TVL FINANCE PLC

PERIOD ENDED 28 MARCH 2018

REPORT TO NOTEHOLDERS

£232,000,000 8.5% SENIOR SECURED NOTES DUE 2023

£195,000,000 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 28 April 2017 (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 1 January 2018 to 28 March 2018 (prior year from 1 January 2017 to 29 March 2017), 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 “EBITDA”, which represents earnings before interest, tax, depreciation and amortisation as well as exceptional items (material non-recurring and one-off in nature) as defined by IFRS and the rent free adjustment.

Management believe that EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because 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

Update for the period ended 28 March 2018 (Unaudited)

Good revenue growth and continued outperformance

Highlights – Quarter 1 2018

- Total revenue **up 7.6%** to £137.6m (2017: £127.9m)
- 2018 Q1 RevPAR[(1)] **up 2.9%** to £33.63 (2017: £32.69)
- RevPAR growth **2.6pts ahead** of competitive segment [(2)]
- Occupancy[(1)] **up 2.6pts** to 71.8%
- Average room rate[(1)] down (0.9)% to £46.81 (2017: £47.23)
- Q1 2018 EBITDA (adjusted) [(3)] down £(2.8)m to £3.6m
- Cash of **£122.4m** at 28 March 2018
- SuperRooms trading well with 1,210 rooms in 29 hotels
- **3 new hotels** opened in the quarter
- Estate stood at 561 hotels and 42,354 rooms at 28 March 2018

Peter Gowers, Travelodge Chief Executive commented:

"In the first quarter, Travelodge delivered strong revenue growth, once again outperforming the midscale and economy market segment. We saw encouraging occupancy growth, a rising contribution from the recently launched SuperRooms and record food and beverage sales driven by our value menu."

"While the UK faces clear macroeconomic uncertainty, demand for budget hotels remains good. In the short-term, there are considerable cost pressures on the whole sector and as we absorb new supply, this clearly impacts margins. However, as these pressures abate, with our rising reputation for quality and strong development pipeline, we are well positioned for the future."

Summary

In what is typically the hotel industry's lowest seasonal demand period and our smallest in financial terms we delivered total revenue growth of 7.6% in quarter 1, with 2.9% like-for-like RevPAR growth. We again outperformed, with our growth 2.6pts ahead of the STR MS&E segment. In addition to strong trading, this included the benefit of rooms closed for refit last year in connection with the roll-out of SuperRooms.

This good revenue growth has helped to partially mitigate the impact of the significant cost increases, particularly the National Living Wage and higher business rates. Operational costs

[1] Revenue per available, 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

[3] EBITDA (adjusted) = Earnings before interest, taxes, depreciation and amortisation, and before rent free adjustment and exceptional items

in the quarter also reflected growth in occupancy as well as higher utility costs, impacted by the unusually cold weather during February and March and phasing of marketing costs. As a result EBITDA of £3.6m was down £(2.8)m on the prior year.

We opened 3 hotels in the quarter with a further 2 in the quarter to date, in line with our target.

Recent Trading and Outlook

The UK continues to be in a period of relative macroeconomic uncertainty. Demand for budget hotels remains good, and while there is considerable short-term supply growth, we have seen modest overall RevPAR growth for the MS&E segment at the start of the second quarter. This reflects a somewhat mixed picture, with the London MS&E segment showing a decline on last year, driven by slower inbound foreign tourism and a high level of new supply, and the Regional MS&E segment showing a modest level of growth. Travelodge has continued to outperform the segment and we have seen continued like-for-like RevPAR growth at similar levels to the first quarter. However, cost pressures on the whole UK hospitality sector remain significant and we expect these to continue throughout the year. Our development programme remains on-track and we expect to open 20 new hotels this year.

Overall, we remain cautious on the immediate financial outlook. However, with our rising reputation for quality and strong development pipeline, we remain well positioned once these pressures abate.

Financial Performance

<u>For the quarter (13 weeks) ended 28 March 2018:</u>

UK like-for-like RevPAR was up 2.9% to £33.63, 2.6pts ahead of the growth rate of the MS&E segment, which was up 0.3% for the same period. In the first quarter our outperformance benefited from the re-opening of one of our London hotels which was temporarily closed in the first half of 2017 alongside the temporary room closures in 2017 as part of our SuperRoom refit program.

We continue to use effective revenue management to optimise the balance between occupancy and rate growth. We grew UK like-for-like occupancy by 2.6pts to 71.8%, partially offset by a modest decline in UK like-for-like average room rate of (0.9)% to £46.81 (2017: £47.23).

The positive like-for-like sales growth, together with 17% growth in food & beverage sales, strong growth from our Spanish hotels and the contribution from our maturing new hotels opened since the beginning of 2017, has resulted in total revenue growth of 7.6% for the year to date to £137.6m.

This good revenue growth has helped to partially mitigate the impact of the significant cost increases, particularly on regulated costs such as the National Living Wage, and higher operational costs as a result of the higher occupancy. The first quarter of 2018 also included the annualisation of the business rate revaluations in April 2017 alongside higher utility costs as a result of price increases and the impact of the bad weather and phasing of marketing costs. As a result, EBITDA declined by £2.8m to £3.6m (2017: £6.4m).

