TVL FINANCE PLC

Q1 2016 – PERIOD ENDED 30 March 2016

QUARTERLY REPORT TO NOTEHOLDERS

£290,000,000 8.5% SENIOR SECURED NOTES DUE 2023

£100,000,000 SENIOR SECURED FLOATING RATE NOTES DUE 2023

(the "Notes")

CONTENTS

Capitalised terms not otherwise defined in this Interim Report shall have the meanings assigned to such terms in the offering memorandum of TVL Finance PLC relating to the Notes dated 29 April 2016 (the "Offering Memorandum").

PRESENTATION OF FINANCIAL DATA

The report summarises the consolidated financial data and operating data from the consolidated financial statements of Thame & London Limited and its subsidiaries ("the Group") which include TVL Finance PLC. For management reporting purposes we use a 5-4-4 week accounting calendar. This accounting method divides our fiscal year into four quarters, each comprising two period of four weeks and one period of five weeks. We have adopted this accounting method because it allows us to manage our business on the basis of 52 weekly periods which consistently end on the same weekday. In order to align this method with our statutory annual accounting period on the basis of a calendar year from 1 January to 31 December, we make certain adjustments to our results in the last period of each fiscal year. The Group will continue to present its consolidated financial statements going forward and will apply similar adjustments, in accordance with IFRS, to its interim financial statements.

The summary financial information provided has been derived from our records for the 13 week accounting period from 31 December 2016 to 30 March 2016 (prior year from 1 January 2015 to 1 April 2015), which are maintained in accordance with International Financial Reporting Standards ("IFRS").

We have presented certain non-IFRS information in this quarterly report. This information includes "Consolidated EBITDA", which represents earnings before interest, tax, depreciation and amortisation as well as exceptional items as defined by IFRS.

Management believe that Consolidated EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because Consolidated EBITDA is used by the management of the Group to track our business performance, establish operational and strategic targets and make business decisions.

DISCLAIMER

This report is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities. This report does not contain all of the information this is material to an investor.

FORWARD LOOKING STATEMENTS

This report contains "forward-looking statements" as that term is defined by the U.S. federal securities laws and within the meaning of the securities laws of certain other jurisdictions. These forward looking statements include, without limitation, those regarding our intentions, beliefs or current expectations concerning our future financial condition or performance, result of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we operate.

These statements often include words such as "anticipate", " believe", "could", "estimates", expect", "forecast", "intend", "may", "plan", "projects", "should", "suggests", "targets", "would", "will" and other similar expressions. These statements are not guarantees of performance or results. Many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking forward looking statements and projections.

We undertake no obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward looking statements to reflect events or circumstances after the date of this report.

TVL Finance plc

Quarterly update for the 13 weeks ended 30 March 2016 (Unaudited)

Continued Market Outperformance

Financial Highlights

- Total revenue **up 5.8%** to £119.5m (2015: £113.0m)
- RevPar[1] **up 3.3%** to £32.17 (2015: £31.16); outperforming the market
- RevPAR growth **2.5pts greater** than STR competitive segment
- Average room rate[1] up 3.7% to £45.91 (2015: £44.28)
- Occupancy[1] down 0.3 percentage points to 70.1% (2015: 70.4%)
- EBITDA down £3.5m, impacted by advertising timing and one-off rent increases

Operational Highlights

- Strong performance from new business-focused advertising campaign
- 2 new hotels opened in the quarter
- 7 further hotels opened since quarter end, on-track to open 19 hotels in 2016

Summary

We are pleased to report another strong quarter of outperformance for Travelodge.

In what is traditionally our slowest seasonal trading period, our continued investment in raising quality levels has resulted in strong like-for-like sales growth and we have again outperformed the market. EBITDA was slightly down on last year's record results, with higher sales being offset, as expected, by the costs of an earlier start to our advertising campaign and one-off increases in lease costs as a result of rent re-sets in connection with our restructuring.

We continue to grow our development pipeline, with 2 new hotels opened in the quarter and 7 further hotels opened since the quarter end. We remain on-track to achieve our full-year target to open 19 hotels this year. After the quarter end we successfully completed our refinancing and now have facilities in place that run until 2023.

Outlook

It is too early to assess the full impact of the UK's decision to leave the EU. There is now clearly uncertainty surrounding short term economic prospects in the UK and we are cautious of the potential impact on the UK hotel market. However as a predominantly domestic business, operating in the growing value segment with a strong development pipeline, we are relatively well positioned."

(1) Revenue per available room, Average room rate and Occupancy on a UK like-for-like basis

Travelodge is pleased to report its results for the 13 weeks ended 30 March 2016.

Financial Performance

Growing Sales and Outperforming the Market

For the 13 weeks to the end of 30 March 2016:

UK like-for-like RevPAR was up 3.3% to £32.17, substantially outperforming the growth rate of the STR Midscale and Economy Sector, which was up 0.8% for the same period.

