawn)
- Engaged outside advisors to undertake scenario analysis and business plan review
- Entered into a new £60m facility on 20 April 2020

Government support

- Used job retention scheme to facilitate furlough of >8,000 staff
- Business rates relief
- Deferral of Q2 2020 VAT
- Deferral of PAYE/NICs

Cash Flow

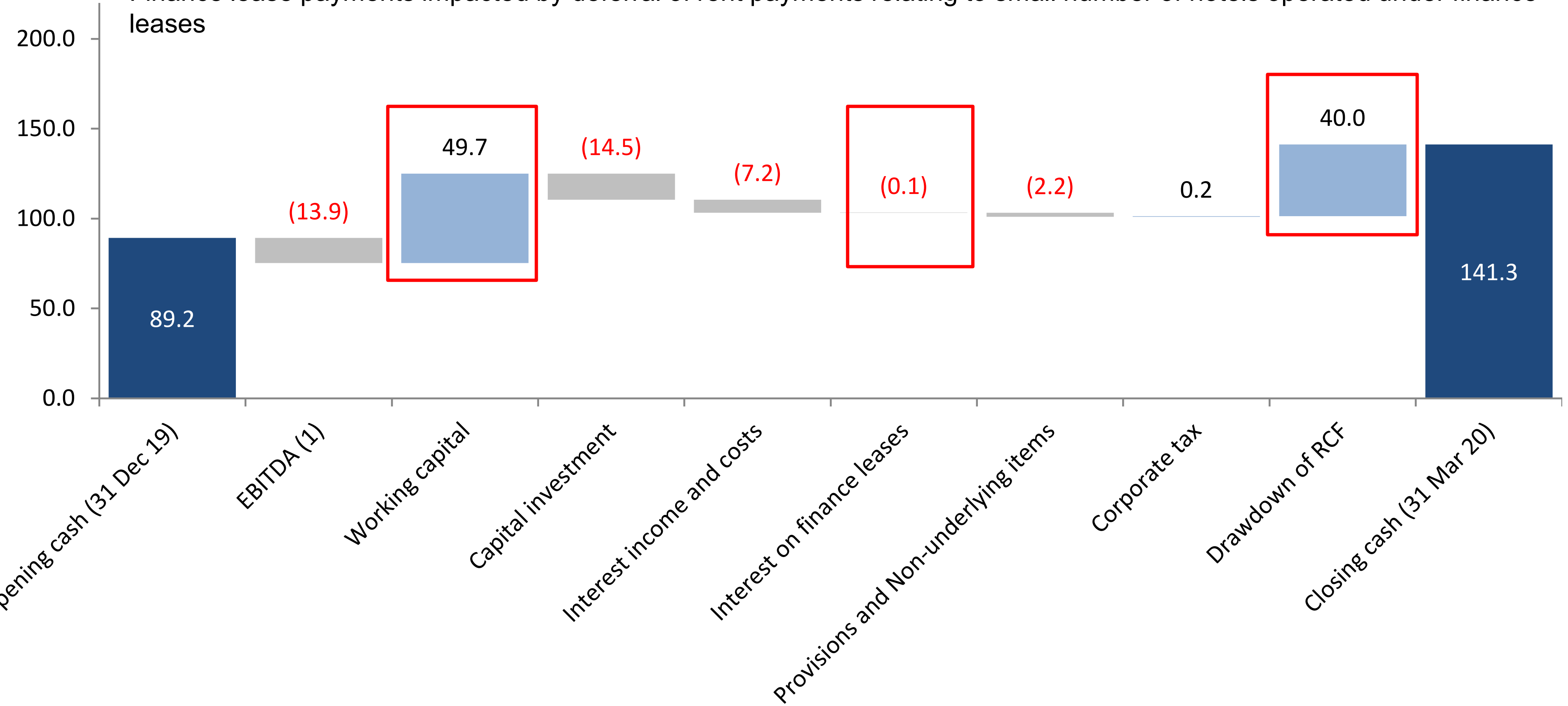
Strong closing cash balance supported by temporary rent suspension and drawn RCF

