TVL FINANCE PLC

QUARTER ENDED 31 MARCH 2022

REPORT TO NOTEHOLDERS

£440,000,000 SENIOR SECURED FLOATING RATE NOTES DUE 2025

£65,000,000 9.0% SENIOR SECURED NOTES DUE 2025

(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 June 2019 (the "Offering Memorandum").

PRESENTATION OF FINANCIAL DATA

The report summarises the consolidated financial data and operating data from the consolidated financial statements of Thame and 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 periods 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 and our like-for-like reporting is prepared on this basis. In order to align this method with our quarterly and statutory annual accounting period on the basis of a calendar year from 1 January to 31 December, we make certain adjustments to our results at the end of each quarter to ensure that the reported period aligns with the corresponding calendar quarter. The Group will continue to present its consolidated financial statements going forward on this basis 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 period from 1 January 2022 to 31 March 2022 (prior year from 1 January 2021 to 31 March 2021), which are maintained in accordance with International Financial Reporting Standards ("IFRS").

We continue to present certain non-IFRS information in this quarterly report. This information includes "EBITDA (adjusted)", which represents earnings before interest, tax, depreciation and amortisation, and before rent phasing adjustments, non-underlying items and reflective of the position in line with the accounting principles before IFRS 16. This measure also reflects the rent reductions following the CVA which was completed on 19 June 2020, recognised in line with the cash benefit. Non-underlying items have been removed as they relate to non-recurring, one-off items.

Certain financial information, measures and ratios related thereto in this quarterly report, including the financial information presented on a 'before IFRS 16' basis and EBITDA (adjusted) (the "Non-IFRS Measures") are not specifically defined under IFRS or any other generally accepted accounting principles. In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added in some areas of the document to reflect the position in line with previous accounting principles ("Before IFRS 16").

Management believe that EBITDA (adjusted) is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA (adjusted) 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 that 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 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 quarter ended 31 March 2022

Strong trading performance and continued outperformance, well positioned for recovery

Headlines (quarter ended 31 March 2022, comparison vs 2019)

- Total underlying revenue up 7.0% to £155.4m (2019: £145.2m, 2021: £41.7m)
- RevPAR[1] up 4.3% to £36.57 (2019: £35.05, 2021: £10.39)
- RevPAR performance 7.6pts ahead of the competitive segment[2] vs 2019
- Occupancy[1] down 1.4pts to 74.9% (2019: 76.3%, 2021: 32.9%)[3]
- Average room rate[1] up 6.3% at £48.81 (2019: £45.93, 2021: £31.59)
- EBITDA (adjusted)[4] profit of £4.9m (2019: profit of £1.7m, 2021: loss of £46.1m)
- Cash of £154.2m at 31 March 2022
- 3 new hotels opened to date, including one Irish franchise
- Total network now 595 hotels and 45,574 rooms as at 31 March 2022

Summary

The first weeks of the quarter were impacted by Covid-19, but quickly recovered once the work from home guidance was lifted, and almost immediately exceeded 2019 revenue levels by early February. This trend continued for the remainder of the quarter with revenue ahead of 2019 and outperforming the MS&E segment every week, driven by strong leisure and 'blue collar' business demand and supported by the reduced VAT rate. Costs remained well controlled and whilst we have seen some impact of the supply chain challenges facing the hospitality industry and inflation, these continue to be well managed.

Trading in the first weeks of quarter two has remained strong, with continued strong leisure and 'blue collar' demand and early signs of recovery in 'white collar' demand as people return to differing forms of office working. We continue to outperform against the market segment. We now expect 2022 full year RevPAR to recover ahead of 2019 levels, driven by strong leisure trading that is expected to benefit from continued staycation demand, particularly over the summer and recovery in business demand. The impact of the current inflationary environment on demand is uncertain, but we do expect continued pressure on costs.

1 Revenue per available room, Average room rate and Occupancy on a UK like-for-like basis for the management accounting period 30 Dec 2021 to 30 Mar 2022 and 3 Jan 2019 to 3 Apr 2019

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 Occupancy excluding the period impacted by Covid-19 work from home guidance (31/12/21 to 26/1/22) of 79.4%

4 EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, and before rent adjustment and non-underlying items, and in line with historic accounting principles (before IFRS 16). This measure reflects the cash benefit of rent reductions in 2021 following the CVA which completed on 17 June 2020. Non-underlying items have been removed as they relate to non-recurring, one-off items.

While forecasting remains a challenge and we face a range of possible outcomes, with our large network of hotels, value proposition and focus on domestic travel we are well positioned to benefit in the recovery.

Performance Overview

The first weeks of the quarter were impacted by Covid-19 and the work from home guidance, that impacted mid-week demand, in particular in Central London. Following the lifting of the work from home guidance performance recovered quickly and was ahead of 2019 revenue levels by early February. This trend continued for the remainder of the quarter with every week ahead of 2019 revenue levels, driven by strong leisure and 'blue collar' demand, offsetting the more gradual recovery in 'white collar' demand, we also benefited from the reduced VAT rate.

The UK budget hotel market remains resilient, with revenue as a percentage of 2019 levels ahead of the total UK hotel market, driven by these strong levels of domestic leisure demand and the recovery in 'blue collar' business demand.

Overall UK like-for-like RevPAR for the quarter was up 4.3% on 2019 levels, approximately 7.6pts ahead of the Smith Travel Research (STR) MSE benchmark competitive segment.

Total underlying revenues for the quarter were up 7.0% on 2019 levels.

Costs remained well controlled and whilst Travelodge is not immune to the inflationary and supply chain pressures affecting the wider hospitality industry, these were well managed, supported by our in-sourced housekeeping model and strong supplier relationships.

EBITDA (adjusted) for the quarter was a profit of £4.9m (2019: profit of £1.7m, 2021: loss of £46.1m).

We ended the quarter with cash of £154.2m (2021: £96.2m).

Financial Performance

<u>For the quarter ended 31 March 2022:</u>

For the quarter, compared to 2019, UK like-for-like RevPAR was up 4.3% to £36.57 (2019: £35.05), with UK like-for-like occupancy down 1.4pts to 74.9%, and UK like-for-like average room rate up 6.3% to £48.81.

Travelodge continued to outperform, with UK like-for-like RevPAR performance 7.6pts ahead of the competitive segment vs 2019, with outperformance in both London and the Regions.

Total underlying revenue for the quarter of £155.4m was up £10.2m (7.0%) vs 2019 and up £113.7m vs 2021.

EBITDA (adjusted) was a profit of £4.9m compared to a profit of £1.7m for 2019 and a loss of £46.1m for 2021.

During the quarter there was free cash inflow of £33.5m predominantly driven by the EBITDA (adjusted) profit and working capital, partially offset by capital investment. Working capital benefited from an increase in prepaid rooms, reflecting a more seasonal pattern in line with the trading recovery.

Liquidity Update

Travelodge generated a cash inflow of £11.4m in the quarter and ended the quarter with cash of £154.2m.

Drawing under the Group's existing £40m revolving credit facility ("RCF") was £32m following the £8m repayment made during the quarter and revised covenant terms are in place.

Under the revised covenant terms, the springing covenant requirements, which apply if drawings under the RCF are £32m or more, are not tested and have been replaced with maintenance covenants from 31 March 2022 to 30 June 2023, comprising stepped quarterly net leverage tests, and minimum liquidity covenants, after which the business returns back to the previous quarterly net leverage covenant tests, the first of which would be on 30 September 2023.

As at 18 May the group held cash reserves of approximately £192m.

Recent Trading

We have continued to deliver strong trading performance in the first weeks of the second quarter. This has been supported by strong leisure demand, including very strong Easter trading, with regional performance the strongest but also good level of Central London weekend demand. There are encouraging early signs of the recovery in 'white collar' mid-week demand in Central London, with London revenue in quarter two to date now ahead of 2019 levels. There are also some positive signs in forward booking patterns but we still have limited visibility.

Revenue for the period from 31 March 2022 to 18 May 2022 was up approximately 22% on 2019 levels.

The MSE segment continues to recover ahead of the UK market, trading ahead of 2019 levels in recent weeks, with recovery vs 2019 levels around 20-25% points higher than the total hotel market, driven mainly by domestic leisure demand.

We have continued to outperform the STR MSE benchmark segment with UK like-for-like RevPAR approximately 7pts(5) ahead of the competitive segment in the first 6 weeks of the second quarter of 2022, with London and the Regions both outperforming.

The cash position remains strong.

Outlook

The MSE segment has recovered the fastest, benefiting from its domestic focus, business/leisure mix and value proposition. We expect 2022 to benefit from strong leisure demand, supported by staycations, sustained 'blue-collar' business demand and a more gradual recovery in 'white collar' corporate demand as people return to differing forms of office working.

We expect 2022 full year RevPAR to exceed 2019 levels, although we face a range of outcomes. The impact of the current inflationary environment is however uncertain, it is possible we may begin to see impacts on household spending and consumer choices, but there is also the potential we will see a benefit from customers trading down from other

[5] 31 Mar 2022 to 11 May 2022

hotel segments to the budget hotel segment, an increase in staycation demand and short breaks.

As a reminder each 1 percentage point change up or down in RevPAR compared to 2019 levels would be expected to impact Travelodge revenues by approximately £6-7m over a year.

We do however face a number of cost headwinds, including the significant inflationary pressures facing the wider UK economy.

The National Living Wage increased by 6.6% from 1 April and 2022 alongside a 1.25% increase in employer National Insurance Contributions.

Our single largest cost is rent, and the benefits under the terms of the CVA ended at the end of 2021. As a reminder the majority of our leases are either RPI or CPI based 5-yearly upwards only rent reviews with no caps or collars, although the majority of newer leases do contain caps and collars, and the review pattern across all leases is spread broadly evenly over a 5 year period. We expect rent to be between £230-£240m in 2022.

The majority of our energy volumes are fully hedged to March 2023, but we face some specific supplier price increases, particularly impacting laundry and F&B, which we continued to work with our suppliers on.

The situation in Ukraine may increase the impact of these cost pressures, however, with our domestic focus we are relatively less exposed in terms of demand.

We forecast run-rate weekly costs of between £12-£14m depending, varying with seasonality and occupancy levels.

Our refit programme, including the new look room and improved reception and bar cafe, is on-track to complete c. 60 hotel refits this year with 11 completed to date, with positive customer reactions. We are also continuing our ongoing investment in hotel maintenance, IT, health & safety, development and projects, including energy efficiency. Capital expenditure in 2022 is expected to be approximately £70-80m, and will be reviewed in light of trading conditions.