The growth rate of the UK hotel market slowed in the first quarter compared to the prior year, with a weaker London market offset by strong regional performance. However, we continued to make good progress on our strategy and this resulted in further sales growth and outperformance.

UK like-for-like occupancy was down slightly, by 0.3 percentage points, to 70.1 % (2015: 70.4%). However, UK like-for-like average room rate was up 3.7% to £45.91 (2015: £44.28), driven by strong growth from business customers, supported by our new advertising campaign, as well as effective yield management.

These strong like-for-like sales results, together with a strong contribution from our recently opened and maturing new hotels, resulted in total revenues up 5.8% to £119.5m.

EBITDA for the quarter was £3.1m, down £3.5m on 2015. The strong sales performance noted above was, as expected, offset by the costs associated with our advertising campaign launch, which began in February this year as opposed to May last year; and by a one-off increase in hotel rents, where strong trading triggered a rent re-set in line with the arrangements made under our 2012 restructuring. Other operating costs remained tightly controlled.

Operational Update

Investing in Quality

We entered the year with an upgraded UK estate, following the successful completion of our £100m modernisation programme in December 2015. During the quarter, we continued to invest in improving the quality and consistency of our hotels. We commenced an extensive residential leadership training programme for our hotel managers and launched our new Aspire career development programme, that will allow colleagues to gain a nationally recognised qualification in hospitality through a combination of external and internal training.

Development

We continue to broaden our network and make good progress on our development targets. In the first quarter we opened hotels at Birmingham Fort Dunlop and Weston-super-Mare, with 7 further openings since the quarter end at Bicester, Derby, Glasgow Queen Street, London Belvedere, London Raynes Park, Milton Keynes the Hub and Bristol Filton. We were also pleased to commence works at our largest new hotel project, a 395 room hotel in the City of London.

Our secure development pipeline continues to grow and now stands at c. 3,000 rooms. We remain on track to open 19 hotels during 2016.

Peter Gowers, Travelodge Chief Executive commented:

"We are pleased to report a strong first quarter for Travelodge, with like for like sales growth ahead of the market and the opening of two new hotels. We are making good progress on our strategy, with continued growth from business customers and a very positive reaction to our new breakfast menu. It is too early to assess the full impact of the UK's decision to leave the EU and we are cautious of the potential impact on the UK hotel market. However, with our strong brand and scale, Travelodge remains well positioned to benefit from the longer-term customer trends in favour of value brands and budget travel."

About Travelodge

Founded in 1985, Travelodge is one of the UK's leading hotel brands. There were 526 Travelodge hotels and 39,190 rooms in the UK, Spain and Ireland as at 31 December 2015. Travelodge welcomes approximately 18 million customers every year and almost 10,000 colleagues work across the business.

Notes:

Financial results in this summary document are extracts from the management reporting of Thame and London Limited and its subsidiary companies, including Travelodge Hotels Limited. All financial references in this summary document are unaudited.

Smith Travel Research (STR) is an independent hotel research provider, providing aggregate benchmarking information on the UK and other hotel market performance.

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OPERATING AND FINANCIAL REVIEW

Results of operations

	Period from 31 December 2015 to 30 March 2016 £m	Period from 1 January 2015 to 1 April 2015 £m	Var £m	Var %
Revenue by geographical region				
Revenue	**119.5**	**113.0**	**6.5**	**5.8%**
Revenue UK	117.8	111.7	6.1	5.5%
Revenue International	1.7	1.3	0.4	29.6%
Key income statement items				
Revenue	**119.5**	**113.0**	**6.5**	**5.8%**
Operating expenses	(75.1)	(68.4)	(6.7)	(9.8)%
Of which cost of goods sold	*(8.7)*	*(8.5)*	*(0.2)*	*(2.4)%*
Of which employee costs	*(31.2)*	*(24.8)*	*(6.4)*	*(25.8)%*
Of which other operating expenses	*(35.2)*	*(35.1)*	*(0.1)*	*(0.3)%*
Net external rent payable	(41.3)	(38.0)	(3.3)	(8.7)%
EBITDA	**3.1**	**6.6**	**(3.5)**	**(53.0)%**
IFRS rent charge (1)	(1.0)	(1.2)	0.2	16.7%
Depreciation	(7.2)	(5.2)	(2.0)	(38.5)%
Amortisation	(3.9)	(3.7)	(0.2)	(5.4)%
Operating profit (before exceptional items)	**(9.0)**	**(3.5)**	**(5.5)**	**(157.1)%**
Finance costs	(11.9)	(12.4)	0.5	(4.0)%
Finance income	0.0	0.2	(0.2)	(94.6)%
Income tax	-	-	-	-
Profit / (loss) for the year (before exceptional items)	**(20.9)**	**(15.7)**	**(5.2)**	**(33.1)%**
Exceptional items	-	-	-	-
Profit / (loss) for the year	**(20.9)**	**(15.7)**	**(5.2)**	**(33.1)%**