£m (2)

Cashflow of £12.1m before drawdown of RCF

Working capital benefit from deferral of rent payments and reversal of VAT impact at the end of 2019, partially offset by reductions in prepaid rooms

Finance lease payments impacted by deferral of rent payments relating to small number of hotels operated under finance leases



1. *EBITDA (adjusted) = Earnings before interest, tax, depreciation, amortisation and before rent free adjustment and non-underlying items, before IFRS16. Non-underlying items have been removed as they relate to non-recurring, one-off items.*
2. *Although the adoption of IFRS16 has no impact on opening or closing cash balances, in order to facilitate the comparability of the underlying business to the prior year the cash flow is presented in line with the accounting principles 'before IFRS16'*

Immediate Outlook

Immediate outlook is materially uncertain with significant impact on trading

- Our UK hotels are not expected to open before 4 July(1) and there is no certainty about the timing of re-opening thereafter, we expect there will be ongoing restrictions and additional operational costs
- Latest UK and devolved government strategy papers suggest partial lifting of restrictions more likely than an immediate return to normal, with continued social distancing, additional costs and possible further temporary lockdowns(1)
- Major hotel research analysts are forecasting up to a halving of hotel revenues in 2020, which if applied to Travelodge would represent a hit to trading of more than £350 million – approximately ten times the level of impact seen in the 2008/09 global financial crisis
- Most major analysts and commentators believe that the impact of Covid-19 and the knock-on macroeconomic consequences are likely to continue into 2021 and beyond, with a lasting impact on the economy, attitudes to travel and changing rules on social distancing
- The business needs to adjust to a period of considerable uncertainty, with limited visibility of the future path and possible further shocks to absorb

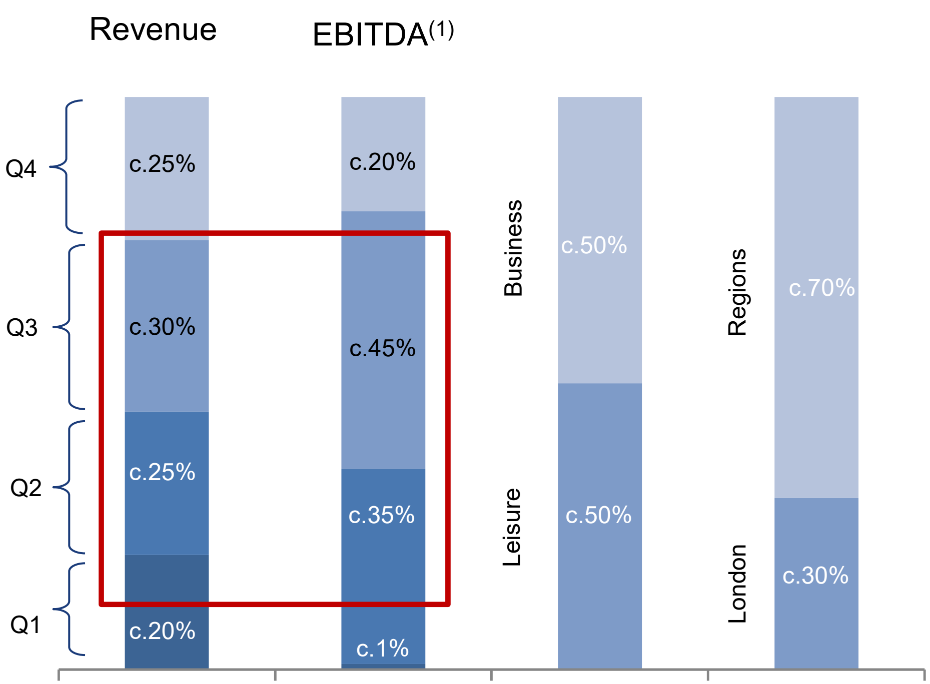
1. The UK Government's Covid-19 recovery strategy May 2020; UK government daily briefings; Scottish Government White Paper 23 April 2020; Welsh Government Statement 24 April 2020