We expect to open six new UK leased hotels and one Irish franchise in 2022, with three opened so far (including the Dublin franchise). This is lower than our long run averages, as new deals were impacted by the pandemic, but we expect to return to more normal levels thereafter.

Whilst the macro-economic environment remains uncertain, the budget hotel segment has proven resilience and has recovered quickly ahead of the rest of the UK hotel market.

With our large, diversified network of hotels, strong brand, direct distribution model, value proposition, customer mix and domestic travel focus, Travelodge is well positioned to benefit in the recovery, and we are confident in the long-term prospects for budget hotels.

About Travelodge

In 1985, Travelodge became Britain's first value hotel brand when it launched in the UK, opening its first hotel at Barton under Needwood in the heart of England. Since those early days, we have welcomed millions of customers to Travelodge and we now have 595 hotels(1) and 45,574 guest bedrooms(1), right across the UK as well as in Ireland and Spain. Almost 10,000 colleagues worked across the business at the end of 2021.

(1) As at 31 March 2022

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

Unaudited results of operations for the quarter ended 31 March 2022

Results for the Group are for the quarter ended 31 March 2022, with comparatives for the quarter ended 31 March 2021 and 31 March 2019. 2019 comparatives have been included to enable comparison to figures before the effects of the pandemic.

In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles ("Before IFRS 16"):

	Period ended 31 March 2022			Period ended 31 March 2021			Period ended 31 March 2019			Variance 2022 vs 2021 before IFRS	
	Before IFRS 16[1] £m	IFRS 16 impact £m	Statutory £m	Before IFRS 16[1] £m	IFRS 16 impact £m	Statutory £m	Before IFRS 16[1] £m	IFRS 16 impact £m	Statutory £m	£m	Var %
Revenue by geographical region											
Revenue	**155.4**	**-**	**155.4**	**41.7**	**-**	**41.7**	**145.2**	**-**	**145.2**	**113.7**	**272.7%**
Revenue UK	153.2	-	153.2	41.0	-	41.0	142.3	-	142.3	112.2	273.7%
Revenue International	2.2	-	2.2	0.7	-	0.7	2.9	-	2.9	1.5	214.3%
Revenue	**155.4**	**-**	**155.4**	**41.7**	**-**	**41.7**	**145.2**	**-**	**145.2**	**113.7**	**272.7%**
Operating expenses	(93.9)	-	(93.9)	(45.3)	-	(45.3)	(92.7)	-	(92.7)	(48.6)	(107.3)%
Of which cost of goods sold	*(8.7)*	-	*(8.7)*	*(1.9)*	-	*(1.9)*	*(9.7)*	-	*(9.7)*	*(6.8)*	*(357.9)%*
Of which employee costs	*(42.8)*	-	*(42.8)*	*(23.3)*	-	*(23.3)*	*(39.8)*	-	*(39.8)*	*(19.5)*	*(83.7)%*
Of which other operating expenses	*(42.4)*	-	*(42.4)*	*(20.1)*	-	*(20.1)*	*(43.2)*	-	*(43.2)*	*(22.3)*	*(110.9)%*
Net external rent (payable) / receivable	(56.7)	57.5	0.8	(42.5)	43.5	1.0	(50.8)	51.8	1.0	(14.2)	(33.4)%
Other income	0.1	-	0.1	-	-	-	-	-	-	0.1	-
EBITDA (adjusted)[2] / EBITDA	**4.9** [2]	**57.5**	**62.4**	**(46.1)** [2]	**43.5**	**(2.6)**	**1.7** [2]	**51.8**	**53.5**	**51.0**	**110.6%**
Rent phasing adjustment[3]	1.1	(1.1)	-	(12.5)	12.5	-	(0.6)	0.6	-	13.6	108.8%
Depreciation	(9.9)	(28.2)	(38.1)	(9.8)	(25.0)	(34.8)	(10.5)	(28.5)	(39.0)	(0.1)	(1.0)%
Amortisation	(3.6)	2.6	(1.0)	(3.9)	2.7	(1.2)	(4.3)	3.0	(1.3)	0.3	7.7%
Operating (loss) / profit (before non-underlying items)	**(7.5)**	**30.8**	**23.3**	**(72.3)**	**33.7**	**(38.6)**	**(13.7)**	**26.9**	**13.2**	**64.8**	**89.6%**
Finance costs before investor loan interest	(11.1)	(45.7)	(56.8)	(11.0)	(44.3)	(55.3)	(9.4)	(39.5)	(48.9)	(0.1)	(0.9)%
Investor loan interest	(5.0)	-	(5.0)	(5.0)	-	(5.0)	(3.4)	-	(3.4)	-	-
Finance income	0.1	-	0.1	-	-	-	0.2	-	0.2	0.1	-
Loss for the period before tax and non-underlying items	**(23.5)**	**(14.9)**	**(38.4)**	**(88.3)**	**(10.6)**	**(98.9)**	**(26.3)**	**(12.6)**	**(38.9)**	**64.8**	**73.4%**
Non-underlying items (before tax)			-			2.0			(0.2)		
Loss for the period before tax			**(38.4)**			**(96.9)**			**(39.1)**		
Income tax			-			-			5.0		
Loss for the period			**(38.4)**			**(96.9)**			**(34.1)**		

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

(2) EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, and before rent phasing adjustment and non-underlying items, and reflective of the position in line with the historic accounting principles (before IFRS 16). This measure reflects the rent reductions in 2021 following the CVA which completed on 19 June 2020, recognised in line with the cash benefit. Non-underlying items have been removed as they relate to non-recurring, one-off items.

(3) In many of our leases we receive a rent free period at the beginning of the lease term. According to the straight lining of leases principle under previous IFRS, the benefit of this rent free period is recognised in our income statement as a deduction to the actual rent expense in each year, on a straight line basis, over the full life of each lease, with the unrecognised balance being held as an accrual on our balance sheet. Similarly, any credit relating to the rent reductions resulting from the CVA is also recognised on a straight line basis over the remaining life of each lease. As a result, our total before IFRS 16 rent expense does not reflect our cash payments of rent in any year. EBITDA (adjusted) in each year recognises the portion of the rent free credit attributable to such year as if such credit were applied on a straight line basis until the next rent review, normally five years, and recognises the reductions resulting from the CVA in line with the actual rent paid in respect of each year, which more closely aligns to cash payments. EBITDA (adjusted) is the measure used for internal management reporting. The rent phasing adjustment reflects the timing difference between the rent charge for the year in our internal management reporting measure EBITDA (adjusted) and the rent charge for the year under previous IFRS.

Revenue

Revenue increased by £113.7m, or 272.7%, from £41.7m for the quarter ended 31 March 2021 to £155.4m for the quarter ended 31 March 2022.

The first weeks of 2022 were impacted by Covid-19 and the work from home guidance, which impacted mid-week demand, in particular in Central London. Following the lifting of the work from home guidance performance recovered quickly. This trend continued for the remainder of the quarter with every week ahead of pre pandemic 2019 revenue levels. Strong leisure and 'blue collar' demand, offset the more gradual recovery in 'white collar' demand.

In the comparative 2021 period the effects of the Covid-19 pandemic impacted the business heavily. At the start of 2021 restrictions throughout the UK meant guests were only allowed to stay in hotels for work, education or other legally permitted reasons, but not for leisure purposes. We started the year with 354 UK hotels open and trading, with closures in the first two weeks of January reducing this to 293, ending January with 295 open hotels. On 1 February we opened a batch of 19 hotels taking the total to 314 open hotels, which increased to 376 by the end of February. By the end of March this had increased to 402 open hotels.

Like-for-like UK RevPAR(1) for the quarter improved by 252.0% compared to 2021 (up 4.3% against 2019), like-for-like occupancy(1) increased by 42.0pts compared to 2021 (down 1.4pts against 2019) and like-for-like average room rates(1) were 54.5% higher compared to 2021 (6.3% higher than 2019).

Operating expenses

Operating expenses increased by £48.6m, or 107.3%, from £45.3m for the quarter ended 31 March 2021 to £93.9m for the quarter ended 31 March 2022, predominantly due to trading levels, with all hotels open in 2022.

Increases in cost of sales were mainly due to higher laundry costs and food and beverage costs reflecting the 2021 periods of hotel closure and extended bar café closures.

Employee costs increased by £19.5m from £23.3m for the quarter ended 31 March 2021 to £42.8m for the quarter ended 31 March 2022 reflecting the trading levels, with all hotels open in 2022, the end of the government's job retention scheme, the impact of the National Living Wage increase in the like-for-like estate and the additional staff in our new and maturing hotels. Claims of c. £12m were made in respect of the government's job retention scheme in 2021 Q1.

Other operating expenses increased by £22.3m from £20.1m for the quarter ended 31 March 2021 to £42.4m for the quarter ended 31 March 2022. This was driven by the end of the hospitality business rates holiday, higher marketing spend, increased costs associated with all hotels being open in 2022 such as utilities and maintenance and higher transaction fees due to the level of bookings, as well as increased costs from new and maturing hotels.

Net external rent payable

External rent payable (before rent phasing adjustment and before IFRS 16(1)) reflects the rental amounts due for the period, adjusted to spread the benefit of rent free periods over the period to the next rent review date and recognises the credit attributable to reductions resulting from the CVA in line with the actual rent paid in respect of each period.

(1) Revenue per available room (RevPAR), Average room rate and Occupancy on a UK like-for-like basis for the management accounting period 30 December 2021 to 30 March 2022 (2021 comparatives for the period 31 December 2020 to 31 March 2021, 2019 comparatives for the period from 3 January 2019 to 3 April 2019).

Net external rent payable (before rent phasing adjustment and before IFRS 16[(1)]) increased by £14.2m, or 33.4%, from £42.5m for the quarter ended 31 March 2021 to £56.7m for the quarter ended 31 March 2022, primarily due to the benefit of rent reductions in 2021 (2021 full year c. £55m). The impact of new hotels, together with upwards only rent reviews predominantly linked to RPI in the like-for-like estate, also contributed to the increase in rent payable.

In many of our leases we receive a rent free period at the beginning of the lease term. Within EBITDA (adjusted) the portion of the rent free credit attributable to each period is recognised as if such credit were applied on a straight line basis until the next rent review, normally five years. The credit attributable to the reductions resulting from the 2020 CVA is recognised in line with the actual rent paid in respect of each period. EBITDA (adjusted) is the measure which is used for internal management reporting.