(1) - In many of our leases we receive a rent-free period at the beginning of the lease term. Under IFRS, the benefit of this rent free period is held as an asset on our balance sheet and is recognised in our income statemement as a deduction to the actual rent expense in each period, on a straight line basis, over the full life of the lease. As a result, our IFRS rent expense does not reflect our cash payments of rent in any period. EBITDA in each period recognises the portion of the credit attributable to such period as if such credit were applied on a

Revenue

Revenue increased by £6.5m, or 5.8%, from £113.0m for the period from 1 January 2016 to 1 April 2015 to £119.5m for the period from 31 December 2015 to 30 March 2016. This increase was primarily due to like-for-like UK RevPAR growth of 3.3%, the annualisation and maturity of the 12 new hotels added in the 2015 and the opening of 2 new hotels in the period. Like-for-like growth outperformed the MS&E segment growth of 0.8% by 2.5 percentage points for the period, benefitting from the modernisation program, advertising campaign, strong growth from business customers, improvements in our yield management process and operational improvements driving customer satisfaction. There was strong growth during the period in provincial locations.

Operating expenses

Operating expenses increased by £6.7m, or 9.8%, from £68.4m for the period from 1 January 2015 to 1 April 2016 to £75.1m for the period from 31 December 2015 to 30 March 2016.

Cost of goods sold remained well controlled.

Employee costs increased, largely as a result of the additional staff employed in our new hotels, wage inflation (including annual changes relating to the national minimum wage) as well as investment in the sales and marketing team to increase our share of business customers and our online presence. Employee costs now also include the costs of in-house cleaning teams who were previously outsourced. These costs were previously included in other operating expenses.

Other operating expenses were mainly affected by the changes to the classification of the cleaning teams noted above, offset by the increased costs of the timing of our advertising campaign. This commenced in February this year, compared with May in the prior year, resulting in an additional £2.6m of spend during the quarter.

Net rent payable

Net external rent payable increased by £3.3m, or 8.7%, from £38.0m for the period from 1 January 2015 to 1 April 2015 to £41.3m for the period from 31 December 2015 to 30 March 2016. This increase was primarily due to 2 new hotel openings during the period, the annualisation of 12 new hotels opened in 2015, increased costs as a result of standard rent reviews (which are predominately linked to RPI) and the increased lease costs arising from the rent review of certain hotels in accordance with our 2012 CVA restructuring, which had an impact of £0.8m during the quarter.

Depreciation / amortisation

Depreciation / amortisation increased by £2.2m from £8.9m for the period from 1 January 2015 to 1 April 2015 to £11.1m for the period from 31 December 2015 to 30 March 2016. This increase was primary due to the higher asset values in the period resulting from the completion of the modernisation program in December 2015.

Finance costs

Finance costs decreased by £0.5m from £12.4m for the period from 1 January 2015 to 1 April 2015 to £11.9m for the period from 31 December 2015 to 30 March 2016. Underlying bank interest was broadly consistent year on year. The decrease was primary due to the relative charges for unwinding the discount on provisions.

Finance income

Finance income decreased by £0.2m from £0.2m for the period from 1 January 2015 to 1 April 2015 to £nil for the period from 31 December 2015 to 30 March 2016. The decrease is due to the timing of receipt of interest income from bank deposits.

Income tax

Income tax is recognised based on management's best estimate of the income tax rate expected for the financial year.

Cash flow

As at 30 March 2016, we had cash of £65.7m, a decrease of £11.2m compared to £76.9m as at 31 December 2015. This decrease is primarily due to financing cash outflows during the period of £30.5m which relate to repayments of term debt of £12.9m, bank interest payments of £16.5m and finance lease interest paid of £1.1m and investing cash outflows of £7.0m relating to the purchase of intangible and tangible fixed assets, partially offset by operating cash inflows of £26.3m.

Our cash cycle reflects the monthly payment of creditors and staff and fluctuates throughout the quarter with rent paid quarterly in advance at the end of each quarter. As a result, our quarterly cash position is at a low at the end of March, June, September and December following payment of the quarterly rent bill, monthly creditor payments and payroll.

	Period ended 30 March 2016 £m	**Period ended 1 April 2015** £m	Var £m	Var %
Net cash generated from operating activities	26.3	32.4	(6.1)	(18.8)%
Net cash used in investing activities	(7.0)	(9.2)	2.2	23.9%
Net cash used in financing activities	(30.5)	(2.1)	(28.4)	N/A
Net increase / (decrease) in aggregate cash and cash equivalents	(11.2)	21.1	(32.3)	(153.1)%
Cash and cash equivalents at beginning of period	76.9	38.9	38.0	97.7%

Net cash generated from operating activities

Net cash generated from operating activities decreased by £6.1m, or 18.8%, from £32.4m for the period to 1 April 2015 to £26.3m for the period to 30 April 2016, primarily due to the timing of our marketing campaign commencing in February 2016 versus May 2015 of £2.6m, rent increases and lower payments in advance from customers for stays in the future impacted by the timing of Easter.

