

TVL Finance plc (the "Issuer")

Sleepy Hollow
Aylesbury Road, Thame
OX9 3AT
Oxfordshire, United Kingdom

16 June 2020

On 16 June 2020, we distributed the attached letter to our landlords and have attached it here as an update to holders of our senior secured floating rate notes due 2025 on our current landlord discussions.

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This announcement contains and refers to certain forward-looking statements with respect to the Group's financial condition, results of operations and business. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among others, statements expressing management's expectations, beliefs, plans, objectives, intentions, estimates, forecasts, projections and assumptions. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are typically identified by words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "objectives," "outlook," "probably," "project," "will," "seek," "target" and other words of similar meaning in connection with a discussion of future operating or financial performance. All of these forward-looking statements are based on estimates and assumptions made by such entities that, although believed to be reasonable, are inherently uncertain. Therefore, undue reliance should not be placed upon any forward-looking statements. There are important factors that could cause actual results to differ materially from those contemplated by such forward-looking statements. In addition, even if the Group's actual results are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

The foregoing factors should not be construed as exhaustive. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. In light of these risks, our results could differ materially from the forward-looking statements contained in this announcement. None of the information contained on the Group's websites are incorporated by reference into, or otherwise deemed to be linked to, this announcement.

You are reminded that past financial performance is not a reliable indicator of any potential future performance, and prospective and current investors are solely responsible for making their own independent appraisal of and investigations into the financial and other information presented in this announcement. No member of the Group assumes any obligation to review or confirm analyst expectations or estimates. Nothing in this announcement constitutes investment advice.

Dear Landlord,

Following the launch of the CVA on 3 June 2020, the Company has been listening carefully to landlord feedback. Alongside the continued discussions with individual landlords, the Company has also met with representatives of the British Property Federation to review the proposed terms.

In support of the feedback received, the Company is today announcing a number of further improvements that will benefit landlords and give greater certainty to the proposal. These improvements are as follows:

- The percentage of excess adjusted cumulative EBITDA that will be paid to landlords will be increased from 50% to 66.7%.
- The calculation of adjusted cumulative EBITDA will be included in the audited annual report and accounts of the Group.
- The shareholders have entered into a specific undertaking not to require the Company to make any cash payments during the rent concession period in respect of interest on the outstanding shareholder loans or the new £60m SSRCF facility.
- The material adverse effect condition in respect of the £40m in shareholder capital injection will now trigger only on a lock-down affecting the majority of the Company's hotels in the whole of England for a period of at least 14 days.
- In the event that a landlord chooses to effect its break right in relation to category B and C properties then Travelodge will provide the landlord with an information pack to assist with the handover of the property.

These changes, together with certain legal and technical clarifications (including in relation to the 1954 Landlord & Tenant Act) requested by landlords will form the final proposal to be put to creditors on Friday 19 June 2020.

The full details of the proposal and the modifications are available at <https://www.ips-docs.com/> along with details on how to vote. We also attach the letter confirming the modifications for ease of reference.

We strongly value our long-established relationships with our landlords and are sorry that the Covid-19 situation has impacted us all so significantly. We would like to thank all the landlords who have engaged with the Company in recent weeks and provided such valuable input to both the original proposal and these amendments.

The Directors believe that the amended proposal represents the best alternative to secure the business in response to COVID-19 and offers a significantly better prospect of recovery for landlords and creditors than the likely alternative.

We urge all our creditors to cast their vote in support of the proposal **by 4pm on Wednesday 17 June.**

The Travelodge Team

Disclaimer:

The sole purpose of this letter is to provide further clarifications in respect of the CVA proposal and does not purport to and is not intended to contain all of the information that may be required to evaluate, and should not be relied upon in connection with, the proposal set out in the CVA proposal documents. Nothing in this document shall be taken as an admission that the information provided in the CVA proposal documents is not sufficient or inadequate for the purposes of reaching an informed decision on the CVA proposal. It is not intended to be (and should not be used as) the sole basis of any evaluation and nothing in this letter is, or is intended to be, a substitute for any financial, legal, accounting, tax, investment or other advice and you are strongly advised to consult your own independent advisers on any financial, legal, tax, accounting, investment or other issues relating to the CVA proposal. Nothing in this letter nor any associated oral communication is intended to or shall create any binding obligations on the Company or any of its affiliates, direct or indirect shareholders or related parties.