We have a strong cash position in addition to the benefit of long-term facilities including an undrawn £50m RCF. We continue to review our cash position.

Operational Update

We continue to make good progress towards our aim of becoming the favourite hotel for value, by delivering our customers a combination of location, price and quality that suits their travel needs.

Location

Travelodge now has 561 hotels across the UK, Ireland and Spain at the quarter end, with a further 2 openings to date. At this early stage in the year, we remain on track to achieve our target of 20 new hotel openings in 2018. The majority of these hotels are expected to open in the fourth quarter of the year, with the largest, a 395 room hotel in the City of London, scheduled to open in the late summer.

We continue to extend the network to new locations and add capacity in key markets. Our network of hotels with bar cafes now stands at over 170 hotels, including 46 across Central and Greater London.

Price

Value offers helped to drive strong occupancy and outperformance in the first quarter. The new value food and beverage menu also helped drive record sales, with particular successes for our new meal deals.

Quality

We continue to strengthen our reputation for quality, maintaining our average 4 star TripAdvisor rating and adding extra choice for customers with the roll-out of our new SuperRooms.

We have also commenced a programme to upgrade our Wi-Fi product across the network with new equipment and circuits offering improved speed and reliability to our customers.

About Travelodge

Founded in 1985, Travelodge is one of the UK's leading hotel brands. There were 561 Travelodge hotels and 42,354 rooms in the UK, Spain and Ireland as at 28 March 2018. Travelodge welcomes approximately 19 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.

For further information, please contact:

Travelodge Investor Relations
01844 358655
investors@travelodge.co.uk

Travelodge Press Office
01844 358 703
pressoffice@travelodge.co.uk

OPERATING AND FINANCIAL REVIEW

Unaudited results of operations for the 13 weeks ended 28 March 2018 (Q1).

	Period ended 28 Mar 2018 £m	**Period ended 29 Mar 2017** £m	Var £m	Var %
Revenue by geographical region				
Revenue	**137.6**	**127.9**	**9.7**	**7.6%**
Revenue UK	134.9	125.5	9.4	7.5%
Revenue International	2.7	2.4	0.3	12.5%
Key income statement items				
Revenue	**137.6**	**127.9**	**9.7**	**7.6%**
Operating expenses	(86.4)	(77.2)	(9.2)	*(11.9)%*
Of which cost of goods sold	*(9.5)*	*(9.0)*	*(0.5)*	*(5.6)%*
Of which employee costs	*(36.8)*	*(33.5)*	*(3.3)*	*(9.9)%*
Of which other operating expenses	*(40.1)*	*(34.7)*	*(5.4)*	*(15.6)%*
Net external rent payable	(47.6)	(44.3)	(3.3)	(7.4)%
EBITDA (adjusted) (1)	**3.6**	**6.4**	**(2.8)**	**(43.8)%**
Rent free adjustment (2)	(0.5)	(0.7)	0.2	28.6%
Depreciation	(9.8)	(8.1)	(1.7)	(21.0)%
Amortisation	(4.2)	(4.1)	(0.1)	(2.4)%
Operating loss (before exceptional items)	**(10.9)**	**(6.5)**	**(4.4)**	**67.7%**
Finance costs before investor loan interest	(9.5)	(10.1)	0.6	5.9%
Investor loan interest	(3.4)	(3.4)	-	-
Finance income	0.4	0.1	0.3	(300.0)%
Income tax	3.2	3.2	-	-
Loss for the period (before exceptional items)	**(20.2)**	**(16.7)**	**(3.5)**	**(21.0)%**
Exceptional items	(1.9)	-	(1.9)	-
Loss for the period	**(22.1)**	**(16.7)**	**(5.4)**	**(32.3)%**

(1) - EBITDA (adjusted) = Earnings before interest, taxes, depreciation and amortisation, and before rent free adjustment and exceptional items (which is consistent with our internal management reporting and statutory reporting of our main UK trading entity under FRS 102). Exceptional items have been removed as they relate to non-recurring, one-off items.

(2) - 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 deferred income 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, which is the measure which is used for internal management reporting.

Revenue

Revenue increased by £9.7m, or 7.6%, from £127.9m for the period from 1 January 2017 to 29 March 2017 to £137.6m for the period from 1 January 2018 to 28 March 2018. This increase was primarily due to like-for-like UK RevPAR growth of 2.9%, maturity of the 15 new hotels opened in 2017 and the 3 new hotels opened in the period. We also achieved strong revenue growth in food & beverage (up 16.9% like-for-like) and from our hotels in Spain (up 12.8%). Like-for-like UK RevPAR growth of 2.9% was ahead of the MS&E segment growth of 0.3% for the period.

Operating expenses

Operating expenses increased by £9.2m, or 11.9%, from £77.2m for the period from 1 January 2017 to 29 March 2017 to £86.4m for the period from 1 January 2018 to 28 March 2018. Cost increases were due to increased employee costs and other operating expenses.

Employee cost increases were largely driven by the additional staff employed in our new hotels and wage inflation (including the impact of the increase in the National Living Wage at the beginning of April 2017).