Net cash used in investing activities

Net cash used in investing activities decreased by £2.2m, or 23.9%, from £9.2m for the period to 1 April 2015 to £7.0m for the period to 30 March 2016 primarily due to the completion of the modernisation program in December 2015.

Net cash used in financing activities

Net cash used in financing activities increased by £28.4m from £2.1m for the period to 1 April 2015 to £30.5m for the period to 30 March 2016 primary due to the repayment of certain term debt of £12.9m, bank interest paid, finance fees and finance lease interest.

Capital expenditure

Our capital expenditure in the period to 30 March 2016 has been primarily made in relation to on-going maintenance, as well as investment in IT systems and amounts relating to development of our pipeline. The year on year decrease is mainly due to spend on our modernisation program last year which completed in December 2015.

Working capital requirements

Inventory primarily includes food and beverage products sold through our bar cafes. Our trade and other receivables primarily consist of rent prepayments as we pay quarterly in advance. We have low trade receivables, as most of our customers pay at the time of booking. Our liabilities to trade and other creditors include prepaid room purchases from customers who have yet to stay. Our other current liabilities include normal trade creditors, accrued wages and salaries, other current debts and taxes.

	Period ended 30 March 2016 £m	**Period ended 1 April 2015** £m	Var £m	Var %
(Increase) / reduction in inventory	0.1	0.1	-	-
(Increase) / reduction in receivables	7.2	0.6	6.6	N/A
Increase / (decrease) in payables	18.9	27.4	(8.5)	(31)%
Total working capital movement (before exceptional items)	26.2	28.1	(1.9)	(7)%
Exceptional items	(2.0)	(1.1)	(0.9)	(82)%
Total working capital movement	24.2	27.0	(2.8)	(10)%

Our working capital inflow of £24.2m in the period to 30 March 2016 compared to £27.0m in the period to 1 April 2015 is impacted by timing of payments around the quarter ends.

RISK FACTORS

Since April 29, 2016, the date on which TVL Finance plc published its Offering Memorandum for the Notes, the UK electorate has voted in favour of exiting the EU in a referendum held on June 23, 2016. Noteholders are reminded that investing in the Notes involves substantial risks and Noteholders should refer to the "*Risk Factors*" section of the Offering Memorandum for a description of the risks that they should consider when making investment decisions about the Notes. In particular, Noteholders should refer to the risk factor under the heading "*Risk Factors—Risks Relating to Our Business and Industry—A vote by the UK electorate in favour of a UK exit from the EU in a forthcoming in-or-out referendum could adversely impact our business, results of operations and financial condition*" which, in light of the referendum result, should now be read as follows:

The UK electorate voted in favour of a UK exit from the EU in a referendum held on June 23, 2016, the consequences of which could adversely impact our business, results of operations and financial condition.

The UK Government held an in-or-out referendum on the United Kingdom's membership of the European Union on June 23, 2016 in which the UK electorate voted in favour of the United Kingdom exiting from the EU ("Brexit"). A process of negotiation will now commence between the UK government and the EU to determine the future terms of the United Kingdom's relationship with the European Union. We are headquartered and tax domiciled in the United Kingdom and our business, results of operations and financial condition could be materially adversely affected by Brexit.

Depending on the terms of Brexit, the United Kingdom could lose access to the single EU market and to the global trade deals negotiated by the European Union on behalf of its members. Such a decline in trade could affect the attractiveness of the United Kingdom as a global investment centre and, as a result, could have a detrimental impact on UK growth. Uncertainty around the timing and terms of Brexit following the referendum could also have a negative impact on the UK economy. We could be adversely affected by reduced growth in the UK economy and greater volatility in the Pound. Changes to UK border and immigration policy could likewise occur as a result of Brexit, affecting the number of travellers to the United Kingdom and the freedom of employers to recruit staff from outside the United Kingdom. While Travelodge is predominantly a domestic business, it is possible that any of the foregoing factors could have a material adverse effect on our business, results of operations or financial condition.