According to the straight lining of leases principles under previous IFRS, the benefit of a rent free period is recognised on a straight line basis over the full life of the lease. Similarly, any credit relating to the rent reductions resulting from the 2020 CVA is also recognised on a straight line basis over the remaining life of each lease. The rent phasing adjustment reflects the timing difference between the rent charge for the period in our internal management reporting measure EBITDA (adjusted) and the rent charge for the period under previous IFRS.

The rent payable for operating leases reported under previous IFRS, has been replaced by depreciation of the right-of-use asset and notional financing costs on the lease liability.

Depreciation / Amortisation

Depreciation (before IFRS 16[(1)]) increased by £0.1m, or 1.0%, from £9.8m for the quarter ended 31 March 2021 to £9.9m for the quarter ended 31 March 2022. Depreciation is driven mainly by ongoing investment in the refurbishment of our estate including health and safety measures, energy efficiency projects, IT hardware and new hotel openings. The increase is primarily due to the restart of our normal capital refit programme, which was previously deferred in response to the impact of Covid-19, partially offset by the impairment of a small number of assets at the end of 2021.

Amortisation (before IFRS 16[(1)]) is driven mainly by historic lease premiums, investment in IT systems (where this results in an intangible asset) and new openings, and decreased by £0.3m, or 7.7%, from £3.9m for the quarter ended 31 March 2021 to £3.6m for the quarter ended 31 March 2022. The reduction is primarily due to the impairment of a small number of assets at the end of 2021 and fully written down computer software.

Statutory depreciation increased by £3.3m from £34.8m for the quarter ended 31 March 2021 to £38.1m for the quarter ended 31 March 2022, due to new and maturing hotels and the modification of the right of use assets, reflecting rent reviews in the like-for-like estate. Statutory amortisation of IT software decreased by £0.2m to £1.0m for the quarter ended 31 March 2022, due to the impairment of a small number of assets at the end of 2021 and fully written down computer software.

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

Finance costs

Finance costs (before IFRS 16[(1)]) before investor loan interest increased by £0.1m, or 0.9%, from £11.0m for the quarter ended 31 March 2021 to £11.1m for the quarter ended 31 March 2022.

Investor loan interest remained level at £5.0m for the quarters ended 31 March 2022 and 31 March 2021.

In addition, statutory finance costs include a notional additional finance cost of £45.7m for the quarter ended 31 March 2022, up £1.4m from £44.3m for the quarter ended 31 March 2021, relating to the lease liabilities. The increase was mainly due to the impact of new hotel leases and rent reviews.

Finance income

Finance income of £0.1m for the quarter ended 31 March 2022 was a combination of interest on loans to related parties and bank interest received.

Non-underlying items

There were no non-underlying items for the quarter ended 31 March 2022.

Statutory non-underlying credit (before taxation) for the quarter ended 31 March 2021 of £2.0m comprises a profit on disposal of assets.

Loss before tax

Statutory loss before tax was £38.4m for the quarter ended 31 March 2022, £58.5m better than the loss of £96.9m for the quarter ended 31 March 2021, benefiting mainly from the improvement in revenue as a result of relaxing of Covid-19 restrictions.

Taxation

Income tax is recognised based on management's best estimate of the income tax rate expected for the financial year, which includes the impact of legislation in relation to hybrid mismatches, corporate interest restriction and amendments to the use of carried forward losses.

There was no income tax charge for the quarters ended 31 March 2022 and 31 March 2021 (current tax charge: £nil; deferred tax credit: £nil).

No cash tax payments were made during the quarter ended 31 March 2022. In the quarter ended 31 March 2021 repayments of £0.4m were received in respect of Spain 2019 tax.

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

Cash flow (before IFRS 16[(1)])

As at 31 March 2022, we had cash of £154.2m, an increase of £58.0m compared to £96.2m as at 31 March 2021.

For the quarter ended 31 March 2022, on a 'before IFRS 16[(1)]' basis, net cash generated from operating activities of £45.9m (which is after rent paid of £53.7m) was partially offset by net cash used in investing activities of £14.0m, which relates to the purchase of intangible and tangible fixed assets, and net cash used in financing activities of £20.5m, mainly relating to interest payments and the £8.0m partial repayment of the revolving credit facility.

	Period ended 31 March 2022 £m	Period ended 31 March 2021 £m
EBITDA (adjusted)[(1)]	4.9	(46.1)
Working capital[(2)]	42.6	20.7
Net cash flows from operating activities before non-underlying items	47.5	(25.4)
Capital expenditure	(14.0)	(4.9)
Free Cash Flow	**33.5**	**(30.3)**

(1) EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, and before rent phasing adjustments and non-underlying items, and reflective of the position in line with historic accounting principles (before IFRS 16). This measure reflects the cash benefit of rent reductions following the CVA which completed on 19 June 2020. Non-underlying items have been removed as they relate to non-recurring, one-off items.

(2) Working capital movement is stated before non-underlying movements, before rent phasing adjustment and before the impact of IFRS 16.

Free Cash Flow was an inflow of £33.5m for the quarter ended 31 March 2022, £63.8m better than the outflow of £30.3m for the quarter ended 31 March 2021. This was mainly due to the significant year on year increase of £51.0m in EBITDA (adjusted) and £21.9m year on year working capital benefit, mainly due to higher inflows from prepaid rooms due to the trading recovery and the resultant increase in the vat creditor, together with the timing of rent payments. These were partially offset by £9.1m higher capital expenditure predominantly due to the restart of our normal capital refit programme, which was previously deferred in response to the impact of Covid-19.

Our cash cycle reflects the monthly payment of creditors and staff and fluctuates throughout the quarter, with rent typically due quarterly in advance around the end of each quarter, although the CVA resulted in monthly rents for the majority of hotels until the end of 2021. 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 rent bill, monthly creditor payments and payroll.

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

The table below sets out certain line items from our consolidated cash flow statement for the quarter ended 31 March 2022 and the quarter ended 31 March 2021.

	Period ended 31 March 2022			Period ended 31 March 2021			Variance 2022 vs 2021 before IFRS 16(1)	
	Before IFRS 16(1) £m	IFRS 16 impact £m	Statutory £m	Before IFRS 16(1) £m	IFRS 16 impact £m	Statutory £m	£m	Var %
Net cash generated from / (used in) operating activities	45.9	53.7	99.6	(27.1)	41.5	14.4	73.0	269.4%
Net cash used in investing activities	(14.0)	-	(14.0)	(4.9)	-	(4.9)	(9.1)	(185.7)%
Net cash used in financing activities	(20.5)	(53.7)	(74.2)	(8.0)	(41.5)	(49.5)	(12.5)	(156.3)%
Net increase / (decrease) in aggregate cash and cash equivalents	11.4	-	11.4	(40.0)	-	(40.0)	51.4	128.5%
Cash and cash equivalents at beginning of the period	142.8	-	142.8	136.2	-	136.2	6.6	4.8%
Cash and cash equivalents at the end of the period	**154.2**	**-**	**154.2**	**96.2**	**-**	**96.2**	**58.0**	**60.3%**

Net cash generated from / (used in) operating activities

	Period ended 31 March 2022			Period ended 31 March 2021			Variance 2022 vs 2021 Before IFRS 16(1)	Var
	Before IFRS 16(1) £m	IFRS 16 impact £m	Statutory £m	Before IFRS 16(1) £m	IFRS 16 impact £m	Statutory £m	£m	%
Operating (loss) / profit - Underlying	(7.5)	30.8	23.3	(72.3)	33.7	(38.6)	64.8	89.6%
Operating profit - Non-underlying	-	-	-	0.4	1.6	2.0	(0.4)	(100.0)%
Operating (loss) / profit	**(7.5)**	**30.8**	**23.3**	**(71.9)**	**35.3**	**(36.6)**	**64.4**	**89.6%**
Adjustments for non-cash items:								
Depreciation of property, plant and equipment	9.9	28.2	38.1	9.8	25.0	34.8	0.1	1.0%
Amortisation of other intangible assets	3.6	(2.6)	1.0	3.9	(2.7)	1.2	(0.3)	(7.7)%
Profit on disposal of fixed assets	-	-	-	(0.4)	(1.6)	(2.0)	0.4	100.0%
	13.5	**25.6**	**39.1**	**13.3**	**20.7**	**34.0**	**0.2**	**1.5%**
Operating cash flows before movements in working capital	**6.0**	**56.4**	**62.4**	**(58.6)**	**56.0**	**(2.6)**	**64.6**	**110.2%**
Total working capital movement	**39.9**	**(2.7)**	**37.2**	**31.1**	**(14.5)**	**16.6**	**8.8**	**28.3%**
Cash flows from operating activities	**45.9**	**53.7**	**99.6**	**(27.5)**	**41.5**	**14.0**	**73.4**	**266.9%**
Corporate tax	-	-	-	0.4	-	0.4	(0.4)	(100.0)%
Net Cash Generated from / (Used in) operating activities	**45.9**	**53.7**	**99.6**	**(27.1)**	**41.5**	**14.4**	**73.0**	**269.4%**

Net cash generated from operating activities (before IFRS 16(1)) was £45.9m for the quarter ended 31 March 2022, £73.0m better than the cash used of £27.1m for the quarter ended 31 March 2021. This was due to a £64.4m improvement in operating result (after non-underlying items), an increase of £8.8m in working capital inflow, (predominantly due to higher inflows from prepaid rooms benefiting from the trading recovery, the resultant increase in the VAT creditor and the timing of rent payments, partially offset by the effect of the rent reductions agreed under the CVA on the 'payable' resulting from spreading the CVA benefit over the life of lease (under previous IFRS)) and an increase of £0.2m in depreciation, amortisation and profit on disposal of fixed assets, partially offset by a £0.4m reduction in corporation tax repayments.

Statutory net cash generated from operating activities, which excludes rent, increased by £85.2m, from an inflow of £14.4m for the quarter ended 31 March 2021 to an inflow of

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

£99.6m for the quarter ended 31 March 2022. This was due to a £59.9m improvement in operating profit (after non-underlying items), £20.6m favourable working capital movement (driven largely by higher inflows from prepaid rooms benefiting from the trading recovery, the resultant increase in the VAT creditor and the movement in trade payables and other trading related accruals due to improved trading levels) and an increase of £5.1m in the adjustment made for depreciation, amortisation and profit on disposal of fixed assets, partially offset by a £0.4m reduction in corporation tax repayments.

Working capital requirements

Inventory primarily includes food and beverage products sold through our bar cafes. Trade and other receivables (before IFRS 16[(1)]) primarily consist of rent prepayments with the majority paid 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.

Current liabilities (before IFRS 16[(1)]) include prepaid room purchases from customers who have yet to stay, as well as normal trade creditors, including rent, accrued wages and salaries, other current debts and accrued interest and taxes.