To all known creditors of Travelodge Hotels Limited

www.deloitte.co.uk

Direct phone: +44 121 695 5732
travelodgecreditors@deloitte.co.uk

16 June 2020

Our ref: TRAV00L/RXL/NA/CVA_015

Dear Sir/Madam

Proposed Company Voluntary Arrangement of Travelodge Hotels Limited - ("the Company") Rules 2.25(4) and 2.27 of the Insolvency (England & Wales) Rules 2016 ("the Rules")

The purpose of this letter (the "**Letter**") is to notify Creditors of Travelodge Hotels Limited ("**THL**") of modifications to the proposal for a company voluntary arrangement under Part I of the Insolvency Act 1986 issued on 3 June 2020 (the "**CVA Proposal**").

Any capitalised terms contained in this letter shall have the meaning attributed to them in the CVA Proposal unless the contrary is expressly stated herein. Any reference to a clause, paragraph or page number in this letter shall refer to a clause, paragraph or page number in the CVA Proposal.

The Directors have proposed these modifications following extensive discussions with Landlords and the British Property Federation, and the feedback that has come out of those discussions.

1 Excess Cumulative EBITDA Rental Payment

The CVA Proposal shall be modified so that the proportion of Excess Cumulative EBITDA that is payable to Compromised Landlords pursuant to Clause 25 (*Excess Cumulative EBITDA Rental Payments*) shall be increased from 50% (fifty per cent) to 66 2/3% (sixty six and two thirds per cent).

2 Group's Financial Statements

THL will also undertake to publish Adjusted EBITDA (as defined and referred to in the CVA Proposal) in the Group's audited annual financial statements for each of the financial years ending 31 December 2020, 2021 and 2022.

3 Equity Funding

3.1 The indirect shareholders of THL have undertaken not to seek cash payments or distributions from THL during the Rent Concession Period, either under the terms of their equity arrangements or the New Money Facility. For the avoidance of doubt, this undertaking will not apply to distributions in certain limited circumstances, including the proceeds of a whole or partial sale of the business or

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equity, or a refinancing of the New Money Facility. This undertaking will terminate on the termination of the CVA, the insolvency of the Company, or a breach of the terms of the New Money Facility.

- 3.2 Following feedback from Landlords, the indirect shareholders have also agreed to modify the material adverse effect condition, applicable to the provision of further equity funding described in paragraph 7.6 of the Summary of the Proposal. The condition remains defined in customary terms, however, it has been modified such that the provision for a government imposed lockdown applies only in circumstances where the lockdown impacts at least a majority in number of Travelodge hotels in England, for a continuous period of two weeks or more, at any time after 4 July 2020.

4 Handover

It is confirmed that if a Compromised Landlord serves a Notice to Vacate requiring THL to surrender or assign a Compromised Lease, THL undertakes to use its reasonable endeavours, at the request of a Compromised Landlord, to provide it with such of the following information in relation to the relevant Compromised Premises which is in the possession of THL. This information will be provided on a non-reliance basis and will be provided within a reasonable period of request.

- 4.1.1 Maintenance file, building log book and as built drawings;
- 4.1.2 NICEIC Electrical Inspection certificates (5 year fixed testing and annual testing);
- 4.1.3 Fire Alarm and emergency lighting test certificates and results;
- 4.1.4 Gas certification and refrigerant leak detection; and
- 4.1.5 Lift servicing report history.

The Directors and the Joint Nominees believe that these modifications materially enhance the terms available to Creditors under the CVA Proposal and directly address concerns expressed by a number of Landlords.

If you have any queries regarding this letter, please contact us at:

Landlords:

- by e-mail to: travelodgelandlords@deloitte.co.uk; or
- by telephone to: +44 121 695 5670

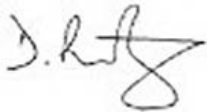
All other creditors:

- by e-mail to: travelodgecreditors@deloitte.co.uk; or
- by telephone to: +44 121 695 5732

Yours faithfully



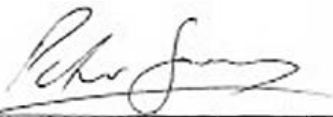
Ian Wormleighton



Daniel Butters

each as Joint Nominee of the CVA

I hereby acknowledge the proposed modifications to the CVA Proposal and acknowledge that the terms of the CVA Proposal, as modified by this letter, shall be subject to the approval of the Creditors and the Shareholder at the Creditors Meeting and Shareholder Meeting respectively on 19 June 2020.



Director

For and on behalf of THL

16 June 2020