Registered number: 08170768

TVL FINANCE PLC

UNAUDITED

FINANCIAL STATEMENTS

FOR THE 13 WEEKS ENDED 30 MARCH 2016

TVL FINANCE PLC
INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS
FOR THE PERIOD ENDED 30 MARCH 2016

	Unaudited Period ended 30 March 2016			Unaudited Period ended 1 April 2015		
	BEI [(2)]	**EI [(2)]**	**AEI [(2)]**	**BEI [(2)]**	**EI [(2)]**	**AEI [(2)]**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue	119.5	-	**119.5**	113.0	-	**113.0**
Operating Expenses	(75.1)	-	**(75.1)**	(68.4)	-	**(68.4)**
Rent	(42.3)	-	**(42.3)**	(39.2)	-	**(39.2)**
EBITDA[1]	**2.1**	**-**	**2.1**	**5.4**	**-**	**5.4**
Depreciation/Amortisation	(11.1)	-	**(11.1)**	(8.9)	-	**(8.9)**
Operating Profit / (Loss)	**(9.0)**	**-**	**(9.0)**	**(3.5)**	**-**	**(3.5)**
Finance Costs	(11.9)	-	**(11.9)**	(12.4)	-	**(12.4)**
Finance Income	0.0	-	**0.0**	0.2	-	**0.2**
Profit / (Loss) before Tax	**(20.9)**	**-**	**(20.9)**	**(15.7)**	**-**	**(15.7)**
Income Tax	-	-	**-**	-	-	**-**
Profit / (Loss) for the year	**(20.9)**	**-**	**(20.9)**	**(15.7)**	**-**	**(15.7)**

Memorandum - EBITDA

	Period ended 30 March 2016 £m	**Period ended 1 April 2015 £m**
EBITDA before IFRS rent charge	**3.1**	**6.6**
IFRS rent charge	(1.0)	(1.2)
EBITDA pre exceptional items	2.1	5.4
Exceptional items	-	-
EBITDA after exceptional items	**2.1**	**5.4**

1. EBITDA = Earnings before interest, taxes, depreciation and amortisation.
2. BEI = Before exceptional items, EI = Exceptional items, AEI = After exceptional items

TVL FINANCE PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 MARCH 2016

	Unaudited Period ended 30 March 2016 £m	Unaudited Period ended 1 April 2015 £m
Profit / (Loss) for the year recognised directly in the income statement	(20.9)	(15.7)
Currency translation differences	(0.3)	-
Net income / (loss) recognised directly in equity	**(0.3)**	**-**
Total comprehensive income / (loss) for the year	**(21.2)**	**(15.7)**

TVL FINANCE PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 30 MARCH 2016

	Share Capital £m	Foreign Exchange Reserve £m	Accumulated Losses £m	Total deficit £m
1 January 2016	**-**	**0.4**	**(76.2)**	**(75.8)**
Comprehensive income				
Income for the year	-	-	(20.9)	**(20.9)**
Other comprehensive income				
Currency translation differences	-	(0.3)	-	**(0.3)**
Total comprehensive income / (loss)	**-**	**(0.3)**	**(20.9)**	**(21.2)**
30 March 2016	**-**	**0.1**	**(97.1)**	**(97.0)**

FOR THE PERIOD ENDED 1 APRIL 2015

	Share Capital £m	Foreign Exchange Reserve £m	Accumulated Losses £m	Total deficit £m
1 January 2015	**-**	**0.2**	**(78.3)**	**(78.1)**
Comprehensive loss				
Loss for the year	-	-	(15.7)	**(15.7)**
Other comprehensive income				
Currency translation differences	-	-	-	**-**
Total comprehensive income / (loss)	**-**	**-**	**(15.7)**	**(15.7)**
1 April 2015	**-**	**0.2**	**(94.0)**	**(93.8)**

TVL FINANCE PLC
CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 March 2016

	Unaudited 30 March 2016 £m	Unaudited 1 April 2015 £m
NON CURRENT ASSETS		
Intangible assets	**401.6**	**410.4**
Property, plant and equipment	**118.6**	**98.9**
Deferred tax asset	**59.4**	**72.5**
	579.6	**581.8**
CURRENT ASSETS		
Inventory	**1.4**	**1.3**
Trade and other receivables	**36.1**	**50.7**
Cash and cash equivalents	**65.7**	**60.0**
	103.2	**112.0**
TOTAL ASSETS	**682.8**	**693.8**
CURRENT LIABILITIES		
Trade and other payables	**(122.3)**	**(113.5)**
	(122.3)	**(113.5)**
NON-CURRENT LIABILITIES		
Bank loans	**(371.4)**	**(394.3)**
Investor loan	**(147.1)**	**(131.0)**
Obligations under finance leases	**(31.3)**	**(30.7)**
Deferred tax liability	**(72.5)**	**(82.0)**
Deferred income	**(6.8)**	**(5.6)**
Provisions	**(28.4)**	**(30.5)**
	(657.5)	**(674.1)**
TOTAL LIABILITIES	**(779.8)**	**(787.6)**
NET LIABILITIES	**(97.0)**	**(93.8)**
EQUITY		
Share capital	**-**	**-**
Foreign exchange reserve	**0.1**	**0.2**
Accumulated losses	**(97.1)**	**(94.0)**
TOTAL DEFICIT	**(97.0)**	**(93.8)**

