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Covid-19 Recovery Plan Update

28 July 2020

In response to the Covid-19 crisis, which led to the closure of the overwhelming majority of our hotels from 24 March 2020 to 4 July 2020, Travelodge Hotels Limited (the **Company**), an indirect subsidiary of Thame and London Limited, has developed and begun to implement a comprehensive recovery plan.

New Funding

Under the recovery plan, the Company benefits from up to an additional £100m in new funding. This includes a new £60m borrowing facility provided by the shareholders and their affiliates and up to a further £40m in further equity funding. The new £60m revolving credit facility has already been made available to the Company and the first £30m of this facility has been drawn. The conditions precedent have also been satisfied for the initial £10m instalment of further equity funding and this additional capital will now be available to the business.

Company Voluntary Arrangement (“CVA”)

The Company will also benefit from a temporary period of rent reduction for certain assets in the portfolio, effected via a company voluntary arrangement. The company voluntary arrangement received the overwhelming backing of 90.1% of unsecured creditors and 86% of landlords. It was duly approved at a meeting of the creditors on 19 June 2020. The challenge period for the company voluntary arrangement has now ended and the Company can confirm that there are no challenges outstanding. As a result the CVA is fully binding and the Company has already made the first rent payments, totalling approximately £54.5m, to landlords as required under its terms.

Under the terms of the CVA, assets were categorised according to their strategic importance and trading performance. 70 Category A assets, which accounted for approximately 45% of 2019 hotel EBITDA, will receive their full rent and are not entitled to a break clause. Landlords of Category B, C1 and C2 hotels have reduced rents for the temporary period to the end of December 2021 and have the option to exercise a break right under their leases. The terms of the CVA provided that this break right must be exercised by 20 November 2020 in the case of the 456 Category B hotels and by 31 December 2021 in the case of 29 Category C1 and 7 Category C2 hotels, and that Travelodge has the benefit of a break right on the Category C2 leases from 31 December 2021. The Company can confirm that no break rights have yet been exercised for any hotel leases.

No single landlord owned assets accounting for more than 10% of the Company’s hotel level EBITDA in 2019 and no individual property with break rights accounted for more than 1% of the Company’s 2019 hotel level EBITDA. There were only 24 hotels that individually accounted for more than £1m in 2019 hotel level EBITDA and all but one of these hotels were categorised as Category A.

The Company remains confident that it will be best placed to continue to provide the best option for its landlords seeking to participate in the growth of the UK budget sector. The long-term prospects for budget hotels remain strong, and prior to Covid-19 the Company delivered class leading growth and outperformance, with RevPAR growth ahead of its competitive set for five years in a row. The Company benefits from a strong brand of more than thirty years’ standing in the UK, a direct distribution model and minimal use of online travel agents, a high level of direct corporate sales and leading cost and capital expenditure efficiency models. There are likely to be substantial costs, uncertainties and risks involved for landlords to switch to alternative tenants, particularly if moving away from fixed income leases. The Company also now benefits from a strengthened covenant with its new funding arrangements and temporary rent reductions helping to support liquidity in the short-term, while allowing for a return to full rent payments from the end of 2021.

The Company is already in constructive discussions with landlords regarding the future direction of the business and their assets and we expect these to continue throughout the summer. While the feedback to date suggests

that the overwhelming majority of our landlords continue to have a preference for a full fixed income lease, we welcome discussion with landlords who are willing to undertake the differing risk/reward profile involved in a more variable lease model, or who may wish to use our existing franchise platform.

With its recovery plan in place and the challenge period now concluded, the Company is now fully focused on reopening its hotels and delivering strong performance for its stakeholders.

As at 27 July 2020, 349 hotels have already been re-opened and the Company expects to have the majority of its estate open and operating by the end of August. While it is still too early to draw meaningful conclusions from early trading and the market is still subject to uncertainty, booking pace continues to build with the strongest performance currently in seaside and other leisure locations.

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. 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, actual events and results could differ materially from the forward-looking statements contained in this announcement.