Higher other operating expenses have been largely driven by utility costs (impacted by both price increases and the weather), business rates, transaction fees and phasing of sales and marketing costs, as well as new hotels.

Net external rent payable

Net external rent payable increased by £3.3m, or 7.4%, from £44.3m for the period from 1 January 2017 to 29 March 2017 to £47.6m for the period from 1 January 2018 to 28 March 2018. This increase was primarily due to 3 new hotel openings during the period, the annualisation of 15 new hotel openings in 2017 and upwards only rent reviews predominantly linked to RPI.

Depreciation / amortisation

Depreciation increased by £1.7m, or 21.0%, from £8.1m for the period from 1 January 2017 to 29 March 2017 to £9.8m for the period from 1 January 2018 to 28 March 2018. This is mainly due to new hotel openings and investment in maintenance, refurbishment and upgrading our hotels.

Amortisation was broadly flat, increasing by £0.1m, or 2.4%, from £4.1m for the period from 1 January 2017 to 29 March 2017 to £4.2m for the period from 1 January 2018 to 28 March 2018. This is mainly due to ongoing website development.

Finance costs

Finance costs before investor loan interest decreased by £0.6m, or 5.9%, from £10.1m for the period from 1 January 2017 to 29 March 2017 to £9.5m for the period from 1 January 2018 to 28 March 2018. The decrease was primarily due to the lower bond interest costs following the refinancing in April 2017, and again in January 2018.

Finance income

Finance income of £0.4m for the period from 1 January 2018 to 28 March 2018 is bank interest received. The year on year increase from £0.1m for the period from 1 January 2017 to 29 March 2017 was primarily due to amounts received in respect of 2017 in April 2018.

Taxation

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

The deferred tax credit of £3.2m for the period from 1 January 2018 to 28 March 2018 relates entirely to changes in deferred tax on intangible assets, tax losses and differences between accounting depreciation and capital allowances. There were no cash tax payments during the period.

Exceptional items

Exceptional items of £1.9m include £1.4m of charges relating to the restructuring of the Group's debt, together with a charge of £0.5m relating to the release of prepaid fees following the partial repayment of the fixed rate bond.

Cash flow

As at 28 March 2018, we had cash of £122.4m, an increase of £15.1m compared to £107.3m as at 29 March 2017. Operating cash inflows during the period from 1 January 2018 to 28 March 2018 of £46.2m were partially offset by investing cash outflows of £14.4m, which relate to the purchase of intangible and tangible fixed assets of £14.5m less interest received of £0.1m, and financing cash outflows during the period of £4.4m.

Included in financing cash outflows of £4.4m was the partial repayment in January 2018 of the existing senior secured fixed rate sterling denominated notes of £29.0m, offset by the issue of new senior secured floating rate sterling denominated notes of £30.0m; together with bond interest payments and finance fees of £3.2m, refinancing transaction costs of £1.3m and finance lease interest payments of £0.9m.

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

	Period ended 28 Mar 2018 £m	**Period ended 29 Mar 2017** £m	Var £m	Var %
Net cash generated from operating activities	46.2	47.6	(1.4)	(2.9)%
Net cash used in investing activities	(14.4)	(11.0)	(3.4)	(30.9)%
Net cash used in financing activities	(4.4)	(3.2)	(1.2)	(37.5)%
Net increase in aggregate cash and cash equivalents	27.4	33.4	(6.0)	(18.0)%
Cash and cash equivalents at beginning of period	95.0	73.9	21.1	28.6%
Cash and cash equivalents at the end of the period	**122.4**	**107.3**	**15.1**	**14.1%**

Net cash generated from operating activities

Net cash generated from operating activities decreased by £1.4m, or 2.9%, from £47.6m for the period from 1 January 2017 to 29 March 2017 to £46.2m for the period from 1 January 2018 to 28 March 2018. This was due primarily to a higher EBITDA loss of £4.9m, partially offset by an increase in non-cash related items within EBIDTA of £2.3m and an increase of £1.2m in working capital.

Net cash used in investing activities

Net cash used in investing activities increased by £3.4m, or 30.9%, from £11.0m for the period from 1 January 2017 to 29 March 2017 to £14.4m for the period from 1 January 2018 to 28 March 2018, primarily due to the standard refit recycle, investment in Super Rooms and additional investment in IT projects.

Net cash used in financing activities

Net cash used in financing activities increased by £1.2m, or 37.5%, from £3.2m for the period from 1 January 2017 to 29 March 2017 to £4.4m for the period from 1 January 2018 to 28 March 2018.

This was primarily due to proceeds arising from the refinancing in January 2018 of £1.0m (2017: £nil), partially offset by and refinancing transaction costs of £1.3m (2017: £nil) and higher external interest payments and finance fees of £3.2m (2017: £2.3m).

Capital expenditure

Capital expenditure in the period from 1 January 2018 to 28 March 2018 has mainly been in relation to on-going maintenance and refits, including Super Rooms, as well as investment in website development and amounts relating to the development of our pipeline.

The year on year increase is mainly due to spend relating to the on-going standard refit cycle and Super Rooms. We expect to refit 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 and accrued interest and taxes.