Memorandum - Analysis of net funding	***£m***	***£m***
Cash at bank	***65.7***	***60.0***
Bank debt redeemable :		
Senior 1st Lien	***(335.9)***	***(335.9)***
Senior 2nd Lien	***(35.5)***	***(35.5)***
Flare	***-***	***(22.9)***
Gross Bank debt	***(371.4)***	***(394.3)***
Net Bank debt	***(305.7)***	***(334.3)***
Investor Loan	***(147.1)***	***(131.0)***
Finance leases	***(31.3)***	***(30.7)***
Net Funding	***(484.1)***	***(496.0)***

TVL FINANCE PLC
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the period ended 30 March 2016

	Unaudited Period ended 30 March 2016 £m	Unaudited Period ended 1 April 2015 £m
NET CASH GENERATED FROM OPERATING ACTIVITIES	**26.3**	**32.4**
INVESTING ACTIVITIES		
Interest received	**-**	**0.2**
Purchases of property, plant and equipment and other intangible assets	**(7.0)**	**(9.4)**
Net cash used in investing activities	**(7.0)**	**(9.2)**
FINANCING ACTIVITIES		
Finance fees paid	**(0.1)**	**(0.1)**
Interest element of finance lease rental payments	**(1.1)**	**(1.0)**
Repayment of flare facility	**(12.9)**	**-**
Interest paid	**(16.4)**	**(1.0)**
Net cash from financing activities	**(30.5)**	**(2.1)**
Net increase in aggregate cash and cash equivalents	**(11.2)**	**21.1**
Cash and cash equivalents at beginning of the year	76.9	38.9
Cash and cash equivalents at end of the year	**65.7**	**60.0**

Memorandum - Analysis of free cash flow[1]	***Unaudited Period ended 30 March 2016 £m***	***Unaudited Period ended 1 April 2015 £m***
EBITDA before exceptional items and IFRS rent charge	***3.1***	***6.6***
IFRS rent charge	***(1.0)***	***(1.2)***
Working capital	***26.2***	***28.1***
Net cash flows from operating activities before exceptionals	***28.3***	***33.5***
Capital expenditure	***(7.0)***	***(9.4)***
Free cash flow generated for the year	***21.3***	***24.1***
Non-trading cash flow		
Interest costs - bank interest paid	***(16.4)***	***(1.0)***
- finance fees paid	***(0.1)***	***(0.1)***
Interest income	***-***	***0.2***
Interest element of finance lease rental payments	***(1.1)***	***(1.0)***
Repayment of flare facility	***(12.9)***	***-***
Cash spend on provisions and exceptional items	***(2.0)***	***(1.1)***
Non-trading cashflow	***(32.5)***	***(3.0)***
Cash generated	***(11.2)***	***21.1***
Opening Cash	***76.9***	***38.9***
Movement in cash	***(11.2)***	***21.1***
Closing Cash	***65.7***	***60.0***
Opening net bank debt	***(307.4)***	***(355.4)***
Movement in cash	***(11.2)***	***21.1***
Repayment of flare facility	***12.9***	***-***
Closing net bank debt	***(305.7)***	***(334.3)***

1. Free cash flow is defined as cash generated by the Company before interest, exceptional costs, spend on provisions and financing.

Reconciliation of net cash flows from operating activities before exceptionals to net cash generated from operating activities (note 13)

Net cash flows from operating activities before exceptionals	***28.3***	***33.5***
Cash spend on provisions and exceptional items	***(2.0)***	***(1.1)***
Net cash generated from operating activities	***26.3***	***32.4***

1 General information

Thame and London Limited ("T&L") is the holding company of the Travelodge group ("Travelodge" or "The Group"), including Travelodge Hotels Limited ("THL") the principal trading company of Travelodge UK and TVL Finance PLC.

2 Significant accounting policies

Basis of consolidation

The unaudited financial statements consolidate the financial information of the Group and entities controlled by the Group and its subsidiaries up to 30 March 2016. Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Uniform accounting policies are adopted across the Group.

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or disposal, as appropriate.

All intra-Group transaction balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are expensed through the income statement. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (Revised), Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets (or disposal companies) that are classified as held for sale in accordance with IFRS 5, Non-current assets held for sale and discontinued operations, which are recognised and measured at fair value less costs to sell.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents the amount receivable for goods and services supplied to customers in the normal course of business, net of trade discount and VAT. The principal revenue stream of the Group is providing budget hotel accommodation and is recognised when customers stay.

Exceptional items

In order to understand the underlying performance of the business, material, non-recurring items are separately disclosed as exceptional items in the income statement.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Minimum rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease. Incentives received by the Group to enter into leases as a lessee are credited to the income statement on a straight line basis over the lease term.

Rental income from operating leases (sub-lets) is recognised on a straight line basis over the term of the relevant lease.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as property, plant and equipment and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Share Capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Prepaid Room Purchases

Prepaid room purchases are where cash is received at time of room booking prior to arrival date and is recognised when customers stay.