	Period ended 31 March 2022			Period ended 31 March 2021			Variance 2022 vs 2021 before IFRS 16[(1)]	
	Before IFRS 16[(1)] £m	IFRS 16 impact £m	Statutory £m	Before IFRS 16[(1)] £m	IFRS 16 impact £m	Statutory £m	£m	Var %
(Decrease) / increase in inventory	-	-	-	-	-	-	-	-
Decrease / (increase) in receivables	0.3	(6.3)	(6.0)	0.5	(1.0)	(0.5)	(0.2)	(40.0)%
Increase / (decrease) in payables	41.2	3.2	44.4	32.7	(13.7)	19.0	8.5	26.0%
Total working capital movement (before provisions and non-underlying items)	41.5	(3.1)	38.4	33.2	(14.7)	18.5	8.3	25.0%
Provisions and non-underlying items	(1.6)	0.4	(1.2)	(2.1)	0.2	(1.9)	0.5	23.8%
Total working capital movement	**39.9**	**(2.7)**	**37.2**	**31.1**	**(14.5)**	**16.6**	**8.8**	**28.3%**

Working capital inflow (before IFRS 16[(1)]) before non-underlying items of £41.5m for the quarter ended 31 March 2022 compared to an inflow of £33.2m for the quarter ended 31 March 2021. This was predominantly due to higher inflows from prepaid rooms benefiting from the trading recovery, the resultant increase in the vat creditor, the timing of rent payments and the movement in trade payables and other trading related accruals due to improved trading levels, partially offset by the effect of the rent reductions agreed under the CVA on the 'payable' resulting from spreading the CVA benefit over the life of lease (under previous IFRS).

Working capital outflow for non-underlying items (before IFRS 16[(1)]) of £1.6m for the quarter ended 31 March 2022 compared to an outflow of £2.1m for the quarter ended 31 March 2021. 2022 consisted of £1.0m spend relating to payments to the compromised creditors under the terms of the CVA, £0.4m onerous lease provision spend and £0.2m spend on legal and professional fees in connection with other exceptional corporate activities and costs associated with the disposal of leases where break clauses were instigated as a direct result of the CVA. 2021 spend mainly reflects payment of legal and advisors' fees and management incentives relating to the restructuring of the Group's debt, initial landlord consensual

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

proposal, the subsequent CVA and other exceptional corporate activities and costs associated with the disposal of assets where a break clause was instigated as a direct result of the CVA, and £0.4m cash spend on provisions.

On a Statutory basis, cash flows relating to rent are reported within Net cash used in financing activities. Statutory working capital inflow before non-underlying items of £38.6m for the quarter ended 31 March 2022 compared to an inflow of £18.5m for the quarter ended 31 March 2021. This is largely driven by higher inflows from prepaid rooms benefiting from the trading recovery, the resultant increase in VAT creditor and the movement in trade payables and other trading related accruals due to improved trading levels.

Statutory working capital outflow for provisions and non-underlying items of £1.4m for the quarter ended 31 March 2022 compared to an outflow of £1.9m for the quarter ended 31 March 2021. 2022 consisted of £1.0m spend relating to payments to the compromised creditors under the terms of the CVA, together with onerous lease provision spend and spend on legal and professional fees in connection with other exceptional corporate activities and costs associated with the disposal of leases where break clauses were instigated as a direct result of the CVA. 2021 spend mainly reflects payment of legal and advisors' fees and management incentives relating to the restructuring of the Group's debt, initial landlord consensual proposal, the subsequent CVA and other exceptional corporate activities and costs associated with the disposal of assets where a break clause was instigated as a direct result of the CVA, and cash spend on provisions.

Net cash used in investing activities

Net cash used in investing activities (before IFRS 16[(1)]) increased by £9.1m, or 185.7%, from £4.9m for the quarter ended 31 March 2021 to £14.0m for the quarter ended 31 March 2022, due to the increase in capital expenditure in 2022.

Capital expenditure

Capital expenditure increased by £9.1m, or 185.7%, from £4.9m for the quarter ended 31 March 2021 to £14.0m for the quarter ended 31 March 2022. Spend has mainly been in relation to on-going maintenance, health & safety works and IT, as well as spend on energy efficiency projects and development pipeline spending. The majority of the increase is due to the restart of our normal capital refit programme, which was previously deferred in response to the impact of Covid-19.

Net cash used in financing activities

Net cash used in financing activities (before IFRS 16[(1)]) of £20.5m was interest payments and finance fees of £10.2m, £8.0m partial repayment of the revolving credit facility, £1.9m deferred payment of term loan OID fee and finance lease interest payments of £0.4m.

Net cash used in financing activities (before IFRS 16[(1)]) was £20.5m for the quarter ended 31 March 2022, compared to net cash used of £8.0m for the quarter ended 31 March 2021.

The year on year movement was mainly due to the £8.0m partial repayment of the revolving credit facility in March 2022, the £1.9m payment of the deferred term loan OID fee, £3.3m higher interest paid primary due to the timing of the term loan and letter of credit payments

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

and £0.2m higher finance lease interest payments due to the end of CVA rent reductions and rent reviews, partially offset by lower costs associated with refinancing of £0.9m.

Statutory net cash used in financing activities was £74.2m for the quarter ended 31 March 2022, compared to net cash used of £49.5m for the quarter ended 31 March 2021. This is due to additional rent payments driven mainly by the end of the CVA rent benefit in 2022, as well as the factors noted above, including the revolving credit facility partial repayment of £8.0m and the deferred term loan OID fee payment of £1.9m.

Corporation tax

No corporation tax payments were made in the quarter ended 31 March 2022. Corporation tax repayments of £0.4m were received in the quarter ended 31 March 2021 in respect of Spain 2019 tax.

RISK FACTORS

Note holders are reminded that investing in the Notes involves substantial risks and Note holders should refer to the "Risk Factors" section of the Offering Memorandum, published on 28 June 2019, and the 2021 Annual Report for the year ended 31 December 2021 for a description of the risks that they should consider when making investment decisions about the Notes.

The ongoing impact of Covid-19 on the Group remains uncertain in terms of demand from our customers, the potential impact from changing work patterns and the risk of further restrictions impacting demand. The UK hotel industry is not immune to the current wider macro-economic environment, including the well documented inflationary pressures and the risks associated with the situation in Ukraine, including the potential for further inflationary pressures.

Registered number: 08170768

THAME AND LONDON LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2022

THAME AND LONDON LIMITED
CONDENSED CONSOLIDATED PROFIT AND LOSS
FOR THE PERIOD ENDED 31 MARCH 2022

		Unaudited Period ended 31 March 2022				Unaudited Period ended 31 March 2021			
		Underlying before IFRS 16[1]	Underlying impact of IFRS 16[1]	Non-underlying	Statutory	Underlying before IFRS 16[1]	Underlying impact of IFRS 16[1]	Non-underlying	Statutory
	Note	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	*3*	155.4	-	-	**155.4**	41.7	-	-	**41.7**
Operating Expenses	*4*	(93.9)	-	-	**(93.9)**	(45.3)	-	-	**(45.3)**
Rent	*4*	(55.6)	56.4	-	**0.8**	(55.0)	56.0	-	**1.0**
Other Income		0.1	-	-	**0.1**	-	-	-	**-**
EBITDA after rent phasing adjustment	*3*	**6.0**	**56.4**	**-**	**62.4**	**(58.6)**	**56.0**	**-**	**(2.6)**
Depreciation, Amortisation & Impairment	*4*	(13.5)	(25.6)	-	**(39.1)**	(13.7)	(22.3)	-	**(36.0)**
Profit on disposal of fixed assets		-	-	-	**-**	-	-	2.0	**2.0**
Operating (Loss) / Profit	*3*	**(7.5)**	**30.8**	**-**	**23.3**	**(72.3)**	**33.7**	**2.0**	**(36.6)**
Finance Costs	*5*	(16.1)	(45.7)	-	**(61.8)**	(16.0)	(44.3)	-	**(60.3)**
Finance Income		0.1	-	-	**0.1**	-	-	-	**-**
(Loss) / Profit before Tax	*3*	**(23.5)**	**(14.9)**	**-**	**(38.4)**	**(88.3)**	**(10.6)**	**2.0**	**(96.9)**
Income Tax		-	-	-	**-**	-	-	-	**-**
(Loss) / Profit for the Period		**(23.5)**	**(14.9)**	**-**	**(38.4)**	**(88.3)**	**(10.6)**	**2.0**	**(96.9)**

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

Memorandum - EBITDA (adjusted)[2]

	Period ended 31 March 2022 £m	Period ended 31 March 2021 £m
EBITDA (adjusted)[2]	**4.9**	**(46.1)**
Rent phasing adjustment[3]	**1.1**	**(12.5)**
EBITDA after rent phasing adjustment	**6.0**	**(58.6)**

(2) EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, and before rent phasing adjustment and non-underlying items, and reflective of the position in line with the historic accounting principles (before IFRS 16). This measure reflects the rent reductions following the CVA which completed on 19 June 2020, recognised in line with the cash benefit. Non-underlying items have been removed as they relate to non-recurring, one-off items.

(3) Rent phasing adjustment = In many of our leases we receive a rent free period at the beginning of the lease term. According to the straight lining of leases principle under previous IFRS, the benefit of this rent free period is recognised gradually over the life of the lease in our income statement as a deduction to the actual rent expense in each year, on a straight line basis, over the full life of each lease, with the unrecognised balance being held as an accrual on our balance sheet. Similarly, any credit relating to the rent reductions resulting from the CVA is also recognised on a straight line basis over the remaining life of each lease. As a result, our total IFRS rent expense does not reflect our cash payments of rent in any year. EBITDA (adjusted) in each year recognises the portion of the rent free credit attributable to such year as if such credit were applied on a straight line basis until the next rent review, normally five years, and recognises the reductions resulting from the CVA in line with the actual rent paid in respect of each year. EBITDA (adjusted) is the measure used for internal management reporting. The rent phasing adjustment reflects the timing difference between the rent charge for the year in our internal management reporting measure EBITDA (adjusted) and the rent charge for the year under previous IFRS.