Key Trading Factors

Our financial results are heavily impacted by performance in peak quarters and the level of property costs

Illustrative revenue mix (UK)

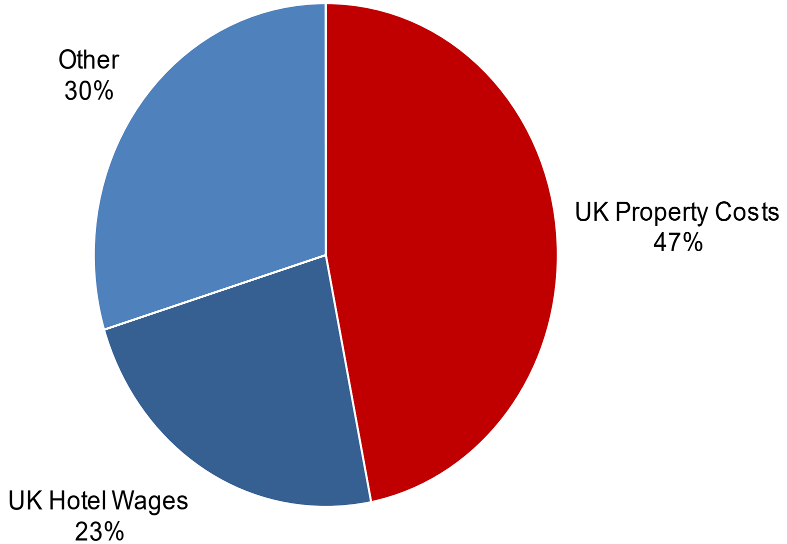
By quarter | By type | By region



Covid-19 impact greatest on peak Q2-Q3 quarters

Operating costs dominated by rent and other property costs (UK)

Run-rate weekly costs of £10-12m



c.50% of operating costs are rent and property-related

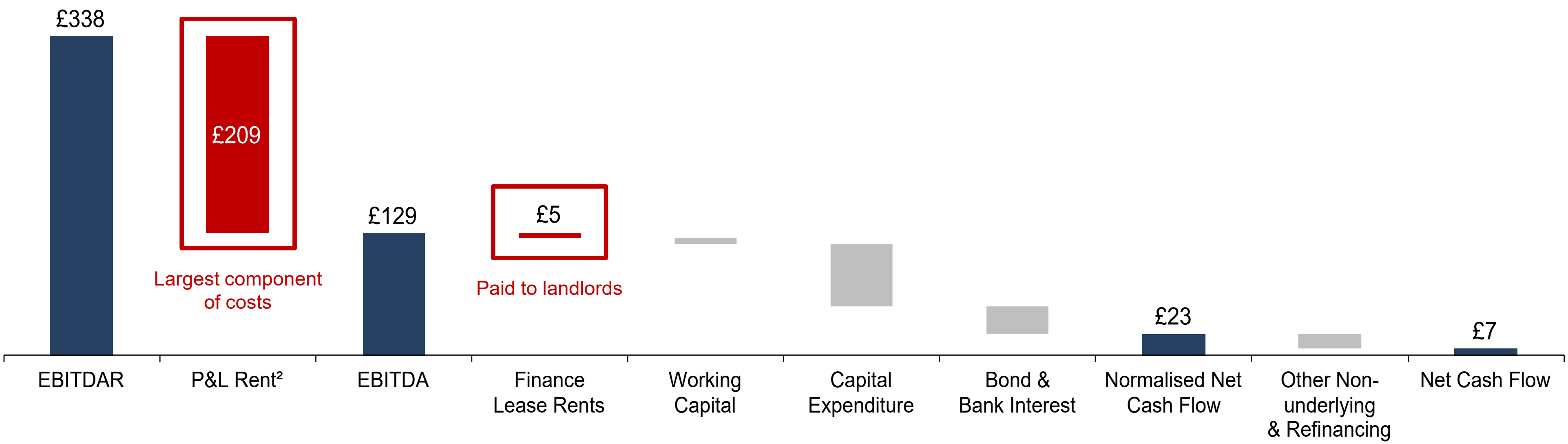
1. *EBITDA (adjusted) = Earnings before interest, tax, depreciation, amortisation and before rent free adjustment and non-underlying items, before IFRS16. Non-underlying items have been removed as they relate to non-recurring, one-off items.*