3 ANALYSIS OF RESULTS BY GEOGRAPHICAL REGION

	Unaudited Period ended 30 March 2016 £m	Unaudited Period ended 1 April 2015 £m
Revenue		
UK	**117.8**	**111.7**
International	**1.7**	**1.3**
	119.5	**113.0**
EBITDA before exceptionals[1]		
UK before IFRS rent charge	**3.1**	**6.9**
IFRS rent charge	**(1.0)**	**(1.2)**
UK	**2.1**	**5.7**
International	**(0.0)**	**(0.3)**
	2.1	**5.4**
Operating Profit / (Loss) before exceptionals		
UK	**(8.8)**	**(3.2)**
International	**(0.2)**	**(0.3)**
	(9.0)	**(3.5)**
Profit / (Loss) before tax before exceptionals		
UK	**(20.7)**	**(15.4)**
International	**(0.2)**	**(0.3)**
	(20.9)	**(15.7)**
Exceptional items (note 5)	**-**	**-**
Profit / (Loss) before tax after exceptionals	**(20.9)**	**(15.7)**

1. EBITDA = Earnings before interest, taxes, depreciation and amortisation.

4 NET OPERATING EXPENSES (BEFORE EXCEPTIONAL ITEMS)

	Unaudited Period ended 30 March 2016	Unaudited Period ended 1 April 2015
	£m	£m
Cost of goods sold	8.7	8.5
Employee costs	31.2	24.8
Operating expenses	35.2	35.1
Net operating expenses before rent, depreciation and amortisation	**75.1**	**68.4**
Rent payable (third party landlords) for operating leases	42.2	38.9
Rent receivable	(0.9)	(0.9)
Net external rent payable	41.3	38.0
IFRS rent charge	1.0	1.2
Net rent	**42.3**	**39.2**
Net operating expenses before depreciation and amortisation	**117.4**	**107.6**
Depreciation	7.2	5.2
Amortisation	3.9	3.7
Net depreciation and amortisation	**11.1**	**8.9**
Total net operating expenses	**128.5**	**116.5**

5 FINANCE COSTS

	Unaudited Period ended 30 March 2016	Unaudited Period ended 1 April 2015
	£m	£m
Interest on bank loans	6.4	6.9
Interest on obligations under finance leases	1.3	1.2
Unwinding of discount on provisions	0.2	0.3
Finance costs before Investor Loan interest	**7.9**	**8.4**
Investor Loan	4.0	4.0
Finance costs	**11.9**	**12.4**

6 INTANGIBLE ASSETS

	Unaudited Period ended 30 March 2016 £m	Unaudited Period ended 1 April 2015 £m
Opening net book value	**402.5**	**410.2**
Additions	**2.9**	**3.9**
Depreciation	**(3.8)**	**(3.7)**
Closing net book value	**401.6**	**410.4**

The closing net book value at 30 March 2016 comprises brand value of £145.0m, assets under construction of £7.1m, lease premiums of £243.8m and IT software of £5.7m.

The closing net book value at 1 April 2015 comprises brand value of £145.0m, assets under construction of £6.2m, lease premiums of £254.2m and IT software of £5.0m.

Lease premiums are amortised on a straight line basis over the lease period. Each hotel to which a lease premium asset is assigned is considered to be a separate cost generating unit when assessing impairment.

Impairment reviews are performed annually at the Company's year end of 31 December. The Company prepares cash flow forecasts derived from the most recent financial budgets and financial plans approved by the Directors and extrapolates cash flows beyond this time based on an estimated long term growth rate of 2.5%. The key assumptions are consistent with past experience and with external sources of information. The resulting cash flows are discounted back at the Company's pre-tax weighted average cost of capital. Reviews are performed on a site by site basis over the length of the lease.

IT software is measured initially at purchase cost and is amortised on a straight line basis over three years.

7 PROPERTY, PLANT AND EQUIPMENT

	Unaudited Period ended 30 March 2016 £m	Unaudited Period ended 1 April 2015 £m
Opening net book value	**123.9**	**102.2**
Additions	**2.0**	**1.9**
Depreciation	**(7.3)**	**(5.2)**
Closing net book value	**118.6**	**98.9**

The closing net book value at 30 March 2016 comprises assets under construction of £2.4m, freehold and long leaseholds of £1.7m, financed leased land and buildings of £16.8m and fixtures and fittings of £97.7m.

The closing net book value at 1 April 2015 comprises assets under construction of £1.1m, freehold and long leaseholds of £1.7m, financed leased land and buildings of £17.2m and fixtures and fittings of £78.9m.

Freehold and long leasehold properties are stated at cost. Depreciation is provided on cost in equal annual instalments over the estimated remaining useful lives of the assets.