THAME AND LONDON LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2022

	Unaudited Period ended 31 March 2022 £m	Unaudited Period ended 31 March 2021 £m
Loss for the period	**(38.4)**	**(96.9)**
Items that will subsequently be reclassified into profit and loss:		
Currency translation differences	**-**	**(0.1)**
Other comprehensive income for the period, net of tax	**-**	**(0.1)**
Total comprehensive expense for the period	**(38.4)**	**(97.0)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH 2022

	Foreign Exchange Reserve £m	Accumulated Losses £m	Total deficit £m
1 January 2021	**-**	**(648.3)**	**(648.3)**
Loss for the period	-	(96.9)	**(96.9)**
Other comprehensive income			
Currency translation differences	(0.1)	-	**(0.1)**
Total comprehensive income / (expense)	**(0.1)**	**(96.9)**	**(97.0)**
31 March 2021	**(0.1)**	**(745.2)**	**(745.3)**
1 January 2022	**-**	**(754.3)**	**(754.3)**
Loss for the period	-	(38.4)	**(38.4)**
Total comprehensive expense	**-**	**(38.4)**	**(38.4)**
31 March 2022	**-**	**(792.7)**	**(792.7)**

THAME AND LONDON LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

	Note	Unaudited 31 March 2022 £m	Unaudited 31 March 2021 £m	Audited 31 December 2021 £m
NON CURRENT ASSETS				
Intangible assets	7	154.7	156.3	154.2
Property, plant and equipment	8	104.1	115.7	102.5
Right of Use assets	9	2,153.1	2,118.1	2,117.0
Net Deferred tax asset		3.7	3.5	3.7
		2,415.6	2,393.6	2,377.4
CURRENT ASSETS				
Financial derivative asset		0.3	-	0.1
Inventory		1.3	0.8	1.3
Trade and other receivables	11	30.7	22.8	24.7
Cash and cash equivalents		154.2	96.2	142.8
		186.5	119.8	168.9
TOTAL ASSETS		2,602.1	2,513.4	2,546.3
CURRENT LIABILITIES				
Trade and other payables	12	(150.3)	(118.8)	(105.8)
Lease liabilities	10	(49.4)	(32.0)	(46.9)
Provisions	14	(4.6)	-	(5.6)
Super senior term loan	13	-	(1.9)	(1.9)
		(204.3)	(152.7)	(160.2)
NON-CURRENT LIABILITIES				
Bond related debt	13	(497.7)	(495.4)	(497.1)
Revolving credit facilities	13	(32.0)	(40.0)	(40.0)
Super senior term loan	13	(58.7)	(56.4)	(58.5)
Investor loan	13	(191.6)	(171.4)	(186.6)
Lease liabilities	10	(2,408.1)	(2,335.7)	(2,355.8)
Provisions	14	(2.4)	(7.1)	(2.4)
		(3,190.5)	(3,106.0)	(3,140.4)
TOTAL LIABILITIES		(3,394.8)	(3,258.7)	(3,300.6)
NET LIABILITIES		(792.7)	(745.3)	(754.3)
EQUITY				
Share capital		-	-	-
Foreign exchange reserve		-	(0.1)	-
Accumulated losses		(792.7)	(745.2)	(754.3)
TOTAL DEFICIT		(792.7)	(745.3)	(754.3)

Memorandum - Analysis of net funding

	Note	Unaudited 31 March 2022 £m	Unaudited 31 March 2021 £m	Audited 31 December 2021 £m
Cash at bank		***154.2***	***96.2***	***142.8***
External debt redeemable (excluding lease liabilities):				
Floating Rate Bond	*13*	***(440.0)***	***(440.0)***	***(440.0)***
Fixed Rate Bond	*13*	***(65.0)***	***(65.0)***	***(65.0)***
Super Senior Term Loan	*13*	***(61.2)***	***(61.9)***	***(63.1)***
Revolving Credit Facilities	*13*	***(32.0)***	***(40.0)***	***(40.0)***
Bond issue costs	*13*	***7.3***	***9.6***	***7.9***
Super Senior Term Loan issue costs	*13*	***2.5***	***3.6***	***2.7***
Gross debt	*13*	***(588.4)***	***(593.7)***	***(597.5)***
External net debt		***(434.2)***	***(497.5)***	***(454.7)***
Investor loan	*13*	***(191.6)***	***(171.4)***	***(186.6)***
Net debt		***(625.8)***	***(668.9)***	***(641.3)***
Lease liabilities	*10*	***(2,457.5)***	***(2,367.7)***	***(2,402.7)***
		(3,083.3)	***(3,036.6)***	***(3,044.0)***

THAME AND LONDON LIMITED
CONDENSED CONSOLIDATED CASHFLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2022

	Unaudited			Unaudited		
	Period ended 31 March 2022			Period ended 31 March 2021		
	Before IFRS 16[(1)]	IFRS 16 impact	Statutory	Before IFRS 16[(1)]	IFRS 16 impact	Statutory
	£m	£m	£m	£m	£m	£m
CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	45.9	53.7	99.6	(27.5)	41.5	14.0
Corporate tax	-	-	-	0.4	-	0.4
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	45.9	53.7	99.6	(27.1)	41.5	14.4
INVESTING ACTIVITIES						
Purchases of property, plant and equipment and intangible assets	(14.0)	-	(14.0)	(4.9)	-	(4.9)
Net cash used in investing activities	(14.0)	-	(14.0)	(4.9)	-	(4.9)
FINANCING ACTIVITIES						
Finance fees paid	(0.1)	-	(0.1)	(0.1)	-	(0.1)
Interest paid	(10.1)	-	(10.1)	(6.8)	-	(6.8)
Finance lease rental interest payments	(0.4)	0.4	-	(0.2)	0.2	-
IFRS 16 lease rental capital payments	-	(15.9)	(15.9)	-	(4.4)	(4.4)
IFRS 16 lease rental interest payments	-	(38.2)	(38.2)	-	(37.3)	(37.3)
Repayment of term loan	(1.9)	-	(1.9)	-	-	-
Repayment of revolving credit facility	(8.0)	-	(8.0)	-	-	-
Finance issue transaction costs	-	-	-	(0.9)	-	(0.9)
Net cash used in financing activities	(20.5)	(53.7)	(74.2)	(8.0)	(41.5)	(49.5)
Net increase / (decrease) in aggregate cash and cash	11.4	-	11.4	(40.0)	-	(40.0)
Cash and cash equivalents at beginning of the period	142.8	-	142.8	136.2	-	136.2
Cash and cash equivalents at end of the period	154.2	-	154.2	96.2	-	96.2

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

Memorandum - Analysis of free cash flow[1]	*Unaudited*	*Unaudited*
	Period ended 31 March 2022	*Period ended 31 March 2021*
	Before IFRS 16 [(1)]	*Before IFRS 16* [(1)]
	£m	*£m*
EBITDA (adjusted)[2]	*4.9*	*(46.1)*
Working capital	*42.6*	*20.7*
Net cash flows from operating activities before non-underlying items	*47.5*	*(25.4)*
Capital expenditure	*(14.0)*	*(4.9)*
Free cash flow generated from / (used in) the period	*33.5*	*(30.3)*
Non-trading cash flow		
Finance fees paid	*(0.1)*	*(0.1)*
Interest paid	*(10.1)*	*(6.8)*
Finance lease rental interest payments	*(0.4)*	*(0.2)*
Cash spend on provisions and non-underlying items [3]	*(1.6)*	*(2.1)*
Corporate tax refund	*-*	*0.4*
Non-trading cash flow	*(12.2)*	*(8.8)*
Cash generated / (used)	*21.3*	*(39.1)*
Opening Cash	*142.8*	*136.2*
Movement in cash	*21.3*	*(39.1)*
Repayment of term loan	*(1.9)*	*-*
Repayment of revolving credit facility	*(8.0)*	*-*
Finance issue costs	*-*	*(0.9)*
Closing Cash	*154.2*	*96.2*
Opening external net debt	*(454.7)*	*(456.7)*
Net increase / (decrease) in aggregate cash	*11.4*	*(40.0)*
Repayment of term loan	*1.9*	*-*
Drawdown of revolving credit facility	*8.0*	*-*
Net amortised bond transaction costs	*(0.6)*	*(0.6)*
Net amortised term loan and refinancing costs	*(0.2)*	*(0.2)*
Closing external net debt	*(434.2)*	*(497.5)*

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

2. EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, and before rent phasing adjustment, non-underlying items and reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability (before IFRS 16). This measure reflects the rent reductions following the CVA which completed on 19 June 2020, recognised in line with the cash benefit. Non-underlying items have been removed as they relate to non-recurring, one-off items.

3. In 2022, net cash spend on provisions and non-underlying items of £1.6m included £1.0m spend on other provisions, onerous lease provision spend of £0.4m and £0.2m legal and professional fees in connection with the initial landlord consensual proposal, subsequent CVA and other corporate activity and costs associated with the disposal of assets where break clauses were instigated as a direct result of the CVA.
In 2021, net cash spend on provisions and non-underlying items of £2.1m included legal and professional fees in connection with the initial landlord consensual proposal, subsequent CVA and other corporate activity and costs associated with the disposal of assets where break clauses were instigated as a direct result of the CVA and onerous lease provision spend of £0.4m.

Reconciliation of net cash flows from operating activities before non-underlying items to net cash generated from operating activities (note 15)	*Unaudited*	*Uanudited*
	Period ended 31 March 2022	*Period ended 31 March 2021*
	Before IFRS 16 [(1)]	*Before IFRS 16* [(1)]
Net cash flows from operating activities before non-underlyings	*47.5*	*(25.4)*
Cash spend on non-underlying items through working capital[4]	*(1.6)*	*(2.1)*
Cash flows from operating activities	*45.9*	*(27.5)*
Corporate tax refund	*-*	*0.4*
Net cash generated from / (used in) operating activities	*45.9*	*(27.1)*

4. In 2022, net cash spend on non-underlying items through working capital of £1.6m included a £1.0m spend on other provisions, £0.4m spend on onerous lease provisions and £0.2m outflow relating to accrued costs. In 2020 net cash spend on non-underlying items through working capital of £2.1m included a net £1.9m outflow relating to accrued costs and £0.2m cash spend on provisions.

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. Thame and London Limited, formerly Anchor UK Bidco Limited (the Company) is a private company limited by share capital and was incorporated in the United Kingdom on 7 August 2012. The Company changed its name from Anchor UK Bidco Limited on 23 May 2013. The Company is domiciled in the UK.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The interim condensed consolidated financial statements are prepared in accordance with IAS 34 'Interim Financial Reporting'.

The interim financial report does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021. The policies shown are an extract from the full disclosure in the annual financial statements for the year ended 31 December 2021, as not all policies are given.

Statutory accounts for the year ended 31 December 2021 were approved by the board of directors on 22 April 2022 and are published on our website.

These published accounts were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union and reported on by the auditor without qualification or statement under Sections 498(2) or (3) of the Companies Act 2006.

In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles ("Before IFRS 16").

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 31 March 2022. 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.

