

TVL Finance plc (the "Issuer")

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22 April 2020

On 4 May 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.

4 May 2020

Dear Landlord,

Travelodge Hotels Limited (“Travelodge” or the “Company”) Landlord Proposal

Thank you for your continued patience as we have worked to develop our response to the Covid-19 pandemic.

First, may we say how sorry we are that the consequences of this extreme situation for us have also resulted in pressures on you and your business – and that we fully appreciate the challenges that this presents.

Over the last few weeks we have been sharing our draft proposals and we have greatly valued your constructive engagement. Your feedback has been reflected in the additional elements that we are able to share today. We would also like to thank all the landlords that have been supportive of the approach we are taking in the proposal and who have already indicated their informal agreement to the initial details.

We summarise the situation we face below, as well as the overall plan approach and the proposal terms, including the new elements that reflect your feedback:

Prior to the outbreak of COVID-19, Travelodge delivered six straight years of strong growth, outperforming the midscale and economy sector and our peers. We invested more than £300 million in our landlords’ assets and entered 2020 having built up strong cash reserves, of more than £100 million.

However, COVID-19 has had a material and unprecedented impact on the hospitality industry. We have been generating substantial losses since the lockdown began and there is no date yet for it to be lifted. It appears increasingly likely that any lifting of restrictions will be phased and come with new operating conditions. We would expect that this may result in a lasting impact over at least the next two years and perhaps beyond.

While forecasting is clearly difficult, leading economic commentators and hotel analysts expect that 2020 hotel revenues could be impacted by around 50%. For us, that would mean £350 million in permanently lost revenue. It could then take several years for hotels to recover even to 2019 levels. For context, this would be more than ten times the scale of the impact experienced during the 2008/09 financial crisis.

In the context of this unprecedented situation, the company has developed a recovery plan that can provide stability and certainty for our guests, support the more than ten thousand jobs at stake and protect the interests of our key stakeholders. The recovery plan involves a number of key components to enable the business to successfully trade through the impact of COVID-19: continued action by the company to preserve cash flow, making use of government measures where possible, drawing down on our cash reserves, accessing new facilities and seeking a temporary period of reduced rent from some landlords.

Our landlord proposal involves a move to a period of monthly rents and reduced rent for some landlords through to the end of 2021. We expect to then return to the full level of contracted rent payments at the end of that year.

To help mitigate the rent foregone, all landlords who are being asked to accept a period of reduced rent will be offered an option to extend their lease for a period equivalent in value to the amount of rent foregone, as well as an additional further year. To address the uncertainty inherent over the next three years, we have also created a mechanism to ensure that should we be able to perform more strongly than a baseline level of profitability over that period, landlords will receive an additional payment.

Under the recovery plan, our shareholders are expected to absorb an impact on equity value of approximately £200 million through the use of the Company’s cash reserves and the borrowing by the Company of the extra £100 million in additional facilities that the company has taken on, including a new £60 million facility provided by the shareholders. Our landlords are being asked to forego £103 million to £146 million in rent, or approximately 2.4% to 3.3% of the total of more than £4 billion in rent due over the remainder of the leases.

While none of us would have wished to be placed in this position, we have sought to arrive at a balanced package of measures that can deliver the outcomes we need within the constraints of the realities we face.

In the week commencing 11 May, Travelodge will seek formal agreement to its proposal from all landlords. We believe the recovery plan is in the long-term interests of the business and all of its stakeholders, and we would urge all of our landlords to respond positively to this request.

If you would like to discuss the contents of this letter, or the details included in our updated information pack, please do not hesitate to contact [Relevant name and contact details to be inserted]. On behalf of our whole team, may we say again how much we appreciate your support in what are such challenging times for us all.

Travelodge