8 TRADE AND OTHER RECEIVABLES

	Unaudited Period ended 30 March 2016 £m	Unaudited Period ended 1 April 2015 £m
Amounts due within one year:		
Trade amounts receivable		
- Gross amounts receivable	**8.8**	**10.0**
- Bad debt provision	**(0.1)**	**(0.1)**
- Net amounts receivable	**8.7**	**9.9**
Other amounts receivable	**4.3**	**2.5**
Prepayments and accrued income	**23.1**	**38.3**
	36.1	**50.7**

9 TRADE AND OTHER PAYABLES

	Unaudited Period ended 30 March 2016 £m	Unaudited Period ended 1 April 2015 £m
Trade payables	**(5.8)**	**(7.8)**
Other payables	**(8.4)**	**(9.0)**
Social security and other taxation	**(16.4)**	**(13.2)**
Accruals	**(38.6)**	**(33.5)**
Prepaid room purchases	**(48.2)**	**(47.1)**
Capital payables	**(4.9)**	**(2.9)**
Amounts falling due within one year	**(122.3)**	**(113.5)**
Amounts falling due after one year		
Deferred income	**(6.8)**	**(5.6)**
Total	**(129.1)**	**(119.1)**

10 POST BALANCE SHEET EVENT

On 11 May 2016, Travelodge completed a refinancing of its existing bank facilities (note 11). As part of this:

Senior secured notes

Senior secured fixed rate sterling denominated notes of £290m were issued on 10 May 2016 with a termination date of 11 May 2023. Interest is fixed at 8.5% and is payable on a semi-annual basis.

Senior secured floating rate sterling denominated notes of £100m were issued on 10 May 2016 with a termination date of 11 May 2023. Interest is floating at three month LIBOR plus a margin of 7.5%. Interest is payable on a quarter basis. An Original Issue Discount fee ("OID") of £1.5m was paid on the date of issue of the notes.

Revolving credit facility

A sterling denominated revolving credit facility of £50m was made available to the group. At 11 May 2016 and the date of these financial statements, no drawing on this facility have

Letter of credit facility

The letter of credit facility with a maximum usage of £40m was terminated and replaced with a new and equivalent facility with maximum usage of £30m.

Repayment

Senior 1st Lien and 2nd Lien of £335.9m and £35.5m respectively were paid in full.

Capitalised issue costs

Costs incurred in issuing the senior secured sterling denominated notes, revolving credit and letter of credit facility have been deducted from the fair value of the notes and facilities, which are carried at amortised cost.

Shareholder Loans due after more than one year

The interest rate charged on the shareholder loan notes reduced from 17% to 15%.

11 FINANCIAL ASSETS AND LIABILITIES

	Maturity Date	Unaudited Period ended 30 March 2016 £m	Unaudited Period ended 1 April 2015 £m
Cash at bank and in hand		**65.7**	**60.0**
Bank debt redeemable:			
Senior 1st Lien	June 2017	**(335.9)**	**(335.9)**
Senior 2nd Lien	June 2018	**(35.5)**	**(35.5)**
Flare	June 2017	**-**	**(22.9)**
Bank debt		**(371.4)**	**(394.3)**
Net Bank debt		**(305.7)**	**(334.3)**
Investor Loan Note	January 2026	**(147.1)**	**(131.0)**
Net debt before finance leases		**(452.8)**	**(465.3)**
Finance leases		**(31.3)**	**(30.7)**
Net debt including finance leases		**(484.1)**	**(496.0)**

On 11 May 2016, Travelodge completed the refinancing of its bank debt, please see note 10 for details.

Letter of credit facility

The Group was able to utilise £40m of letters of credit. At 30 March 2016, the group had utilised £17.0m.

Shareholder Loans due after more than one year

Shareholder loans bear interest of 17% and have a termination date of January 2026. As at 30 March 2016, accrued interest totalled £4.0m (2015: £4.0m)

12 PROVISIONS

	Unaudited Period ended 30 March 2016 £m	Unaudited Period ended 1 April 2015 £m
At 1 January 2015 / 2016	(28.6)	(31.0)
Cash spend	0.6	0.9
Unwinding of discount of provisions	(0.2)	(0.3)
Foreign exchange rate movement	(0.2)	(0.1)
At 1 April 2015 / 30 March 2016	**(28.4)**	**(30.5)**

13 NOTE TO THE CASH FLOW STATEMENT

	Unaudited Period ended 30 March 2016 £m	Unaudited Period ended 1 April 2015 £m
Operating profit / (loss)	**(9.0)**	**(3.5)**
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	7.2	5.2
Amortisation of other intangible assets	3.9	3.7
Operating cash flows before movements in working capital	**2.1**	**5.4**
Movement in inventory	0.1	0.1
Movement in receivables	7.2	0.6
Movement in payables	17.5	27.2
Movement in provisions	(0.6)	(0.9)
Total working capital movement (1)	**24.2**	**27.0**
CASH FLOWS FROM OPERATING ACTIVITIES	**26.3**	**32.4**

(1) - working capital movement of £24.2m (prior period: £27.0m) is after exceptional movements of £2.0m (prior period: £1.1m). Working capital movement in "Memorandum - Analysis of free cash flow" on page 20 is stated before exceptional movements.