Free Cash Flow

Free cash flow availability is driven by operationally geared revenue contribution, rent and asset maintenance capex

- Travelodge needs to generate EBITDA each year, or use existing cash reserves, to cover capital expenditure (minimum of c.£35m) and bond and bank interest costs (c.£28m)[1]

2019A net cash flow waterfall (£m)



1. Interest costs expected to be higher in the future given additional financing costs associated with fully drawing both the RCF and the new money facility
2. Adjusted for accounting for rent fee periods and onerous lease provisions; excluding VAT
3. Presented on a 'before IFRS16' basis

Recovery Plan

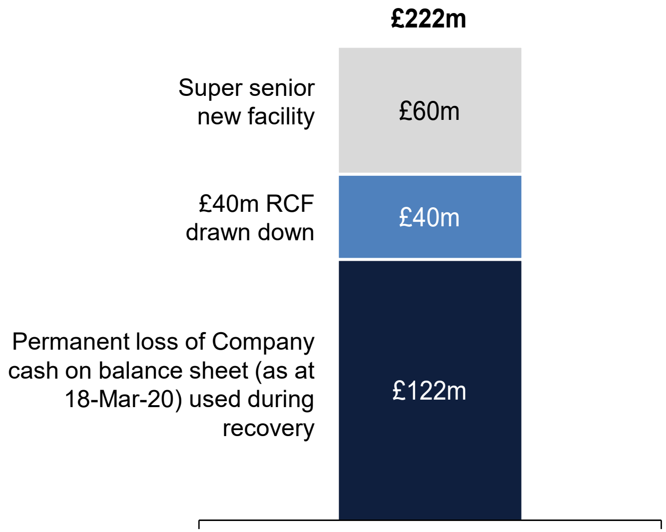
Our recovery plan is based on a comprehensive and connected package of measures

- Action to optimise revenue and tightly control costs
- Continued use of government support, including job protection and payment schemes
- Utilisation of all cash reserves
- Entering into additional £100m in new facilities to be repaid
  - Full drawing of available £40m RCF
  - New additional £60m RCF provided by affiliates of our shareholders
- Temporary landlord rent amendments
- All stakeholders benefit from the recovery plan

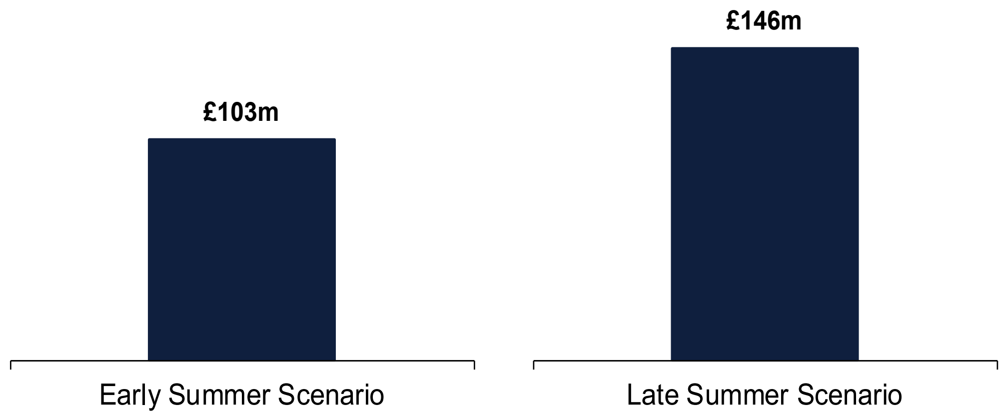
Recovery Plan Contributions

Our proposed recovery plan shares the burden of support between shareholders and the real estate owners due to receive >£4 billion in rent over their lease terms