	Period ended 28 Mar 2018 £m	**Period ended 29 Mar 2017** £m	Var £m	Var %
Decrease / (increase) in inventory	0.3	(0.1)	0.4	400.0%
Increase in receivables	(5.4)	0.7	(6.1)	(871.4)%
Increase in payables	49.0	42.3	6.7	15.8%
Total working capital movement (before exceptional items)	43.9	42.9	1.0	2.3%
Provisions and exceptional items	(0.8)	(1.0)	0.2	20.0%
Total working capital movement	**43.1**	**41.9**	**1.2**	**2.9%**

Our working capital inflow of £43.1m for the period from 1 January 2018 to 28 March 2018 compared to an inflow of £41.9m for the period from 1 January 2017 to 29 March 2017 is impacted mainly by the timing of property costs (rent, insurance, service charges etc) and creditor payments around the period ends.

RISK FACTORS

Noteholders are reminded that investing in the Notes involves substantial risks and Noteholders should refer to the “Risk Factors” section of the Offering Memorandum, published on 28 April 2017, and the 2017 Annual Report for the year ended 31 December 2017 for a description of the risks that they should consider when making investment decisions about the Notes.

Registered number: 08170768

THAME AND LONDON LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 March 2018

THAME AND LONDON LIMITED
CONDENSED CONSOLIDATED PROFIT AND LOSS
FOR THE PERIOD ENDED 28 MARCH 2018

	Unaudited Period ended 28 Mar 2018			Unaudited Period ended 29 Mar 2017		
	Before exceptional items £m	**Exceptional items £m**	**After exceptional items £m**	**Before exceptional items £m**	**Exceptional items £m**	**After exceptional items £m**
Revenue	137.6	-	**137.6**	127.9	-	**127.9**
Operating Expenses	(86.4)	(0.5)	**(86.9)**	(77.2)	-	**(77.2)**
Rent	(48.1)	-	**(48.1)**	(45.0)	-	**(45.0)**
EBITDA after rent free adjustment	**3.1**	**(0.5)**	**2.6**	**5.7**	**-**	**5.7**
Depreciation / Amortisation	(14.0)	-	**(14.0)**	(12.2)	-	**(12.2)**
Operating loss	**(10.9)**	**(0.5)**	**(11.4)**	**(6.5)**	**-**	**(6.5)**
Finance Costs	(12.9)	(1.4)	**(14.3)**	(13.5)	-	**(13.5)**
Finance Income	0.4	-	**0.4**	0.1	-	**0.1**
Loss before Tax	**(23.4)**	**(1.9)**	**(25.3)**	**(19.9)**	**-**	**(19.9)**
Income Tax	3.2	-	**3.2**	3.2	-	**3.2**
Loss for the Period	**(20.2)**	**(1.9)**	**(22.1)**	**(16.7)**	**-**	**(16.7)**

Memorandum - EBITDA (adjusted) [(1)]

	Period ended 28 Mar 2018 £m	**Period ended 29 Mar 2017 £m**
EBITDA (adjusted) [(1)]	**3.6**	**6.4**
Rent free adjustment [(2)]	**(0.5)**	(0.7)
EBITDA after rent free adjustment	**3.1**	**5.7**
Exceptional items	**(0.5)**	-
EBITDA after rent free adjustment and exceptional items	**2.6**	**5.7**

1. EBITDA (adjusted) = Earnings before interest, taxes, depreciation and amortisation, and before rent free adjustment and exceptional items (which is consistent with our internal management reporting and statutory reporting of our main UK trading entity under FRS 102). Exceptional items have been removed as they relate to non-recurring, one-off items.

2. 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 deferred income 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, which is the measure which is used for internal management reporting.

THAME AND LONDON LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 MARCH 2018

	Unaudited Period ended 28 Mar 2018	Unaudited Period ended 29 Mar 2017
	£m	**£m**
Loss for the period	(22.1)	(16.7)
Items that will subsequently be reclassified into profit and loss:		
Movement on fair value of cash flow hedges	0.4	(0.2)
Currency translation differences	0.4	(0.1)
Other comprehensive income / (expense) for the period, net of tax	**0.8**	**(0.3)**
Total comprehensive expense for the period	**(21.3)**	**(17.0)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 28 MARCH 2018

	Share Capital	Foreign Exchange Reserve	Cash Flow Hedge Reserve	Accumulated Losses	Total deficit
	£m	**£m**	**£m**	**£m**	**£m**
1 January 2018	**-**	**(0.6)**	**0.4**	**(89.5)**	**(89.7)**
Loss for the period	-	-	-	(22.1)	**(22.1)**
Other comprehensive income					
Movement in fair value of hedging derivatives	-	-	0.4	-	**0.4**
Currency translation differences	-	0.4	-	-	**0.4**
Total comprehensive income / (expense)	**-**	**0.4**	**0.4**	**(22.1)**	**(21.3)**
28 March 2018	**-**	**(0.2)**	**0.8**	**(111.6)**	**(111.0)**

