TVL FINANCE PLC

Q3 2016 – PERIOD ENDED 28 SEPTEMBER 2016

INTERIM 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 39 week accounting period from 31 December 2015 to 28 September 2016 (prior year from 1 January 2015 to 30 September 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 28 September 2016 (Unaudited)

Good revenue growth and outperformance

Financial Highlights – Q3

- Total revenue **up 7.5%** to £173.9m (2015: £161.8m)
- RevPAR(1) **up 1.9%** to £45.65 (2015: £44.78)
- RevPAR growth **0.5pts ahead** of competitive segment(2)
- Average room rate(1) up 2.9% to £55.31 (2015: £53.73)
- Occupancy(1) down 0.8 percentage points to 82.5% (2015: 83.3%)
- Q3 EBITDA **up £3.8m** to £48.9m (2015: £45.1m)
- YTD EBTDA **up £3.7m** to £87.6m (2015: £83.9m)
- Cash of **£85.5m** at 28 September 2016

Operational Highlights

- Continued good growth from business customers
- Encouraging early results from new business account programme
- Business website upgrade completed
- Strong development momentum - 5 new hotels opened in the quarter
- Estate now stands at 538 hotels and 40,433 rooms at 28 September 2016

Peter Gowers, Travelodge Chief Executive commented:

"We are pleased to report another good quarter for Travelodge. Business customers continue to respond well to our new rooms and improved business account offer. We saw strong growth in sales during the quarter, with like-for-like RevPAR again ahead of our competitive segment and we saw further momentum in development, with five new openings in the quarter and two since the quarter end. We remain cautious about the impact of the decision to leave the EU on the wider economy and hotel demand in 2017. However, the budget sector is fundamentally strong and we remain well positioned to take advantage of the opportunities that lie ahead."

(1) Revenue per available room, Average room rate and Occupancy on a UK like-for-like basis.
(2) Our competitive segment is the Midscale and Economy Sector of the UK hotel market as reported by Smith Travel Research (STR) an independent hotel research provider, providing aggregate benchmarking information on the UK and other hotel market performance.

Summary

Travelodge delivered good revenue growth and continued outperformance in the third quarter, against strong comparatives which included the start of the rugby world cup last year. Revenue growth was principally driven by the contribution from new hotels, improved conversion rates from our upgraded website and continued growth from business customer sales. We again outperformed our competitive segment.

EBITDA was ahead of last year's record results, with higher sales, cost efficiencies and lower marketing costs offsetting cost increases, which included rent re-sets in connection with our restructuring and the impact of the National Living Wage.

During the quarter we opened 5 new hotels, including sites in London, Birmingham and Manchester with two further hotels, including one in London opened since. We remain on-track to achieve our full-year target to open 19 hotels.

Outlook

The UK Government is now beginning to assess its strategy for leaving the European Union. While we have not yet seen any significant impact on trading, recent independent forecasts for the UK economy and the UK hotel market have been for slower growth and higher inflation than in recent years. We therefore remain cautious about the impact on hotel trading in 2017, particularly in the first quarter, which is traditionally the industry's lowest demand period.

However, as a predominantly domestic operator in the budget hotel segment, with a strong development pipeline and good liquidity, Travelodge remains well positioned.

Results for the quarter (13 weeks) and year to date (39 weeks) ended and 28 September 2016.

Financial Performance

Growing Sales and Outperforming the Market

For the 13 weeks to the 28 September 2016:

UK like-for-like RevPAR was up 1.9% to £45.65, outperforming the growth rate of the STR Midscale and Economy Sector, which was up 1.4% for the same period. An encouraging result given the strong comparative period last year, in which we delivered very strong outperformance during the opening stages of the rugby world cup.

More widely, the growth rate of the UK hotel market continues to be slower than the prior year, with a weaker London market offset by good regional performance. Against this backdrop, we continued to make progress on our strategy and this resulted in further sales growth and outperformance.

We continue to use effective revenue management to optimise the balance between occupancy and rate growth, as a result UK like-for-like occupancy was down slightly, by 0.8 percentage points, to 82.5% (2015: 83.3%). UK like-for-like average room rate was up 2.9% to £55.31 (2015: £53.73), principally driven by continued growth from business customers and improved conversion rates from our upgraded website, supported by effective yield management.

These positive like-for-like sales results, together with a strong contribution from our recently opened and maturing new hotels, resulted in total revenues up 7.5% for the quarter to £173.9m.

In what is traditionally our largest trading quarter, EBITDA grew by £3.8m to £48.9m (2015: £45.1m). The increase in hotel rents, where strong trading triggered a rent re-set in line with the arrangements made under our 2012 restructuring, together with the impact of the National Living Wage were more than offset by the sales increase noted above and lower marketing costs. Other operating costs remained tightly controlled.