Seasonality

Revenue in the hotel sector fluctuates by season. The first quarter of the year is typically the hotel industry's lowest seasonal demand period and usually our smallest in financial terms, with the third quarter normally being our busiest and largest.

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 Group's principal performance obligation is to provide budget hotel accommodation and other goods and services to guests. Revenue includes rooms revenue and food and beverage sales, which is recognised when the guests stay. When payment is received at the time of room booking, prior to arrival date, a liability for prepaid room purchases is recognised and held on the balance sheet. Revenue is recognised when the customer stays. A proportion of the prepaid room purchases would be non-refundable on cancellation of the room booking.

Under management agreements, the Group's performance obligation is to provide hotel management services. Base and incentive management fees are typically charged. Base management fees are typically a percentage of total hotel revenues and incentive management fees are generally based on the hotel's profitability. Both are treated as variable consideration. Base management fees are recognised as the underlying hotel revenues occur. Incentive management fees are recognised over time when it is considered highly probable that the related performance criteria will be met, provided there is no expectation of a subsequent reversal of the revenue.

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.

Non-underlying items

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

Leasing

Effective on 1 January 2019, the group has adopted IFRS 16, which specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all major leases. The group has applied IFRS 16 using the modified retrospective approach.

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the group has the right to obtain substantially all of the economic benefit from use of the asset throughout the period of use; and
- the group has the right to direct the use of the asset. The group has this right when it has the decision-making rights that are the most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset if either:
  - the group has the right to operate the asset; or
  - the group designed the asset in a way that predetermines how and for what purpose it will be used

As a lessee

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and less any lease incentives received. End of lease property restoration costs are excluded from the initial cost because it is not possible to estimate what they might be at the end of a typical 25 to 35 year lease term.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term. The estimated useful lives of right-of use assets are determined on the same basis as those of plant and equipment. In addition, the right-of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the incremental borrowing rate specific to that lease. Generally, the group uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or rate or when there is a lease modification. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The group has elected to recognise all its property right-of-use assets and lease liabilities. It does not separately identify short-term leases that have a lease term of 12 months or less and leases of low-value assets.

The key sensitivities resulting from estimates in the calculation of the IFRS 16 numbers are:

- the discount rate used (in the interim financial report no assessment has been made of the impact of a change in the discount rate).

Taxation

Taxes on income in the interim periods are accrued using the tax rate which would be applicable to expected total annual earnings.

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.

3 ANALYSIS OF RESULTS BY GEOGRAPHICAL REGION

	Unaudited Period ended 31 March 2022			Unaudited Period ended 31 March 2021		
	UK	International	Total	UK	International	Total
	£m	£m	£m	£m	£m	£m
Revenue						
Revenue - Underlying	153.2	2.2	**155.4**	41.0	0.7	**41.7**
Revenue	**153.2**	**2.2**	**155.4**	**41.0**	**0.7**	**41.7**
EBITDA						
EBITDA (adjusted)[1]	5.2	(0.3)	**4.9**	(45.0)	(1.1)	**(46.1)**
Rent phasing adjustment	1.1	-	**1.1**	(12.5)	-	**(12.5)**
EBITDA after rent phasing adjustment before IFRS 16[2]	**6.3**	**(0.3)**	**6.0**	**(57.5)**	**(1.1)**	**(58.6)**
IFRS 16 EBITDA adjustment	55.5	0.9	**56.4**	55.0	1.0	**56.0**
EBITDA after rent phasing adjustment - Underlying	**61.8**	**0.6**	**62.4**	**(2.5)**	**(0.1)**	**(2.6)**
Non-underlying items	-	-	**-**	-	-	**-**
EBITDA after rent phasing adjustment	**61.8**	**0.6**	**62.4**	**(2.5)**	**(0.1)**	**(2.6)**
Operating profit / (loss)						
Operating loss before IFRS 16[2] - Underlying	(7.1)	(0.4)	**(7.5)**	(71.1)	(1.2)	**(72.3)**
IFRS 16 Operating profit adjustment - Underlying	30.5	0.3	**30.8**	33.4	0.3	**33.7**
Operating profit / (loss) - Underlying	**23.4**	**(0.1)**	**23.3**	**(37.7)**	**(0.9)**	**(38.6)**
Non-underlying items	-	-	**-**	2.0	-	**2.0**
Operating profit / (loss)	**23.4**	**(0.1)**	**23.3**	**(35.7)**	**(0.9)**	**(36.6)**
Loss before tax						
Loss before tax - Underlying	(23.1)	(0.4)	**(23.5)**	(87.1)	(1.2)	**(88.3)**
Non-underlying items before IFRS 16[2]	(0.4)	0.4	**-**	0.4	-	**0.4**
Loss before tax and IFRS 16	**(23.5)**	**-**	**(23.5)**	**(86.7)**	**(1.2)**	**(87.9)**
IFRS 16 Loss before tax adjustment	(14.6)	(0.3)	**(14.9)**	(10.3)	(0.3)	**(10.6)**
IFRS 16 non-underlying items	-	-	**-**	1.6	-	**1.6**
Loss before tax	**(38.1)**	**(0.3)**	**(38.4)**	**(95.4)**	**(1.5)**	**(96.9)**

(1) EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, and before rent phasing adjustments and non-underlying items, and reflective of the position in line with historic accounting principles (before IFRS 16). This measure reflects the cash benefit of rent reductions in 2021 following the CVA which completed on 19 June 2020. Non-underlying items have been removed as they relate to non-recurring, one-off items.

(2) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

4 NET OPERATING EXPENSES (BEFORE NON-UNDERLYING ITEMS)

	Unaudited			Unaudited		
	Period ended 31 March 2022			Period ended 31 March 2021		
	Underlying before IFRS 16[1]	Underlying IFRS 16 impact	Underlying Statutory	Underlying before IFRS 16[1]	Underlying IFRS 16 impact	Underlying Statutory
	£m	£m	£m	£m	£m	£m
Cost of goods sold	**8.7**	**-**	**8.7**	**1.9**	**-**	**1.9**
Employee costs	**42.8**	**-**	**42.8**	**23.3**	**-**	**23.3**
Operating expenses	**42.4**	**-**	**42.4**	**20.1**	**-**	**20.1**
Net operating expenses before rent, depreciation and amortisation	**93.9**	**-**	**93.9**	**45.3**	**-**	**45.3**
Rent payable (third party landlords)[3]	**57.6**	**(57.5)**	**0.1**	**43.5**	**(43.5)**	**-**
Rent receivable	**(0.9)**	**-**	**(0.9)**	**(1.0)**	**-**	**(1.0)**
Net external rent payable / (receivable)	**56.7**	**(57.5)**	**(0.8)**	**42.5**	**(43.5)**	**(1.0)**
Rent phasing adjustment[2]	**(1.1)**	**1.1**	**-**	**12.5**	**(12.5)**	**-**
Net rent	**55.6**	**(56.4)**	**(0.8)**	**55.0**	**(56.0)**	**(1.0)**
Net operating expenses before depreciation and amortisation	**149.5**	**(56.4)**	**93.1**	**100.3**	**(56.0)**	**44.3**
Depreciation	**9.9**	**28.2**	**38.1**	**9.8**	**25.0**	**34.8**
Amortisation	**3.6**	**(2.6)**	**1.0**	**3.9**	**(2.7)**	**1.2**
Net depreciation and amortisation	**13.5**	**25.6**	**39.1**	**13.7**	**22.3**	**36.0**
Total net operating expenses	**163.0**	**(30.8)**	**132.2**	**114.0**	**(33.7)**	**80.3**

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business and clarify the calculation of non-IFRS Alternative Performance Measures, including EBITDA (adjusted), additional columns have been added to reflect the position in line with previous accounting principles.

(2) Rent phasing adjustment = In many of our leases we receive a rent free period at the beginning of the lease term. According to the straight lining of leases principle under previous IFRS, the benefit of this rent free period is recognised gradually over the life of the lease in our income statement as a deduction to the actual rent expense in each year, on a straight line basis, over the full life of each lease, with the unrecognised balance being held as an accrual on our balance sheet. Similarly, any credit relating to the rent reductions resulting from the CVA is also recognised on a straight line basis over the remaining life of each lease. As a result, our total IFRS rent expense does not reflect our cash payments of rent in any year. EBITDA (adjusted) in each year recognises the portion of the rent free credit attributable to such year as if such credit were applied on a straight line basis until the next rent review, normally five years, and recognises the reductions resulting from the CVA in line with the actual rent paid in respect of each year. EBITDA (adjusted) is the measure used for internal management reporting. The rent phasing adjustment reflects the timing difference between the rent charge for the year in our internal management reporting measure EBITDA (adjusted) and the rent charge for the year under previous IFRS.

(3) Statutory rent payable (after the impact of IFRS 16) of £0.1m (2021: £nil) relates to £0.1m (2021: £0.1m) of variable lease payments that are not included within right of use assets, partially offset by a £nil credit (2021: £(0.1)m credit) relating to temporary rent reductions in Spain.

5 FINANCE COSTS

	Unaudited Period ended 31 March 2022 £m	Unaudited Period ended 31 March 2021 £m
Finance fees	**0.8**	**0.9**
Interest on bank loans	**2.1**	**2.3**
Interest on fixed and floating rate bonds	**7.7**	**7.3**
Interest on obligations under finance leases	**0.4**	**0.4**
Unwinding of discount on provisions	**0.1**	**0.1**
Finance costs before interest on investor loan, non-underlying items and IFRS 16	**11.1**	**11.0**
Interest on investor loan	**5.0**	**5.0**
Finance costs before IFRS 16	**16.1**	**16.0**
IFRS 16 adjustment[1]	**45.7**	**44.3**
Finance costs after IFRS 16	**61.8**	**60.3**

(1) The total IFRS 16 notional interest charge on lease liabilities is £46.2m (2021: £44.8m). The IFRS 16 adjustment includes a £0.4m (2021: £0.4m) credit in respect of interest on finance leases and a £0.1m (2021: £0.1m) credit in respect of unwinding of discount on provisions.

6 NON-UNDERLYING ITEMS

There were no non-underlying items for the quarter ended 31 March 2022.

Statutory non-underlying credit (before taxation) for the quarter ended 31 March 2021 of £2.0m comprises a profit on disposal of assets.

7 INTANGIBLE ASSETS

	Unaudited 31 March 2022 £m	Unaudited 31 March 2021 £m
Opening net book value	**154.2**	**157.4**
Additions	**1.6**	**0.1**
Movement on capital creditors	**(0.1)**	**-**
Amortisation	**(1.0)**	**(1.2)**
Closing net book value	**154.7**	**156.3**

The closing net book value at 31 March 2022 comprises brand value of £145.0m, assets under construction of £4.1m and IT software of £5.6m.