FOR THE PERIOD ENDED 27 MARCH 2017

	Share Capital	Foreign Exchange Reserve	Cash Flow Hedge Reserve	Accumulated Losses	Total deficit
	£m	**£m**	**£m**	**£m**	**£m**
1 January 2017	**-**	**(0.2)**	**0.6**	**(78.8)**	**(78.4)**
Loss for the period	-	-	-	(16.7)	**(16.7)**
Other comprehensive expense					
Movement in fair value of hedging derivatives	-	-	(0.2)	-	**(0.2)**
Currency translation differences	-	(0.1)	-	-	**(0.1)**
Total comprehensive expense	**-**	**(0.1)**	**(0.2)**	**(16.7)**	**(17.0)**
29 March 2017	**-**	**(0.3)**	**0.4**	**(95.5)**	**(95.4)**

THAME AND LONDON LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 28 MARCH 2018

	Unaudited 28 Mar 2018 £m	Unaudited 29 Mar 2017 £m
NON CURRENT ASSETS		
Intangible assets	377.4	387.4
Property, plant and equipment	133.7	122.4
Financial derivative asset	1.1	0.4
Deferred tax asset	51.4	52.2
	563.6	562.4
CURRENT ASSETS		
Inventory	0.7	1.5
Trade and other receivables	54.5	46.4
Cash and cash equivalents	122.4	107.3
	177.6	155.2
TOTAL ASSETS	741.2	717.6
CURRENT LIABILITIES		
Trade and other payables	(179.4)	(162.5)
	(179.4)	(162.5)
NON-CURRENT LIABILITIES		
Bond related debt	(419.7)	(380.3)
Investor loan	(120.8)	(141.5)
Obligations under finance leases	(32.5)	(32.1)
Deferred tax liability	(64.1)	(63.0)
Deferred income	(15.4)	(12.2)
Provisions	(20.3)	(21.3)
	(672.8)	(650.5)
TOTAL LIABILITIES	(852.2)	(812.9)
NET LIABILITIES	(111.0)	(95.4)
EQUITY		
Share capital	-	-
Foreign exchange reserve	(0.2)	(0.3)
Cash flow hedge reserve	0.8	0.4
Accumulated losses	(111.6)	(95.5)
TOTAL EQUITY	(111.0)	(95.4)

Memorandum - Analysis of net funding	***£m***	***£m***
Cash at bank	*122.4*	*107.3*
External debt redeemable (excluding finance leases):		
Fixed Rate Bond	*(232.0)*	*(290.0)*
Floating Rate Bond	*(195.0)*	*(100.0)*
Issue costs	*7.3*	*9.7*
Gross debt	*(419.7)*	*(380.3)*
External net debt	*(297.3)*	*(273.0)*
Investor loan	*(120.8)*	*(141.5)*
Finance leases	*(32.5)*	*(32.1)*
Net debt	*(450.6)*	*(446.6)*

THAME AND LONDON LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 28 MARCH 2018

	Unaudited Period ended 28 Mar 2018	Unaudited Period ended 29 Mar 2017
	£m	£m
NET CASH GENERATED FROM OPERATING ACTIVITIES	**46.2**	**47.6**
INVESTING ACTIVITIES		
Interest received	0.1	0.1
Purchases of property, plant and equipment and intangible assets	(14.5)	(11.1)
Net cash used in investing activities	**(14.4)**	**(11.0)**
FINANCING ACTIVITIES		
Finance fees paid (including exceptional items)	(0.1)	-
Interest paid	(3.1)	(2.3)
Finance lease payments	(0.9)	(0.9)
Issue of floating rate bonds	30.0	-
Repayment of fixed rate bonds	(29.0)	-
Finance issue transaction costs	(1.3)	-
Net cash used in financing activities	**(4.4)**	**(3.2)**
Net increase in aggregate cash and cash equivalents	**27.4**	**33.4**
Cash and cash equivalents at beginning of the year	95.0	73.9
Cash and cash equivalents at end of the period	**122.4**	**107.3**

Memorandum - Analysis of free cash flow [1]	*Unaudited Period ended 28 Mar 2018*	*Unaudited Period ended 29 Mar 2017*
	£m	*£m*
EBITDA (adjusted)[2]	*3.6*	*6.4*
Working capital	*43.4*	*42.2*
	47.0	*48.6*
Net cash flows from operating activities before exceptionals		
Capital expenditure	*(14.5)*	*(11.1)*
Free cash flow generated for the year	***32.5***	***37.5***
Non-trading cash flow		
Interest costs		
- bank interest paid	*(0.4)*	-
- bond interest paid	*(2.7)*	*(2.3)*
- finance fees paid	*(0.1)*	-
Interest income	*0.1*	*0.1*
Interest element of finance lease rental payments	*(0.9)*	*(0.9)*
Cash spend on provisions and exceptional items[3]	*(2.1)*	*(1.0)*
Non-trading cashflow	***(6.1)***	***(4.1)***
Cash generated	***26.4***	***33.4***
Opening Cash	***95.0***	***73.9***
Movement in cash	*26.4*	*33.4*
Net refinancing proceeds	*1.0*	-
Closing Cash	***122.4***	***107.3***
Opening external net debt	***(323.4)***	***(306.0)***
Net increase in aggregate cash	*27.4*	*33.4*
Net refinancing	*(1.0)*	-
Net amortised bond transaction costs	*(0.3)*	*(0.4)*
Closing net debt	***(297.3)***	***(273.0)***

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

2. EBITDA (adjusted) = Earnings before interest, taxes, depreciation and amortisation, and before rent free adjustment and exceptional items (which is consistent with our internal management reporting and statutory reporting of our main UK trading entity under FRS 102). Exceptional items have been removed as they relate to non-recurring, one-off items.