For the 39 weeks to the 28 September 2016:

Year to date UK like-for-like RevPAR was up 2.7% to £39.75, outperforming the growth rate of the STR Midscale and Economy Sector, which was up 1.2% for the same period. UK like-for-like occupancy was down slightly by 0.7 percentage points to 76.7%, with UK like-for-like average room rate up 3.6% to £51.83.

The positive like-for-like sales results, together with the contribution from our recently opened and maturing new hotels, resulted in total revenues up 6.6% for the year to date to £448.9m.

Year to date EBITDA at the end of the third quarter was £87.6m, compared to £83.9m in 2015.

The business continues to generate strong cashflow, with cash increasing to £85.5m at the end of the third quarter. Following our refinancing in the second quarter, we have long-term facilities in place including the benefit of an undrawn £50m RCF facility.

Operational Update

Investing in Quality

With all but two of our hotels upgraded during the modernisation programme over the last three years, our estate is well invested. We expect to continue to invest to maintain the quality of the estate and are due to commence our standard refit cycle in 2017 with an aim to refit the entire estate over a c. 7 year period, together with interim works as appropriate in the heavier use hotels. As a result, 2017 capex is estimated to be between £45m and £55m, with flexibility to adjust the phasing of spend depending on market conditions.

Best for Business

During the quarter we continued to strengthen our offer for business customers, launching Travelodge Business, a new account service for small and medium size businesses. This includes access to customised billing and expense management tools via our website, special rates and our business account card, which offers interest free credit provided by a third party credit card partner. Early indications after launch have been very positive, with an increase in sign-ups to the programme since inception.

Development

We continue to broaden our network and make good progress on our development targets. In the third quarter we opened hotels in London Finsbury, Birmingham, Manchester, Poole and Haverhill. We also opened two further hotels, including one in London Finchley, after the quarter end and remain on track to open 19 hotels during 2016.

We have a strong pipeline and expect to open a similar number per year on average over the next three years, with precise timing dependent on market conditions and planning approvals.

About Travelodge

Founded in 1985, Travelodge is one of the UK's leading hotel brands. There were 538 Travelodge hotels and 40,433 rooms in the UK, Spain and Ireland as at 28 September 2016. 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 for the 13 weeks ended 28 September 2016 (Q3)

	Quarter from 30 June 2016 to 28 Sep 2016 £m	Quarter from 2 July 2015 to 30 Sep 2015 £m	Var £m	Var %
Revenue by geographical region				
Revenue	**173.9**	**161.8**	**12.1**	**7.5%**
Revenue UK	170.9	159.6	11.3	7.1%
Revenue International	3.0	2.2	0.8	36.4%
Key income statement items				
Revenue	**173.9**	**161.8**	**12.1**	**7.5%**
Operating expenses	(81.2)	(77.5)	(3.7)	(4.8)%
Of which cost of goods sold	*(8.8)*	*(8.4)*	*(0.4)*	*(4.8)%*
Of which employee costs	*(35.5)*	*(32.4)*	*(3.1)*	*(9.6)%*
Of which other operating expenses	*(36.9)*	*(36.7)*	*(0.2)*	*(0.5)%*
Net external rent payable	(43.8)	(39.2)	(4.6)	(11.7)%
EBITDA	**48.9**	**45.1**	**3.8**	**8.4%**
IFRS rent charge (1)	(0.8)	(1.1)	0.3	27.3%
Depreciation	(7.7)	(5.9)	(1.8)	(30.5)%
Amortisation	(4.1)	(3.8)	(0.3)	(7.9)%
Operating profit (before exceptional items)	**36.3**	**34.3**	**2.0**	**5.8%**
Finance costs	(13.9)	(12.5)	(1.4)	(11.2)%
Finance income	0.1	0.1	-	-
Income tax	(4.1)	(4.8)	0.7	14.6%
Profit for the period (before exceptional items)	**18.4**	**17.1**	**1.3**	**7.6%**
Exceptional items	(0.4)	(6.0)	5.6	93.3%
Profit for the period	**18.0**	**11.1**	**6.9**	**62.2%**

(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 straight line basis until the next rent review, normally five years.

Revenue

Revenue increased by £12.1m, or 7.5%, from £161.8m for the period from 2 July 2015 to 30 September 2015 to £173.9m for the period from 30 June 2016 to 28 September 2016. This increase was primarily due to the annualisation and maturity of the 12 new hotels added in the 2015 and the opening of 14 new hotels in 2016 to date, together with like-for-like UK RevPAR growth of 1.9%. Like-for-like growth outperformed the MS&E segment growth of 1.4% for the period benefitting from improved conversion rates from our upgraded website and continued growth from business customer sales, supported by effective yield management.