The closing net book value at 31 March 2021 comprises brand value of £145.0m, assets under construction of £3.0m and IT software of £8.3m.

The closing net book value at 31 December 2021 comprises brand value of £145.0m, assets under construction of £2.6m and IT software of £6.6m.

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

8 PROPERTY, PLANT AND EQUIPMENT

	Unaudited 31 March 2022 £m	Unaudited 31 March 2021 £m
Opening net book value	**102.5**	**120.7**
Additions	**12.2**	**4.7**
Movement on capital creditors	**0.8**	**1.1**
Depreciation	**(11.4)**	**(10.8)**
Closing net book value	**104.1**	**115.7**

The closing net book value at 31 March 2022 comprises assets under construction of £10.9m, freehold and long leaseholds of £1.6m and fixtures and fittings of £91.6m.

The closing net book value at 31 March 2021 comprises assets under construction of £1.6m, freehold and long leaseholds of £2.6m and fixtures and fittings of £111.5m.

The closing net book value at 31 December 2021 comprises assets under construction of £2.2m, freehold and long leaseholds of £1.6m and fixtures and fittings of £98.7m.

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 RIGHT OF USE ASSETS

	Unaudited 31 March 2022 £m	Unaudited 31 March 2021 £m
Opening net book value	**2,117.0**	**2,122.9**
New leases	**15.1**	**11.0**
Lease Adjustments(1)	**47.3**	**10.0**
Additions(2)	**0.2**	**0.1**
Foreign Exchange Translation Adjustment	**0.2**	**(1.9)**
Depreciation(3)	**(26.7)**	**(24.0)**
Closing net book value	**2,153.1**	**2,118.1**

(1) Lease adjustments mainly consist of rent reviews.
(2) Additions relate to leasehold premiums.
(3) Depreciation comparative for Q1 2021 has been restated due to a phasing adjustment with no impact for the full year 2021.

10 IFRS 16 LEASE LIABILITIES

	Unaudited 31 March 2022	Unaudited 31 March 2021
	£m	£m
Opening Balance	**(2,402.7)**	**(2,347.8)**
New leases	**(15.1)**	**(11.0)**
Lease Adjustments	**(47.3)**	**(10.0)**
Foreign Exchange Translation Adjustment	**(0.3)**	**2.2**
Finance Costs	**(46.2)**	**(44.8)**
Payments - Finance Leases	**0.4**	**0.2**
Payments - Operating Leases	**53.7**	**41.5**
Disposals(1)	**-**	**2.0**
Closing Balance	**(2,457.5)**	**(2,367.7)**
Amounts falling due within one year	**(49.4)**	**(32.0)**
Amounts falling due after one year	**(2,408.1)**	**(2,335.7)**
	(2,457.5)	**(2,367.7)**

(1) Disposals relate to leases where break clauses were instigated as a direct result of the CVA.

Lease adjustments mainly consist of rent reviews.

Total lease liabilities at 31 March 2022 have been discounted at a weighted average discount rate of 8.1% with a range of 5.0% to 11.0% and represent leases with a weighted average remaining length, including landlord extension options, from the balance sheet date of 23.1 years.

11 TRADE AND OTHER RECEIVABLES

	Unaudited 31 March 2022	Unaudited 31 March 2021	Audited 31 December 2021
	£m	£m	£m
Amounts due within one year:			
Trade amounts receivable			
- Gross amounts receivable	**11.6**	**9.3**	**7.5**
- Bad debt provision	**(0.3)**	**(0.3)**	**(0.3)**
- Net amounts receivable	**11.3**	**9.0**	**7.2**
Other amounts receivable	**2.6**	**5.8**	**2.5**
Other taxation	**-**	**-**	**3.2**
Accrued income	**1.5**	**0.5**	**1.7**
Prepayments	**12.6**	**5.3**	**7.6**
Loans to related parties	**2.7**	**2.2**	**2.5**
	30.7	**22.8**	**24.7**

12 TRADE AND OTHER PAYABLES

	Unaudited 31 March 2022 £m	Unaudited 31 March 2021 £m	Audited 31 December 2021 £m
Trade payables	(10.4)	(4.8)	(8.7)
Other payables[1]	(10.5)	(16.3)	(10.8)
Social security and other taxation	(10.1)	(11.8)	(2.2)
Accruals	(46.5)	(43.4)	(52.6)
Deferred income	(0.8)	(0.1)	(0.7)
Prepaid room purchases	(68.4)	(37.0)	(27.9)
Capital payables	(3.6)	(5.4)	(2.9)
Amounts falling due within one year	(150.3)	(118.8)	(105.8)

(1) Other payables mainly consists of interest accruals (2022: £7.7m, March 2021: £9.0m, December 2021: £7.9m). It also includes additional premiums on vouchers issued in relation to cancelled stays during periods of lockdown

13 FINANCIAL ASSETS AND LIABILITIES

		Unaudited 31 March 2022 £m	Audited 31 March 2021 £m	Audited 31 December 2021 £m
Cash at bank and in hand		154.2	96.2	142.8
External debt redeemable:				
Senior Floating Rate Bond	July 2025	(440.0)	(440.0)	(440.0)
Senior Fixed Rate Bond	January 2025	(65.0)	(65.0)	(65.0)
Super Senior Term Loan	July 2024	(61.2)	(61.9)	(63.1)
Revolving credit facilities	May 2022 / July 2024	(32.0)	(40.0)	(40.0)
Issue Costs		9.8	13.2	10.6
External debt		(588.4)	(593.7)	(597.5)
Net external debt		(434.2)	(497.5)	(454.7)
Investor Loan Note	January 2026 / 2033	(191.6)	(171.4)	(186.6)
Net debt before finance leases		(625.8)	(668.9)	(641.3)
Lease liabilities under IFRS 16		(2,457.5)	(2,367.7)	(2,402.7)
Net debt including finance leases		(3,083.3)	(3,036.6)	(3,044.0)

The IFRS 16 impact represents the fact that operating lease commitments and finance lease creditors have been replaced by the lease liabilities from 1 January 2019. The lease liabilities represent the present value of future lease payments in respect of the right of use assets.

Finance lease liabilities (before IFRS 16) were as follows: 31 March 2022: £14.7m, 31 March 2021: £14.6m, 31 December 2021: £14.7m.

Senior secured notes

Senior secured floating rate sterling denominated notes of £440m were issued on 5 July 2019 with a termination date of 15 July 2025. Interest was floating at three month LIBOR plus a margin of 5.375%.

As a result of the Bank of England’s discontinuation of LIBOR, certain amendments have been agreed with all relevant counterparties to effectuate a reference rate transition from LIBOR to Sterling Overnight Index Average (SONIA) including margin adjustments in respect of the period from the commencement date of the first interest period commencing on or after 31 December 2021 to the maturity date.

Interest is payable quarterly each January, April, July and October. The notes may be redeemed at any time on or after 15 July 2020, at par.

On 18 December 2020, new senior secured fixed rate sterling denominated notes of £65m were issued with a termination date of 15 January 2025. Interest was fixed at 9% and payable on a semi-annual basis.

Further loan issue costs of approximately £3.8m will be amortised over the life of the facility in line with generally accepted accounting practice.

Revolving credit facility and super senior term loan

At the balance sheet date, a sterling denominated revolving credit facility of £40m was available to the Group until July 2024.

In May 2020, the RCF/LOC facility was amended with the net leverage financial covenant for the relevant quarter end testing periods from 30 June 2020 until and including 30 June 2021 being replaced by a minimum liquidity covenant. This was extended on 29 September 2021 to provide a financial covenant holiday until 31 December 2021 and extend the liquidity testing period until 30 June 2022. The minimum liquidity covenant requires that available liquidity is not lower than £10m for any period of five (5) consecutive business days.

In March 2022 the Group repaid £8m to reduce drawings under the Group's existing £40m revolving credit facility ("RCF") to £32m and revised covenant terms have been agreed with its banking partners.

Under the revised covenant terms, the Group's existing springing covenant requirements, which apply if drawings under the RCF are £32m or more, are not tested and have been replaced with maintenance covenants from 31 March 2022 to 30 June 2023, comprising stepped quarterly net leverage tests and minimum liquidity covenants, after which the business returns back to the previous quarterly net leverage covenant tests, the first of which would be on 30 September 2023.

On 16 November 2020, the Group entered into an agreement in the form of a super senior term loan of £60m, available to the Group until July 2024, which was drawn in full on 1 December 2020.

An OID fee of £1.9m was incurred in respect to the drawdown of £60m, which was paid on 10 January 2022. This fee has been capitalised and deemed to form a new loan under the facility and is being amortised over the life of the facility in line with generally accepted accounting practice.

Further loan issue costs of approximately £2.0m will be amortised over the life of the facility in line with generally accepted accounting practice.

Letter of credit facility
The letter of credit facility has a maximum usage of £30m and is available until July 2024. At 31 March 2022, letters of credit were in issue to the value of £27.7m, but not called upon.

Issue costs
Costs incurred in issuing the senior secured sterling denominated notes and the super senior term loan have been deducted from the fair value of the notes and facility, which are carried at amortised cost.

Investor loan note

On 24 August 2020 and 2 December 2020, the Group entered into additional investor loan note agreements of £10m and £30m respectively, with a termination date of 2033. The original investor loan note of £95m has a termination date of January 2026.

The interest rate charged on the investor loan note is 15%. Accrued interest for the quarter ended 31 March 2022 totalled £5.0m (2021: £5.0m).