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	***47.0***	***48.6***
Cash spend on exceptional items through working capital	*(0.8)*	*(1.0)*
Net cash generated from operating activities	***46.2***	***47.6***

3. In 2018, cash spend on provisions and exceptional items of £2.1m includes costs of refinancing the Travelodge Group of £1.3m and other costs of £0.8m.

3. In 2017, cash spend on provisions and exceptional items of £1.0m includes costs of refinancing the Travelodge Group of £0.5m and other costs of £0.5m.

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

New and Amended Standards

The following new and amended standards are effective for the year ending December 31, 2018 and have been adopted in these statements.

IFRS 9, 'Financial Instruments'
IFRS 15, 'Revenue from contracts with customers'

As the impact of adoption was immaterial no adjustment was necessary to the prior period figures previously presented.

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 March 2018. Control is achieved when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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.

IFRS 16, a new lease accounting standard, comes into effect for accounting periods beginning on or after 1 January 2019. The group's evaluation of the effect of adoption of this standard is ongoing, it is expected to have a material effect on the presentation of the financial statements, although no impact on actual pre-tax cash flows.

IFRS 16 is expected to significantly increase the group’s recognised assets and liabilities in the Consolidated Balance Sheet. It is also expected to materially change the presentation and timing of recognition of charges in the Consolidated Income Statement as the operating lease expense currently reported under IAS 17, typically on a straight-line basis, within EBITDA (adjusted), will be replaced by depreciation of the right-to-use asset and financing costs on the lease liability. This is expected to result in increased 'lease related expenses' being charged to the Consolidated Income Statement in the early years of a lease due to the front-loaded financing costs, reducing reported Profit Before Tax.

We expect to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application and therefore not to restate comparative information. Discount rates will be applied to future operating lease payments to calculate the lease liability and are an area of significant judgement and estimation, particularly given the term of our leases. HMRC is still in consultation on the tax impact of IFRS 16.

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. Provisions recognised as at 28 March 2018 principally relate to onerous leases.

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 Mar 2018 £m	Audited Period ended 29 Mar 2017 £m
Revenue		
UK	**134.9**	**125.5**
International	**2.7**	**2.4**
	137.6	**127.9**
EBITDA (before exceptionals)		
UK EBITDA (adjusted) (1)	**3.6**	**6.4**
Rent free adjustment	**(0.5)**	**(0.7)**
UK after rent free adjustment	**3.1**	**5.7**
International	**-**	**-**
EBITDA after rent-free adjustment	**3.1**	**5.7**
Operating loss before exceptionals		
UK	**(10.8)**	**(6.5)**
International	**(0.1)**	**-**
	(10.9)	**(6.5)**
Loss before tax before exceptionals		
UK	**(23.3)**	**(19.8)**
International	**(0.1)**	**(0.1)**
	(23.4)	**(19.9)**
Exceptional items (note 6)	**(1.9)**	**-**
Loss before tax	**(25.3)**	**(19.9)**

1. EBITDA (adjusted) = Earnings before interest, taxes, depreciation and amortisation, and before rent free adjustment and exceptional items (which is consistent with our internal management reporting and statutory reporting of our main UK trading entity under FRS 102). Exceptional items have been removed as they relate to non-recurring, one-off items.

4 NET OPERATING EXPENSES (BEFORE EXCEPTIONAL ITEMS)

	Unaudited Period ended 28 Mar 2018 £m	Unaudited Period ended 29 Mar 2017 £m
Cost of goods sold	**9.5**	**9.0**
Employee costs	**36.8**	**33.5**
Operating expenses	**40.1**	**34.7**
Net operating expenses before rent, depreciation and amortisation	**86.4**	**77.2**
Rent payable (third party landlords) for operating leases	**48.6**	**45.2**
Rent receivable	**(1.0)**	**(0.9)**
Net external rent payable	**47.6**	**44.3**
Rent free adjustment[1]	**0.5**	**0.7**
Net rent	**48.1**	**45.0**
Net operating expenses before depreciation and amortisation	**134.5**	**122.2**
Depreciation	**9.8**	**8.1**
Amortisation	**4.2**	**4.1**
Net depreciation and amortisation	**14.0**	**12.2**
Total net operating expenses	**148.5**	**134.4**

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 deferred income on our balance sheet and is recognised in our income statement 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 (adjusted) 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, which is the measure which is used for internal management reporting.