Operating expenses

Operating expenses increased by £3.7m, or 4.8%, from £77.5m for the period from 2 July 2015 to 30 September 2015 to £81.2m for the period from 30 June 2016 to 28 September 2016. Cost increases were mainly due to increased employee costs.

Employee cost increases were largely driven by the additional staff employed in our new hotels, wage inflation (including the impact of the National Living Wage), together with investment in the sales and marketing team to increase our share of business customers and our online presence.

Other operating expenses include marketing costs which were lower year on year owing to changes in our marketing mix and tactical investments.

Net rent payable

Net external rent payable increased by £4.6m, or 11.7%, from £39.2m for the period from 2 July 2015 to 30 September 2015 to £43.8m for the period from 30 June 2016 to 28 September 2016. This increase was primarily due to 14 new hotel openings during 2016 to date, the annualisation of new hotels in 2015, upwards only rent reviews predominantly linked to RPI and the CVA category 2 rent review with an impact of £0.8m in the quarter.

Depreciation / amortisation

Depreciation / amortisation increased by £2.1m from £9.7m for the period from 2 July 2015 to 30 September 2015 to £11.8m for the period from 30 June 2016 to 28 September 2016. This increase was primarily due to the higher asset values in the period resulting from the completion of the modernisation program in December 2015.

Finance costs

Finance costs increased by £1.4m from £12.5m for the period from 2 July 2015 to 30 September 2015 to £13.9m for the period from 30 June 2016 to 28 September 2016. The increase was primarily due to the higher bond costs since issue in May 2016.

Finance income

Finance income was broadly consistent year on year at £0.1m for both periods.

Taxation

Income tax is recognised based on management's best estimate of the income tax rate expected for the financial year. Income tax decreased by £0.7m, from a charge of £4.8m from 2 July 2015 to 30 September 2015 to a charge of £4.1m for the period from 30 June 2016 to 28 September 2016. This movement is non-cash and entirely relates to changes in deferred tax on intangible assets, tax losses and differences between accounting depreciation and capital allowances.

Exceptional items

Exceptional items in the quarter relate to a reassessment of provisions, with those in 2015 due mainly to an increase in the CVA fund and corporate strategy advisory fees.

OPERATING AND FINANCIAL REVIEW

Results of operations for the 39 weeks ended 28 September 2016 (YTD)

	Period from 31 December 2015 to 28 Sep 2016 £m	Period from 1 January 2015 to 30 Sep 2015 £m	Var £m	Var %
Revenue by geographical region				
Revenue	**448.9**	**421.0**	**27.9**	**6.6%**
Revenue UK	441.5	415.3	26.2	6.3%
Revenue International	7.4	5.7	1.7	29.8%
Key income statement items				
Revenue	**448.9**	**421.0**	**27.9**	**6.6%**
Operating expenses	(233.7)	(221.5)	(12.2)	(5.5)%
Of which cost of goods sold	*(28.1)*	*(26.9)*	*(1.2)*	*(4.5)%*
Of which employee costs	*(100.2)*	*(84.8)*	*(15.4)*	*(18.2)%*
Of which other operating expenses	*(105.4)*	*(109.8)*	*4.4*	*4.0%*
Net external rent payable	(127.6)	(115.6)	(12.0)	(10.4)%
EBITDA	**87.6**	**83.9**	**3.7**	**4.4%**
IFRS rent charge (1)	(2.7)	(3.6)	0.9	25.0%
Depreciation	(22.2)	(16.2)	(6.0)	(37.0)%
Amortisation	(11.8)	(11.3)	(0.5)	(4.4)%
Operating profit (before exceptional items)	**50.9**	**52.8**	**(1.9)**	**(3.6)%**
Finance costs	(39.1)	(37.2)	(1.9)	(5.1)%
Finance income	0.4	0.4	-	-
Income tax	(3.2)	(6.4)	3.2	50.0%
Profit for the period (before exceptional items)	**9.0**	**9.6**	**(0.6)**	**6.1%**
Exceptional items	(3.3)	(6.2)	2.9	46.2%
Profit for the period	**5.7**	**3.4**	**2.3**	**67.5%**

(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 straight line basis until the next rent review, normally five years.

Revenue

Revenue increased by £27.9m, or 6.6%, from £421.0m for the period from 1 January 2015 to 30 September 2015 to £448.9m for the period from 31 December 2015 to 28 September 2016. This increase was primarily due to like-for-like UK RevPAR growth of 2.7%, the annualisation and maturity of the 12 new hotels added in the 2015 and the opening of 14 new hotels in the period. Like-for-like growth outperformed the MS&E segment growth of 1.2% for the period benefitting from improved conversion rates from our upgraded website and continued growth from business customer sales, supported by effective yield management.