Shareholder funding of £60m and reduction in equity value of £162m



Landlord contribution of c.2.4% - 3.3% of rent due[1]



Beneficiaries of equity

Beneficiaries of >£4bn in rent over lease term

Both stakeholders benefit from any recovery plan

1. Based on lease commitments of £4,427m, not including an additional rent of £790m that would fall due under lessor only extension options

Travelodge
travelodge.co.uk

Landlord Proposals

Landlord proposals return to contracted rent levels by January 2022, and reflect the trading situation and strategic value of individual assets

Our aims

- With shareholder and landlord support, create enough liquidity to get through the current situation
- Return to contracted rent levels as quickly as possible to preserve asset value for landlords
- Make any required changes temporary, but absolute reductions rather than deferred payments
- Reflect ability of assets to service fixed cash flow obligations in our proposals
- Ensure any proposal is sustainable with adequate headroom

Landlord Proposal elements

- Assets categorised according to:
  - Economic performance
  - Recovery prospects
  - Strategic importance
- Proportion of outstanding Q2 rent paid as soon as possible
- Head rents, service charges and insurance will be paid as contractually due throughout the duration of the proposal, after its successful implementation
- Change to monthly rents to manage cash flow during the period of uncertainty
- Rent amendments and reductions according to UK hotel's categorisation for 21 months to end 2021, varied according to opening date achieved
- Early and late summer re-opening proposals with Landlords asked to forego £103 - £146m in rent (c. 2.4% to 3.3% of the total of more than £4bn due for remainder of the leases)
- Return to contracted levels of rent from January 2022

Landlord Terms

Key principles of Landlord Proposal

- **CATEGORISATION:** The Landlord Proposal for each UK hotel is determined by its categorisation; Travelodge has carefully reviewed its lease portfolio and has categorised leases according to their trading status, likely recovery period, strategic value and ability to support Travelodge's cash flow, including our role in supporting ongoing crisis management work

	As %As of Rent Due[1]	Economic Performance	Recovery Prospects	Strategic Importance
Category A	*c.30%*	+++	+++	+++
Category B	*c.40%*	++	++	++
Category C	*c.30%*	+	+	+

- **REOPENING DATE:** The Landlord Proposal is "one proposal with two plans", based on the date of reopening, which requires the UK Government to lift its mandated lockdown
  - **Early Summer Reopening** - Travelodge is able to reopen its UK hotels on or before 1 July 2020[2]
  - **Late Summer Reopening** - Travelodge is able to reopen its UK hotels on or before 1 August 2020[3]
- **MITIGATING ELEMENTS:** Mitigating elements for Compromised Landlords[4] (applying to leases in Category B and Category C), partly dependent upon the future performance of Travelodge

1. By amount of rent due; excludes head office and warehouses
2. Case applies if reopening takes place before or on this date
3. Case applies if reopening takes place after 1 July 2020
4. Compromised Landlords: refers to landlords with leases in Category B and Category C, who are being subjected to temporary rent reductions until the end of FY21

Plan Benefits

Our plan represents the best balance of options and offers the highest chance of recovery and returns to all stakeholders

Our recovery plan maximises returns to landlords in difficult times

- The plan preserves stability in the business and accounts for downside risk
- The plan preserves as much liquidity as possibility for landlords
- The return to full rents from January 2022 protects long-term asset value for landlords
- Temporary reductions that will not be repaid, followed by the return to full rent are likely to be superior to the alternative rents available in the market
- The sharing of the burden as a result of the current situation supports the >£4bn future income stream for landlords