5 FINANCE COSTS

	Unaudited Period ended 28 Mar 2018 £m	Unaudited Period ended 29 Mar 2017 £m
Finance fees	**0.4**	**0.4**
Interest on bank loans	**0.3**	**0.4**
Interest on fixed and floating rate bonds	**7.3**	**7.8**
Interest on obligations under finance leases	**1.3**	**1.3**
Unwinding of discount on provisions	**0.2**	**0.2**
Finance costs before interest on investor loan and exceptional items	**9.5**	**10.1**
Interest on investor loan	**3.4**	**3.4**
Finance costs before exceptional items	**12.9**	**13.5**
Exceptional items:		
Fees in relation to restructuring of debt	**1.4**	**-**
Finance costs	**14.3**	**13.5**

6 EXCEPTIONAL ITEMS

In the period to 28 March 2018, exceptional charges of £1.9m include £1.4m of charges in respect of the costs of early redemption, legal and advisors' fees and management incentives relating to the restructuring of the Group's debt, together with a charge of £0.5m relating to the release of prepaid fees following the partial repayment of the fixed rate bond.

7 INTANGIBLE ASSETS

	Unaudited Period ended 28 Mar 2018 £m	Unaudited Period ended 29 Mar 2017 £m
Opening net book value	**379.8**	**389.6**
Additions	**2.1**	**2.3**
Movement on capital creditors	**(0.3)**	**(0.4)**
Depreciation	**(4.2)**	**(4.1)**
Closing net book value	**377.4**	**387.4**

The closing net book value at 28 March 2018 comprises brand value of £145.0m, assets under construction of £5.8m, lease premiums of £218.7m and IT software of £7.9m.

The closing net book value at 29 March 2017 comprises brand value of £145.0m, assets under construction of £5.3m, lease premiums of £228.5m and IT software of £8.6m.

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 Group's year end of 31 December. The Group 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% (2017: 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 Group's risk adjusted pre-tax weighted average cost of capital of 9.0% (2017 9.0%). When calculating the discount rate, the market-weighted average cost of capital for the sector was used based on a portfolio of similar hotel businesses. Reviews are performed on a site by site basis over the length of the lease. The Directors have considered the Group's financial projections and the assumptions which underpin those projections including future growth of the budget hotel sector, brand demand and occupancy, the new hotel opening profile and development pipeline opportunities.

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 Mar 2018 £m	Unaudited Period ended 29 Mar 2017 £m
Opening net book value	**132.5**	**121.3**
Additions	**12.4**	**8.8**
Movement on capital creditors	**(1.4)**	**0.4**
Depreciation	**(9.8)**	**(8.1)**
Closing net book value	**133.7**	**122.4**

The closing net book value at 28 March 2018 comprises assets under construction of £7.6m, freehold and long leaseholds of £1.6m, financed leased land and buildings of £15.9m and fixtures and fittings of £108.6m.

The closing net book value at 29 March 2017 comprises assets under construction of £8.9m, freehold and long leaseholds of £1.7m, financed leased land and buildings of £16.3m and fixtures and fittings of £95.5m.

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.

Impairment reviews are performed annually at the Group's year end of 31 December. The Group 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% (2017: 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 Group's risk adjusted pre-tax weighted average cost of capital of 9.0% (2017: 9.0%). When calculating the discount rate, the market-weighted average pre-tax cost of capital for the sector was used based on a portfolio of similar hotel businesses. Reviews are performed on a site by site basis over the length of the lease. The Directors have considered the Group's financial projections and the assumptions which underpin those projections including future growth of the budget hotel sector, brand demand and occupancy, the new hotel opening profile and development opportunities.

9 TRADE AND OTHER RECEIVABLES

	Unaudited Period ended 28 Mar 2018 £m	Unaudited Period ended 29 Mar 2017 £m
Amounts due within one year:		
Trade amounts receivable		
- Gross amounts receivable	**10.5**	**9.1**
- Bad debt provision	**(0.2)**	**(0.1)**
- Net amounts receivable	**10.3**	**9.0**
Other amounts receivable	**7.8**	**5.3**
Accrued income	**1.5**	**1.0**
Prepayments	**34.9**	**31.1**
	54.5	**46.4**

10 TRADE AND OTHER PAYABLES

	Unaudited Period ended 28 Mar 2018 £m	Unaudited Period ended 29 Mar 2017 £m
Trade payables	**(25.9)**	**(19.0)**
Other payables	**(10.7)**	**(13.6)**
Social security and other taxation	**(18.5)**	**(15.9)**
Accruals	**(56.4)**	**(52.1)**
Deferred income	**(1.1)**	**(0.5)**
Prepaid room purchases	**(57.7)**	**(53.3)**
Capital payables	**(7.1)**	**(6.4)**
Provisions (Note 12)	**(2.0)**	**(1.7)**
Amounts falling due within one year	**(179.4)**	**(162.5)**
Amounts falling due after one year:		
Deferred income	**(15.4)**	**(12.2)**
Provisions (Note 12)	**(20.3)**	**(21.3)**
Total	**(215.1)**	**(196.0)**

11 FINANCIAL ASSETS AND LIABILITIES

	Maturity Date	Unaudited Period ended 28 Mar 2018 £m	Unaudited Period ended 29 Mar 2017 £m
Cash at bank and in hand		**122.4**	**107.3**
External debt redeemable:			
Fixed Rate Bond	May 2023	**(232.0)**	**(290.0)**
Floating Rate Bond	May 2023	**(195.0)**	**(100.0)**
Issue Costs		**7.3**	**9.7**
External debt		**(419.7)**	**(380.3)**
Net external debt		**(297.3)**	**(273.0)**
Investor Loan Note	January 2026	**(120.8)**	**(141.5)**
Net debt before finance leases		**(418.1)**	**(414.5)**
Finance leases		**(32.5)**	**(32.1)**
Net debt including finance leases		**(450.6)**	**(446.6)**

Senior secured notes

Senior secured fixed rate sterling denominated notes of £290.0m were issued on 10 May 2016 with a termination date of 11 May 2023. Of these, £29.0m were repaid on 28 April 2017, and a further £29.0m were repaid on 3 January 2018. Interest is fixed at 8.5% and is payable on a semi-annual basis.