Operating expenses

Operating expenses increased by £12.2m, or 5.5%, from £221.5m for the period from 1 January 2015 to 30 September 2015 to £233.7m for the period from 31 December 2015 to 28 September 2016. Cost increases were mainly due to increased employee costs.

Employee cost increases were largely driven by the additional staff employed in our new hotels, wage inflation (including the impact of the National Living Wage), together with investment in the sales and marketing team to increase our share of business customers and our online presence. Employee costs were also impacted by insourcing our previously outsourced cleaning teams, where these costs would have previously been included in other operating costs.

Other operating expenses include marketing costs which were lower year on year owing to changes in our marketing mix and tactical investments.

Net rent payable

Net external rent payable increased by £12.0m, or 10.4%, from £115.6m for the period from 1 January 2015 to 30 September 2015 to £127.6m for the period from 31 December 2015 to 28 September 2016. This increase was primarily due to 14 new hotel openings during the period, the annualisation of 12 new hotels in 2015, upwards only rent reviews predominantly linked to RPI and the CVA category 2 rent review with an impact of £2.5m for the year to date.

Depreciation / amortisation

Depreciation / amortisation increased by £6.5m from £27.5m for the period from 1 January 2015 to 30 September 2015 to £34.0m for the period from 31 December 2015 to 28 September 2016. This increase was primarily due to the higher asset values in the period resulting from the completion of the modernisation program in December 2015.

Finance costs

Finance costs increased by £1.9m from £37.2m for the period from 1 January 2015 to 30 September 2015 to £39.1m for the period from 31 December 2015 to 28 September 2016. The increase was primarily due to the higher bond costs since issue in May.

Finance income

Finance income was broadly consistent year on year at £0.4m for both periods.

Taxation

Income tax is recognised based on management's best estimate of the income tax rate expected for the financial year. Income tax decreased by £3.2m, from a charge of £6.4m for the period from 1 January 2015 to 30 September 2015 to a charge of £3.2m for the period from 31 December 2015 to 28 September 2016. This movement is non-cash and entirely relates to changes in deferred tax on intangible assets, tax losses and differences between accounting depreciation and capital allowances.

Exceptional items

Exceptional items relate mainly to the refinancing, with those in 2015 due mainly to an increase in the CVA fund and corporate strategy advisory fees.

Cash flow

As at 28 September 2016, we had cash of £85.5m, an increase of £8.6m compared to £76.9m as at 31 December 2015. Financing cash outflows during the period of £52.4m relate to bank interest payments of £23.6m, repayment of investor loan of £20.0m, first quarter repayments of term debt of £12.9m, finance issue transaction costs of £11.1m, finance lease interest paid of £3.3m and finance fees paid of £0.2m partially offset by net refinancing proceeds of £18.7m. Investing cash outflows relate mainly to the purchase of intangible and tangible fixed assets of £26.1m. 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 generally 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 28 Sep 2016 £m	**Period ended 30 Sep 2015** £m	Var £m	Var %
Net cash generated from operating activities	86.7	108.3	(21.6)	(19.9)%
Net cash used in investing activities	(25.7)	(37.9)	12.2	32.2%
Net cash used in financing activities	(52.4)	(27.5)	(24.9)	(90.5)%
Net increase / (decrease) in aggregate cash and cash equivalents	8.6	42.9	(34.3)	(80.0)%
Cash and cash equivalents at beginning of period	76.9	38.9	38.0	97.7%
Cash and cash equivalents at the end of the period	**85.5**	**81.8**	**3.7**	**4.5%**

Net cash generated from operating activities

Net cash generated from operating activities decreased by £21.6m, or 19.9%, from £108.3m for the period to 30 September 2015 to £86.7m for the period to 28 September 2016, the main drivers were a decrease of £18.0m in working capital driven predominantly by timing differences on rent payments and £11.1m additional exceptional items, including the CVA fund and costs associated with the refinancing and corporate strategy advice.

Net cash used in investing activities

Net cash used in investing activities decreased by £12.2m, or 32.2%, from £37.9m for the period to 30 September 2015 to £25.7m for the period to 28 September 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 £24.9m from £27.5m for the period to 30 September 2015 to £52.4m for the period to 28 September 2016 primarily due to the refinancing cash flows £11.1m, increased bank interest paid £23.6m (2015: £14.2m) and repayment of certain term debt of £12.9m (2015: £10.0m), together with finance fees and finance lease interest.

Capital expenditure

Our capital expenditure in the period to 28 September 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. We expect our standard refit cycle to commence in 2017, refitting the entire estate over a c. 7 year period, with interim works as appropriate in the heavier use hotels.