Other options considered fail to achieve the requirements of all stakeholders

- A short-term bridge solution to the end of 2020 neither guarantees stability nor supports a new facility being injected
- Rent levels have been designed to preserve stability given the likely short-term trading and liquidity pressures
- Many assets are likely to see slow trading for many months and some are likely to become loss-making for a sustained period

Envisaged Timeline

We are seeking to reach agreement on our proposal as quickly as possible

- We are seeking engagement with landlords until 20 May
- If adequate consent is received to achieve the required liquidity and satisfy the conditions of the proposed new facilities we will then progress to finalise documentation for issue
- Should adequate consent not be achieved, we will consider all available options and act in the best interests of the Company and its stakeholders
- The most likely alternative to a consensual agreement would be a Company Voluntary Agreement

		Week commencing Monday	End
Landlords	**Deadline for all Landlords to consent to proposal**	**Friday 22 May**	
Bondholders	**Publish information pack on Company investor website**	**Friday 15 May**	
Bondholders	**Bondholder potential CVA (if required) consent solicitation process**	**Friday 15 May**	**Thursday 28 May**
CVA	**Launch potential CVA (if required)**	**Friday 29 May**	
CVA	**Potential CVA (if required) meeting**	**Wednesday 17 June**	

May				June	
4	11	18	25	1	8

Travelodge
travelodge.co.uk

Summary

- Prior to the Covid-19 situation, Travelodge delivered strong growth, outperformance and improvements for all its stakeholders
- The Covid-19 crisis has had a rapid and significant impact on the business - forcing the closure of almost all of our UK hotels and significant disruption
- Leading analysts suggest hotel revenues could be halved in 2020 and face continued pressure in 2021, an impact ten times the scale of the global financial crisis
- Under present forecasts, the business needs to make significant changes in the interests of all of its stakeholders
- Our proposed recovery plan shares the burden of support between shareholders and the real estate owners due to receive >£4 billion in rent over their remaining lease terms
- The landlord proposals are designed to return to contracted rent levels by January 2022 and reflect the trading situation and strategic value of individual assets
- We believe the plan represents the best balance of options and offers the highest chance of recovery and returns to all stakeholders
- We are confident in the long-term prospects for the sector

Appendices

Quarter 1 2020 Results

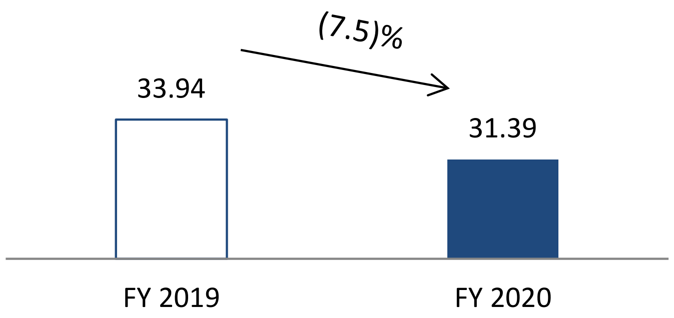
Travelodge
travelodge.co.uk

Operating Metrics

Hotel closures having a material impact

RevPAR Decline Driven by Onset of Covid-19 and Related Hotel Closures

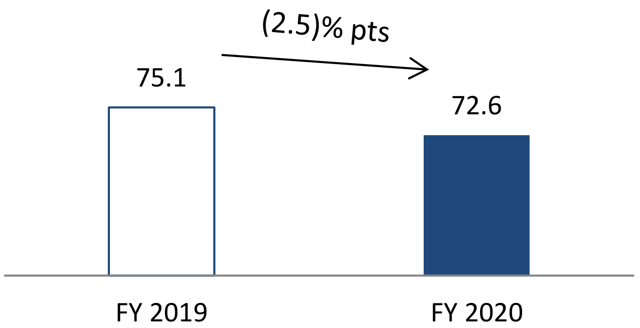
LFL[1] RevPAR (£)[2]