Senior secured floating rate sterling denominated notes of £100.0m were issued on 10 May 2016 with a termination date of 11 May 2023. These were repaid on 28 April 2017 with early repayment fees of £2.1m applied. Interest was floating at three month LIBOR plus a margin of 7.5%.

New senior secured floating sterling denominated notes of £165.0m and £30.0m were issued on 28 April 2017 and 3 January 2018 respectively, with a termination date of 15 May 2023. Interest is floating at three month LIBOR plus a margin of 4.875% and is payable on a quarterly basis.

Revolving credit facility

A sterling denominated revolving credit facility of £50.0m is available to the group. At the date of these financial statements no drawings on this facility had been made.

Letter of credit facility

The letter of credit facility has a maximum usage of £30.0m. At 28 March 2018, the group had utilised £15.3m.

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 is 15%. As at 28 March 2018, accrued interest for the period from 1 January 2018 to 28 March 2018 totalled £3.4m (2017: £3.4m). The investor loan note has a termination date of January 2026.

Interest rate hedge

The interest rate hedge is against the old senior secured floating rate bond of £100.0m with an effective date from 15 November 2016 and a termination date of 15 August 2019. The pay rate of the hedge is fixed at 0.376% and the receive rate of the hedge floats to LIBOR.

At 28 March 2018, the fair value of the hedge was £0.8m (2017: £0.4m).

Swaption

On 30 June 2017, Travelodge entered into a swaption in relation to the new senior secured floating stering denominated notes of £165m.

The swaption commences on 15 May 2019 and terminates on 15 May 2021. If, on 15 May 2019, LIBOR is greater than 1.5%, Travelodge will receive a cash settlement on the difference between LIBOR and 1.5% on £100m to cover a portion of the scheduled quarterly payments on the floating rate notes of £165m, up to 15 May 2021.

If, on 15 May 2019, LIBOR is less than 1.5%, the product will not be activated and will expire.

At 28 March 2018, the fair value of the swaption was £0.3m.

12 PROVISIONS

	Unaudited Period ended 28 Mar 2018	Unaudited Period ended 29 Mar 2017
	£m	£m
At 1 January	**(23.0)**	**(23.2)**
Cash spend	**0.8**	**0.5**
Unwinding of discount on provisions	**(0.2)**	**(0.2)**
Foreign exchange rate movement	**0.1**	**(0.1)**
At 28 March 2018 / 29 March 2017	**(22.3)**	**(23.0)**
The balance can be analysed as:		
Due in less than one year	**(2.0)**	**(1.7)**
Due in greater than one year	**(20.3)**	**(21.3)**
	(22.3)	**(23.0)**

A discount rate of 4% (2017: 4%) being the pre-tax risk free rate adjusted for property risk is used to calculate the net present value of the provisions.

Provisions of £22.3m can be analysed as: onerous lease provisions of £8.9m relating to future rent and rates liabilities on sub leased historic restaurant units, £10.1m relating to seven UK hotels and two Spanish hotels where it is considered improbable that trading profits will be generated within a period of 7 years and £3.3m of other provisions.

Onerous lease provisions relate to the future discounted cash outflow in relation to certain rent and rates liabilities where no economic benefit is expected to accrue to the Group. These provisions have an average lease term of 15 years and have been discounted at a pre-tax risk free rate of 4.0% (2017: 4.0%).

13 NOTE TO THE CASH FLOW STATEMENT

	Unaudited Period ended 28 Mar 2018 £m	Unaudited Period ended 29 Mar 2017 £m
Operating loss	**(11.4)**	**(6.5)**
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	**9.8**	**8.1**
Amortisation of other intangible assets	**4.2**	**4.1**
Exceptionals	**0.5**	**-**
Operating cash flows before movements in working capital	**3.1**	**5.7**
Movement in inventory	**0.3**	**(0.1)**
Movement in receivables	**(5.4)**	**0.7**
Movement in payables	**49.0**	**41.8**
Movement in provisions	**(0.8)**	**(0.5)**
Total working capital movement [(1)]	**43.1**	**41.9**
Cash flows from operating activities	**46.2**	**47.6**

1. Working capital movement of £43.1m (2017: £41.9m) is after exceptional outflows of £0.8m (2017: outflows of £1.0m) and after rent free adjustment of £0.5m (2017: £0.7m). Working capital movement in "Memorandum - Analysis of free cash flow" on page 20 is stated before exceptional movements and before rent free adjustment.