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, however, business customers taking advantage of our business account card benefit from interest free credit. 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, accrued interest and taxes.

	Period ended 28 Sep 2016 £m	**Period ended 30 Sep 2015** £m	Var £m	Var %
Reduction in inventory	0.1	-	0.1	N/A
(Increase) / reduction in receivables	(2.8)	12.6	(15.4)	(122)%
Increase / (decrease) in payables	17.0	19.7	(2.7)	(14)%
Total working capital movement (before exceptional items)	14.3	32.3	(18.0)	(56)%
Exceptional items	(9.2)	1.9	(11.1)	N/A
Total working capital movement	5.1	34.2	(29.1)	(85)%

Our working capital inflow of £5.1m in the period to 28 September 2016 compared to £34.2m in the period to 30 September 2015 is impacted mainly by timing of rent payments around the quarter ends and by exceptional items, including the CVA fund and costs associated with the refinancing and corporate strategy advice.

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 39 WEEKS ENDED 28 September 2016

TVL FINANCE PLC
INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS
FOR THE PERIOD ENDED 28 SEPTEMBER 2016

	Unaudited Period ended 28 Sep 2016			Unaudited Period ended 30 Sep 2015		
	BEI (2)	EI (2)	AEI (2)	BEI (2)	EI (2)	AEI (2)
	£m	£m	£m	£m	£m	£m
Revenue	448.9	-	**448.9**	421.0	-	**421.0**
Operating Expenses	(233.7)	(4.2)	**(237.9)**	(221.5)	(6.2)	**(227.7)**
Rent	(130.3)	0.9	**(129.4)**	(119.2)	-	**(119.2)**
EBITDA[1]	**84.9**	**(3.3)**	**81.6**	**80.3**	**(6.2)**	**74.1**
Depreciation/Amortisation	(34.0)	-	**(34.0)**	(27.5)	-	**(27.5)**
Operating Profit / (Loss)	**50.9**	**(3.3)**	**47.6**	**52.8**	**(6.2)**	**46.6**
Finance Costs	(39.1)	-	**(39.1)**	(37.2)	-	**(37.2)**
Finance Income	0.4	-	**0.4**	0.4	-	**0.4**
Profit / (loss) before Tax	**12.2**	**(3.3)**	**8.9**	**16.0**	**(6.2)**	**9.8**
Income Tax	(3.2)	-	**(3.2)**	(6.4)	-	**(6.4)**
Profit / (loss) for the period	**9.0**	**(3.3)**	**5.7**	**9.6**	**(6.2)**	**3.4**

Memorandum - EBITDA

	Period ended 28 Sep 2016 £m	Period ended 30 Sep 2015 £m
EBITDA before IFRS rent charge	**87.6**	**83.9**
IFRS rent charge	(2.7)	(3.6)
EBITDA pre exceptional items	84.9	80.3
Exceptional items	(3.3)	(6.2)
EBITDA after exceptional items	**81.6**	**74.1**

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 28 SEPTEMBER 2016

	Unaudited Period ended 28 Sep 2016 £m	Unaudited Period ended 30 Sep 2015 £m
Profit for the year recognised directly in the income statement	5.7	3.4
Currency translation differences	(0.6)	0.3
Net (loss) / income recognised directly in equity	**(0.6)**	**0.3**
Total comprehensive income for the period	**5.1**	**3.7**

TVL FINANCE PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 28 SEPTEMBER 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				
Profit for the period	-	-	5.7	**5.7**
Other comprehensive loss				
Currency translation differences	-	(0.6)	-	**(0.6)**
Total comprehensive (loss) / income	**-**	**(0.6)**	**5.7**	**5.1**
28 September 2016	**-**	**(0.2)**	**(70.5)**	**(70.7)**

FOR THE PERIOD ENDED 30 SEPTEMBER 2015

	Share Capital £m	Foreign Exchange Reserve £m	Accumulated Losses £m	Total deficit £m
1 January 2015	**-**	**0.2**	**(78.3)**	**(78.1)**
Comprehensive income				
Profit for the period	-	-	3.4	**3.4**
Other comprehensive income				
Currency translation differences	-	0.3	-	**0.3**
Total comprehensive income	**-**	**0.3**	**3.4**	**3.7**
30 September 2015	**-**	**0.5**	**(74.9)**	**(74.4)**

TVL FINANCE PLC
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 28 SEPTEMBER 2016