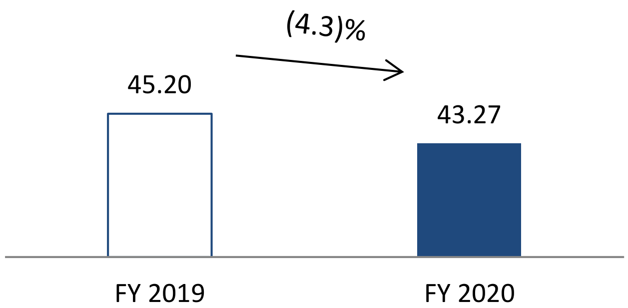
Q1 2020 vs. Q1 2019

- **RevPAR:** like-for-like UK RevPAR decline of (7.5)%
- **Occupancy:** occupancy decreased 2.5pts to 72.6%
- **ADR:** down (4.3)% to £42.27

LFL[1] Occupancy (%)[2]



LFL[1] ADR (£)[2]



1. RevPAR is computed as the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period. Like-for-like (LFL) RevPAR compares the RevPAR in Q1 2020 vs. Q1 2019 on the basis of RevPAR generated by hotels in the UK that were opened before 1 January 2019.

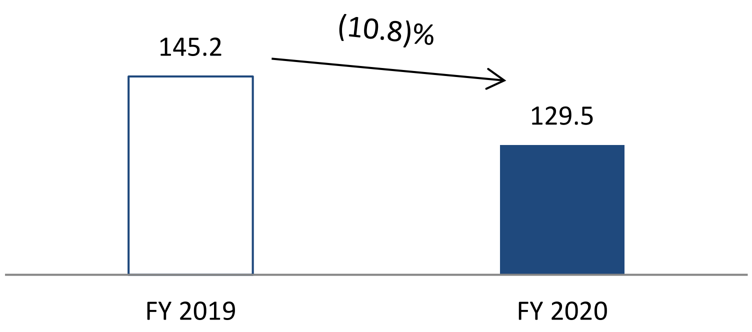
2. Occupancy, ADR and RevPAR for UK leased estate only.

Trading Results

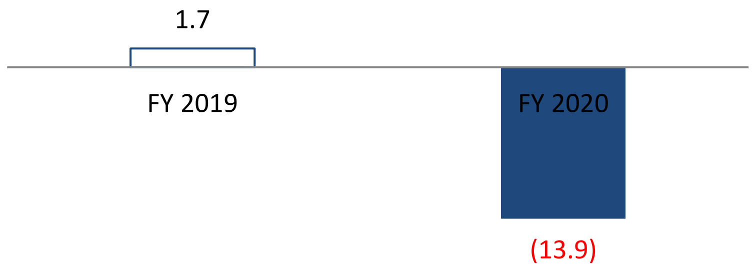
Significant declines driven by onset of Covid-19 and related hotel closures

Revenue declines impacting EBITDA

Revenue (£m)



EBITDA[1] (£m)



Q1 2020 vs. Q1 2019

- **Revenue** decrease of (10.8)%/£(15.7)m was primarily due to:
  - Like-for-like UK RevPAR decline of (7.5)% following hotel closures
  - Small benefit from the annualisation and maturity of the 14 new hotels added in 2019
  - Opening of 3 new hotels in the period
  - Spain down £0.5m, impacted by hotel closures
- **EBITDA[1]** decreased £(15.6)m to £(13.9)m driven by:
  - Revenue declines as a result of the hotel closures
  - Impact of cost increases, including National Living Wage, offset by cost efficiencies

1. *EBITDA (adjusted) = Earnings before interest, tax, depreciation, amortisation and before rent free adjustment and non-underlying items, before IFRS16. Non-underlying items have been removed as they relate to non-recurring, one-off items.*

Net Debt and Leverage – Q1 2020

Debt (£m)