A comparison of the carrying value and fair value of the Group's financial assets and liabilities is shown below:

	31 March 2022		31 March 2021		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m	£m	£m
Financial instrument categories						
Cash and Cash Equivalents	**154.2**	**154.2**	**96.2**	**96.2**	**142.8**	**142.8**
Financial assets at amortised cost[1]	**16.6**	**16.6**	**17.0**	**17.0**	**12.2**	**12.2**
Financial derivative asset	**0.3**	**0.3**	**-**	**-**	**0.1**	**0.1**
Bond related debt	**(505.0)**	**(491.8)**	**(505.0)**	**(473.2)**	**(505.0)**	**(488.7)**
Super Senior Term Loan related debt	**(61.2)**	**(61.2)**	**(61.9)**	**(61.9)**	**(63.1)**	**(63.1)**
Revolving credit facilities	**(32.0)**	**(32.0)**	**(40.0)**	**(40.0)**	**(40.0)**	**(40.0)**
Investor Loan Note	**(191.6)**	**(191.6)**	**(171.4)**	**(171.4)**	**(186.6)**	**(186.6)**
Financial liabilities[2]	**(2,528.5)**	**(2,528.5)**	**(2,437.6)**	**(2,437.6)**	**(2,477.7)**	**(2,477.7)**
	(3,147.2)	**(3,134.0)**	**(3,102.7)**	**(3,070.9)**	**(3,117.3)**	**(3,101.0)**

(1) Financial assets at amortised cost of £16.6m (December 2021: £12.2m) are made up of trade receivables of £11.3m (December 2021: £7.2m), other receivables of £2.6m (December 2021: £2.5m) and loans to related parties of £2.7m (December 2021: £2.5m).
(2) Financial liabilities of £2,528.5m (December 2021: £2,477.7m) are made up of lease liabilities of £2,457.5m (December 2021: £2,402.7), trade payables of £10.4m (December 2021: £8.7m), capital payables of £3.6m (December 2021: £2.9m), accruals of £46.5m (December 2021: £52.6m) and other payables of £10.5m (December 2021: £10.8m).

Financial assets at amortised cost and financial liabilities (excluding lease liability payables) are due within one year.

Interest rate cap

On 30 July 2019, Travelodge paid an upfront premium of £467k to purchase an interest rate cap in relation to the senior secured floating sterling denominated notes, on a notional amount of £300m.

The interest rate cap commenced in respect of payments due on 15 January 2020 and is due to terminate on 15 October 2022.

As per the original terms of the cap, if LIBOR exceeds 1.5% after 15 October 2019, Travelodge will receive a cash settlement on the difference between LIBOR and 1.5% to cover a portion of the scheduled quarterly payments on a notional amount of £300m, up to 15 October 2022.

As a result of the Bank of England's discontinuation of LIBOR, certain amendments have been agreed with all relevant counterparties to effectuate a reference rate transition from LIBOR to Sterling Overnight Index Average (SONIA) including margin adjustments in respect of the period from the commencement date of the first interest period commencing on or after 31 December 2021 to the maturity date.

14 PROVISIONS

	Unaudited 31 March 2022 £m	Unaudited 31 March 2021 £m	Audited 31 December 2021 £m
At 1 January 2022	**(8.0)**	**(7.1)**	**(7.1)**
Cash spend	**1.0**	**-**	**0.1**
Additional provisions recognised	**-**	**-**	**(4.5)**
Release of provisions	**-**	**-**	**3.6**
Unwinding of discount on provisions	**-**	**-**	**(0.1)**
At 31 March 2022	**(7.0)**	**(7.1)**	**(8.0)**
The balance can be analysed as:			
Due in less than one year	**(4.6)**	**-**	**(5.6)**
Due in greater than one year	**(2.4)**	**(7.1)**	**(2.4)**
	(7.0)	**(7.1)**	**(8.0)**

Provisions of £7.0m as at March 2022 consist of a £4.0m tax provision in relation to an estimated settlement of an HMRC enquiry, public liability claims of £0.9m, onerous contract provisions of £0.5m relating to future rates liabilities on four empty and sub leased historic restaurant units, other provisions of £1.6m.

15 NOTE TO THE CASH FLOW STATEMENT

	Unaudited			Unaudited		
	Period ended 31 March 2022			Period ended 31 March 2021		
	Before IFRS 16(1) £m	IFRS 16 impact £m	Statutory £m	Before IFRS 16(1) £m	IFRS 16 impact £m	Statutory £m
Operating profit / (loss) - Underlying	**(7.5)**	**30.8**	**23.3**	**(72.3)**	**33.7**	**(38.6)**
Operating profit - Non-underlying	**-**	**-**	**-**	**0.4**	**1.6**	**2.0**
Operating profit / (loss)	**(7.5)**	**30.8**	**23.3**	**(71.9)**	**35.3**	**(36.6)**
Adjustments for non-cash items:						
Depreciation of property, plant and equipment	**9.9**	**28.2**	**38.1**	**9.8**	**25.0**	**34.8**
Amortisation of other intangible assets	**3.6**	**(2.6)**	**1.0**	**3.9**	**(2.7)**	**1.2**
Profit on disposal of fixed assets	**-**	**-**	**-**	**(0.4)**	**(1.6)**	**(2.0)**
	13.5	**25.6**	**39.1**	**13.3**	**20.7**	**34.0**
Operating cash flows before movements in working capital	**6.0**	**56.4**	**62.4**	**(58.6)**	**56.0**	**(2.6)**
(Decrease) / increase in inventory	**-**	**-**	**-**	**-**	**-**	**-**
Decrease / (increase) in receivables	**0.3**	**(6.3)**	**(6.0)**	**0.5**	**(1.0)**	**(0.5)**
Increase / (decrease) in payables	**41.0**	**3.2**	**44.2**	**30.8**	**(13.7)**	**17.1**
(Decrease) / increase in provisions	**(1.4)**	**0.4**	**(1.0)**	**(0.2)**	**0.2**	**-**
Total working capital movement(3)	**39.9**	**(2.7)**	**37.2**	**31.1**	**(14.5)**	**16.6**
Cash flows from operating activities	**45.9**	**53.7**	**99.6**	**(27.5)**	**41.5**	**14.0**
Corporate tax	**-**	**-**	**-**	**0.4**	**-**	**0.4**
Net Cash Generated from / (Used in) operating activities	**45.9**	**53.7**	**99.6**	**(27.1)**	**41.5**	**14.4**

(1) Before IFRS 16 - In order to facilitate the comparability of the underlying business to the prior year following the adoption of IFRS 16 on 1 January 2019, additional columns have been added to reflect the position in line with the accounting principles applicable to the previous year.
(2) Before IFRS 16 working capital movement of £39.9m (2021: £31.1m) is after non-underlying outflows of £1.6m (2021: outflows of £2.1m) and before rent phasing adjustment of £1.1m (2021: £(12.5)m). Working capital movement in "Memorandum - Analysis of free cash flow" on page 21 is stated before non-underlying movements and before rent phasing adjustment.

16 ALTERNATIVE PERFORMANCE MEASURES (APMS)

The Group uses the non-statutory alternative performance measures 'EBITDA (adjusted)' and 'Free Cash Flow' to monitor the financial performance of the Group internally. This measure is not a statutory measure in accordance with IFRS.

We report these measures because we believe it provides both management and other stakeholders with useful additional information about the financial performance of the Group's businesses.

APMs are not defined by IFRS and therefore may not be directly comparable with similarly titled measures reported by other companies. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

We believe the non-IFRS measures are useful metrics for investors to understand our results of operations, profitability and ability to service debt and because they permit investors to evaluate our recurring profitability from underlying operating activities.

We also use these measures internally to track our business performance, establish operational and strategic targets and make business decisions. We believe EBITDA (adjusted) facilitates operating performance comparisons between periods and among other companies in industries similar to ours because it removes the effect of variation in capital structures, taxation, and non-cash depreciation, amortisation and impairment charges, which may be unrelated to operating performance. We believe EBITDA (adjusted) is a useful measure of our underlying operating performance because it excludes the impact of items which are not related to our core results of operations, including certain one-off or non-recurring items and more closely aligns the recognition of rent free periods and rent reductions in profitability with the corresponding cash impact.

The table below provides a reconciliation of the statutory IFRS measures to the APMs used to measure the business:

	Period ended 31 March 2022 £m	Period ended 31 March 2021 £m
Statutory Loss before Tax	**(38.4)**	**(99.1)**
Net Finance Costs	61.7	60.3
Operating Profit / (Loss)	**23.3**	**(38.8)**
Non-underlying Items (See note 6)	-	(2.0)
Underlying Operating Profit / (Loss)	**23.3**	**(40.8)**
Depreciation, Amortisation - Underlying	39.1	38.2
Rent Payable[1]	(57.5)	(43.5)
EBITDA (adjusted)[2]	**4.9**	**(46.1)**

[1] Since the adoption of IFRS 16, operating lease rent is no longer charged to the statutory profit & loss account. Rent payable reflects 'Before IFRS 16' rental amounts accrued adjusted for rent free periods by spreading these over the period to the next rent review date and recognises the credit attributable to reductions resulting from the CVA in line with the actual rent paid in respect of each year.

[2] EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, and before rent phasing adjustment, non-underlying items and reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability (before IFRS 16). This measure reflects the rent reductions in 2021 following the CVA which completed on 19 June 2020, recognised in line with the cash benefit. Non-underlying items have been removed as they relate to non-recurring, one-off items.

	Period ended 31 March 2022 £m	Period ended 31 March 2021 £m
EBITDA (adjusted)(1)	4.9	(46.1)
Working capital(2)	42.6	20.7
Net cash flows from operating activities before non-underlying items	47.5	(25.4)
Capital expenditure	(14.0)	(4.9)
Free Cash Flow	**33.5**	**(30.3)**

(1) EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, and before rent phasing adjustments, non-underlying items and reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability (before IFRS 16). This measure also reflects the cash benefit of rent reductions in 2021 following the CVA which completed on 19 June 2020. Non-underlying items have been removed as they relate to non-recurring, one-off items.

(2) Working capital movement is stated before non-underlying movements, before rent phasing adjustment and before the impact of IFRS 16.

Reconciliation of net cash flows from operating activities before non-underlying items to net cash generated from / (used in) operating activities (note 15)

	Period ended 31 March 2022 Before IFRS 16(1) £m	Period ended 31 March 2021 Before IFRS 16(1) £m
Net cash flows from operating activities before non-underlying items	47.5	(25.4)
Cash spend on non-underlying items through working capital(1)	(1.6)	(2.1)
Cash flows from operating activities	45.9	(27.5)
Corporate tax	-	0.4
Net cash generated from / (used in) operating activities	**45.9**	**(27.1)**

(1) In 2022, net cash spend on non-underlying items through working capital of £1.6m included a £1.0m spend on other provisions, £0.4m spend on onerous lease provisions and £0.2m outflow relating to accrued costs. In 2021 net cash spend on non-underlying items through working capital of £2.1m included a net £1.9m outflow relating to accrued costs and £0.2m cash spend on provisions.

	Period ended 31 March 2022 £m	Period ended 31 March 2021 £m
Total working capital movement (note 15)	37.2	16.6
Less IFRS 16 impact	2.7	14.5
Working capital movement before IFRS 16	39.9	31.1
Less non-underlyings before IFRS 16 (cash flow provisions and exceptionals)	1.6	2.1
Less rent phasing adjustment before IFRS 16	1.1	(12.5)
Working capital	**42.6**	**20.7**