	Unaudited 28 Sep 2016 £m	Unaudited 30 Sep 2015 £m
NON CURRENT ASSETS		
Intangible assets	397.5	402.9
Property, plant and equipment	119.7	121.8
Deferred tax asset	59.4	72.5
	576.6	597.2
CURRENT ASSETS		
Inventory	1.4	1.3
Trade and other receivables	46.0	38.3
Cash and cash equivalents	85.5	81.8
	132.9	121.4
TOTAL ASSETS	709.5	718.6
CURRENT LIABILITIES		
Trade and other payables	(127.3)	(113.4)
	(127.3)	(113.4)
NON-CURRENT LIABILITIES		
Bank loans	-	(384.2)
Bond related debt	(379.6)	-
Investor loan	(134.4)	(139.1)
Obligations under finance leases	(31.6)	(31.2)
Deferred tax liability	(75.7)	(88.4)
Deferred income	(8.8)	(6.0)
Provisions	(22.8)	(30.7)
	(652.9)	(679.6)
TOTAL LIABILITIES	(780.2)	(793.0)
NET LIABILITIES	(70.7)	(74.4)
EQUITY		
Share capital	-	-
Foreign exchange reserve	(0.2)	0.5
Accumulated losses	(70.5)	(74.9)
TOTAL DEFICIT	(70.7)	(74.4)

Memorandum - Analysis of net funding	***£m***	***£m***
Cash at bank	*85.5*	*81.8*
External debt redeemable :		
Fixed Rate Bond	*(290.0)*	*-*
Floating Rate Bond	*(100.0)*	*-*
Issue costs	*10.4*	*-*
Senior 1st Lien	*-*	*(335.8)*
Senior 2nd Lien	*-*	*(35.5)*
Flare	*-*	*(12.9)*
Gross external debt	*(379.6)*	*(384.2)*
Net external debt	*(294.1)*	*(302.4)*
Investor Loan	*(134.4)*	*(139.1)*
Finance leases	*(31.6)*	*(31.2)*
Net Funding	*(460.1)*	*(472.7)*

TVL FINANCE PLC
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 28 SEPTEMBER 2016

	Unaudited Period ended 28 Sep 2016	Unaudited Period ended 30 Sep 2015
	£m	£m
NET CASH GENERATED FROM OPERATING ACTIVITIES	**86.7**	**108.3**
INVESTING ACTIVITIES		
Interest received	**0.4**	**0.3**
Purchases of property, plant and equipment and other intangible assets	**(26.1)**	**(38.2)**
Net cash used in investing activities	**(25.7)**	**(37.9)**
FINANCING ACTIVITIES		
Finance fees paid	**(0.2)**	**(0.3)**
Interest paid	**(23.6)**	**(14.2)**
Interest element of finance lease rental payments	**(3.3)**	**(3.0)**
Repayment of flare facility	**(12.9)**	**(10.0)**
Net refinancing proceeds	**18.7**	**-**
Finance issue transaction costs	**(11.1)**	**-**
Repayment of investor loan	**(20.0)**	**-**
Net cash from financing activities	**(52.4)**	**(27.5)**
Net increase in aggregate cash and cash equivalents	**8.6**	**42.9**
Cash and cash equivalents at beginning of the year	76.9	38.9
Cash and cash equivalents at end of the period	**85.5**	**81.8**

Memorandum - Analysis of free cash flow [1]	***Unaudited Period ended 28 Sep 2016***	***Unaudited Period ended 30 Sep 2015***
	£m	***£m***
EBITDA before exceptional items and IFRS rent charge	***87.6***	***83.9***
IFRS rent charge	***(2.7)***	***(3.6)***
Working capital	***14.3***	***32.3***
Net cash flows from operating activities before exceptionals	***99.2***	***112.6***
Capital expenditure	***(26.1)***	***(38.2)***
Free cash flow generated for the year	***73.1***	***74.4***
Non-trading cash flow		
Interest costs - bank interest paid	***(21.4)***	***(14.2)***
- bond interest paid	***(2.2)***	***-***
- finance fees paid	***(0.2)***	***(0.3)***
Interest income	***0.4***	***0.3***
Interest element of finance lease rental payments	***(3.3)***	***(3.0)***
Repayment of flare facility	***(12.9)***	***(10.0)***
Cash spend on provisions and exceptional items [2]	***(23.6)***	***(4.3)***
Non-trading cashflow	***(63.2)***	***(31.5)***
Cash generated	***9.9***	***42.9***
Opening Cash	***76.9***	***38.9***
Movement in cash	***9.9***	***42.9***
Net refinancing proceeds	***18.7***	***-***
Repayment of investor loan	***(20.0)***	***-***
Closing Cash	***85.5***	***81.8***
Opening net external debt	***(307.4)***	***(355.3)***
Net increase in aggregate cash	***8.6***	***42.9***
Repayment of flare facility	***12.9***	***10.0***
Net refinancing	***(7.6)***	***-***
Amortised bond transaction costs	***(0.6)***	***-***
Closing net external debt	***(294.1)***	***(302.4)***

1. Free cash flow is defined as cash generated 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	***99.2***	***112.6***
Cash spend on exceptional items through profit and loss [2]	***(3.3)***	***(6.2)***
Cash spend on exceptional items through working capital [2]	***(9.2)***	***1.9***
Net cash generated from operating activities	***86.7***	***108.3***

2. Cash spend on provisions and exceptional items of £23.6m includes costs of refinancing the Travelodge group of £14.9m, a payment in relation to the settlement of the CVA entered into in 2012 of £3.9m and other costs of £4.8m. This spend can be further broken down as through profit and loss £3.3m, through working capital £9.2m and capitalised into debt £11.1m.