£m	Q1 2020
Cash and Cash Equivalents	**141.3**
RCF	40.0
FRNs @ L + 5.375%	440.0
Senior Secured Debt	**480.0**
Finance Leases	34.9
Total Third Party Indebtedness	**514.9**

Liquidity / Financial Ratios

- **Cash on Balance Sheet:** £141.3m
- **Revolving Credit Facility**: £40m (fully drawn)
- **Letter of Credit Facility:** £30m (£24.5m utilised)
- **Super Senior RCF**: £60m agreement
  (entered into April 2020 (undrawn), repayable May 2022)

- Net Senior Secured Debt / EBITDA(1) = 3.0x
- Net Third Party Debt(2) / EBITDA(1) = 3.3x
- Interest rate LIBOR cap
  (£300m, 1.5% strike rate, Jan 2020 to Oct 2022)

1. *Based on EBITDA (adjusted) for Q2-Q4 2019 (unaudited) and Q1 2020 (unaudited) defined as Earnings before interest, tax, depreciation, amortisation and before rent free adjustment, non-underlying items and reflective of the position in line with the accounting principles 'before IFRS16"*
2. *Net third party indebtedness calculated as total third party indebtedness less cash and cash equivalents on 'before IFRS16' basis*

Company Overview

Who We Are

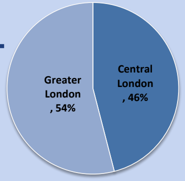
- UK's second largest hotel brand based on number of hotels and rooms
- Positioned in the attractive value segment with 588 hotels and serving 19m business and leisure customers
- Well invested modernised hotel portfolio
- Well balanced approximately even business / leisure customer split
- Almost 90% booking direct, with c. 80% through own websites
- Low upfront capex leasehold model

Where We Are (as at 31 March 2020)

United Kingdom

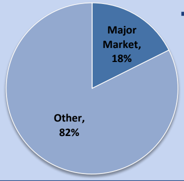
London

- 76 Hotels
- 9,802 Rooms
- 22% of total Rooms



Regions[3]

- 498 Hotels
- 33,756 Rooms
- 75% of total Rooms



International

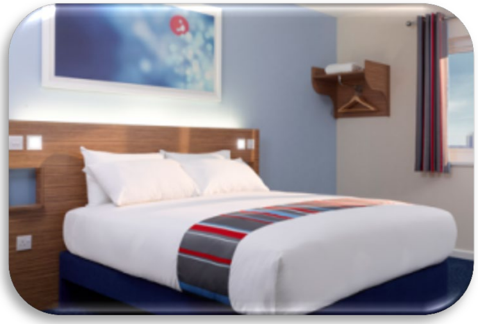
Spain

- 5 Hotels
- 621 Rooms
- 1% of total Rooms

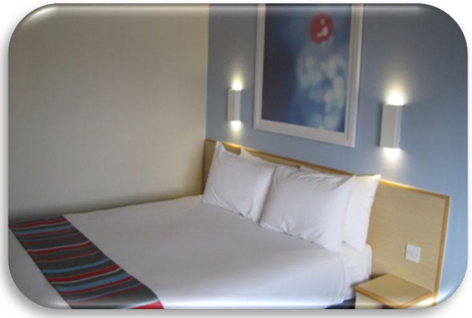
Ireland[4]

- 11 Hotels
- 858 Rooms
- 2% of total Rooms

Travelodge



Key Statistics (FY2019)	
Hotels	**588**
Rooms	**44,832**
Occupancy[1]	**80.6%**
ADR[1]	**£51.82**
RevPAR[1]	**£41.75**
Revenue	**£727.9m**
EBITDAR	**£337.8m**
EBITDA	**£129.1m**
Rent Cover[2]	**1.6x**



1. *Occupancy, ADR and RevPAR for Travelodge UK leased Hotels only.*
2. *Represents the ratio of EBITDAR to net external rent payable.*
3. *Includes 11 hotels operated under management contracts.*
4. *Operations in Ireland under a master franchise.*