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 28 September 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 28 Sep 2016 £m	Unaudited Period ended 30 Sep 2015 £m
Revenue		
UK	**441.5**	**415.3**
International	**7.4**	**5.7**
	448.9	**421.0**
EBITDA before exceptionals[1]		
UK before IFRS rent charge	**87.0**	**83.8**
IFRS rent charge	**(2.7)**	**(3.6)**
UK	**84.3**	**80.2**
International	**0.6**	**0.1**
	84.9	**80.3**
Operating Profit / (Loss) before exceptionals		
UK	**50.3**	**52.7**
International	**0.6**	**0.1**
	50.9	**52.8**
Profit / (Loss) before tax before exceptionals		
UK	**11.7**	**16.0**
International	**0.5**	**-**
	12.2	**16.0**
Exceptional items (note 6)	**(3.3)**	**(6.2)**
Profit / (Loss) before tax after exceptionals	**8.9**	**9.8**

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

4 NET OPERATING EXPENSES (BEFORE EXCEPTIONAL ITEMS)

	Unaudited Period ended 28 Sep 2016 £m	Unaudited Period ended 30 Sep 2015 £m
Cost of goods sold	28.1	26.9
Employee costs	100.2	84.8
Operating expenses	105.4	109.8
Net operating expenses before rent, depreciation and amortisation	**233.7**	**221.5**
Rent payable (third party landlords) for operating leases	130.3	118.2
Rent receivable	(2.7)	(2.6)
Net external rent payable	127.6	115.6
IFRS rent charge	2.7	3.6
Net rent	**130.3**	**119.2**
Net operating expenses before depreciation and amortisation	**364.0**	**340.7**
Depreciation	22.2	16.2
Amortisation	11.8	11.3
Net depreciation and amortisation	**34.0**	**27.5**
Total net operating expenses	**398.0**	**368.2**

5 FINANCE COSTS

	Unaudited Period ended 28 Sep 2016 £m	Unaudited Period ended 30 Sep 2015 £m
Interest on bank loans	10.7	20.8
Interest on bonds	12.7	-
Interest on obligations under finance leases	3.9	3.7
Unwinding of discount on provisions	0.5	0.6
Finance costs before Investor Loan interest	**27.8**	**25.1**
Interest on investor loan note	11.3	12.1
Finance costs	**39.1**	**37.2**

6 EXCEPTIONAL ITEMS

Exceptional costs of £3.3m in 2016 comprise a charge of £4.2m in relation to the refinancing of the Travelodge group which completed in May 2015 (see note 11) partially offset by a credit of £0.9m in relation to the reassessment of provisions at several previously vacant historic restaurant units which have now been sublet.

Exceptional costs of £6.2m in 2015 comprise charges of £1.6m for a detailed property review, £1.1m for financial due diligence, £1.1m for other costs relating to advisory fees in respect of corporate strategy including other operating matters, a charge of £1.4m relating to the increase in the CVA fund due to 2015 performance and a charge of £1.0m relating to the reassessment of various provisions of the Group.

7 INTANGIBLE ASSETS

	Unaudited Period ended 28 Sep 2016 £m	Unaudited Period ended 30 Sep 2015 £m
Opening net book value	**402.5**	**410.2**
Additions	**6.8**	**4.0**
Depreciation	**(11.8)**	**(11.3)**
Closing net book value	**397.5**	**402.9**

The closing net book value at 28 September 2016 comprises brand value of £145.0m, assets under construction of £7.6m, lease premiums of £238.5m and IT software of £6.4m.

The closing net book value at 30 September 2015 comprises brand value of £145.0m, assets under construction of £4.1m, lease premiums of £248.4m and IT software of £5.4m.

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.

8 PROPERTY, PLANT AND EQUIPMENT

	Unaudited Period ended 28 Sep 2016 £m	Unaudited Period ended 30 Sep 2015 £m
Opening net book value	**123.9**	**102.2**
Additions	**18.0**	**35.8**
Depreciation	**(22.2)**	**(16.2)**
Closing net book value	**119.7**	**121.8**

The closing net book value at 28 September 2016 comprises assets under construction of £9.1m, freehold and long leaseholds of £1.7m, financed leased land and buildings of £16.6m and fixtures and fittings of £92.3m.

The closing net book value at 30 September 2015 comprises assets under construction of £6.5m, freehold and long leaseholds of £1.7m, financed leased land and buildings of £17.0m and fixtures and fittings of £96.6m.

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.

9 TRADE AND OTHER RECEIVABLES

	Unaudited Period ended 28 Sep 2016 £m	Unaudited Period ended 30 Sep 2015 £m
Amounts due within one year:		
Trade amounts receivable		
- Gross amounts receivable	**10.2**	**11.1**
- Bad debt provision	**(0.1)**	**(0.1)**
- Net amounts receivable	**10.1**	**11.0**
Other amounts receivable	**3.8**	**2.2**
Prepayments and accrued income	**32.1**	**25.1**
	46.0	**38.3**

10 TRADE AND OTHER PAYABLES

	Unaudited Period ended 28 Sep 2016 £m	Unaudited Period ended 30 Sep 2015 £m
Trade payables	**(18.0)**	**(11.0)**
Other payables	**(18.7)**	**(12.9)**
Social security and other taxation	**(14.7)**	**(14.6)**
Accruals	**(36.9)**	**(33.1)**
Prepaid room purchases	**(33.4)**	**(33.7)**
Capital payables	**(5.6)**	**(8.1)**
Amounts falling due within one year	**(127.3)**	**(113.4)**
Amounts falling due after one year		
Deferred income	**(8.8)**	**(6.0)**
Total	**(136.1)**	**(119.4)**

11 FINANCIAL ASSETS AND LIABILITIES

	Maturity Date	Unaudited Period ended 28 Sep 2016 £m	Unaudited Period ended 30 Sep 2015 £m
Cash at bank and in hand		**85.5**	**81.8**
External debt redeemable:			
Fixed Rate Bond	May 2023	**(290.0)**	**-**
Floating Rate Bond	May 2023	**(100.0)**	**-**
Issue Costs		**10.4**	
Senior 1st Lien	June 2017	**-**	**(335.8)**
Senior 2nd Lien	June 2018	**-**	**(35.5)**
Flare	June 2017	**-**	**(12.9)**
External debt		**(379.6)**	**(384.2)**
Net external debt		**(294.1)**	**(302.4)**
Investor Loan Note	January 2026	**(134.4)**	**(139.1)**
Net debt before finance leases		**(428.5)**	**(441.5)**
Finance leases		**(31.6)**	**(31.2)**
Net debt including finance leases		**(460.1)**	**(472.7)**

On 11 May 2016, Travelodge completed a refinancing of its existing bank facilities. 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 been made.

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. At 28 September 2016, the group had utilised £18.6m.

Repayment
Senior 1st Lien and 2nd Lien of £335.8m and £35.5m respectively were paid in full. In addition the Flare facility was also fully repaid in March 2016.

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.

Investor Loan Note
The interest rate charged on the Investor Loan Note reduced from 17% to 15% and £16m of the investor loan was repaid. A further £4m was repaid in period to 29 June 2016. As at 28 September 2016, accrued interest for the period from 1 Janaury 2016 to 28 September 2016 totalled £11.3m (2015: £12.1m). The investor loans have a termination date of January 2026.

12 PROVISIONS

	Unaudited Period ended 28 Sep 2016 £m	Unaudited Period ended 30 Sep 2015 £m
At 1 January 2016 / 2015	(28.6)	(31.0)
Cash spend	6.1	3.1
Reassessment of provisions	0.9	(2.4)
Unwinding of discount of provisions	(0.5)	(0.6)
Foreign exchange rate movement	(0.7)	0.2
At 28 September 2016 / 30 September 2015	**(22.8)**	**(30.7)**

13 NOTE TO THE CASH FLOW STATEMENT

	Unaudited Period ended 28 Sep 2016 £m	Unaudited Period ended 30 Sep 2015 £m
Operating profit / (loss)	**47.6**	**46.6**
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	22.2	16.2
Amortisation of other intangible assets	11.8	11.3
Operating cash flows before movements in working capital	**81.6**	**74.1**
Movement in inventory	0.1	-
Movement in receivables	(2.8)	12.6
Movement in payables	14.8	22.3
Movement in provisions	(7.0)	(0.7)
Total working capital movement [1]	**5.1**	**34.2**
CASH FLOWS FROM OPERATING ACTIVITIES	**86.7**	**108.3**

1. Working capital movement of £5.1m (prior period: £34.2m) is after exceptional outflows of £9.2m (prior period: inflows of £1.9m). Working capital movement in "Memorandum - Analysis of free cash flow" is stated before exceptional movements.