TVL FINANCE PLC

QUARTER ENDED 31 MARCH 2020

TRADING UPDATE TO NOTEHOLDERS

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

(the "Notes")

18 May 2020

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(UNAUDITED)

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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 & 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 2020 to 31 March 2020 (prior year from 1 January 2019 to 31 March 2019), 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 as well as non-underlying items (material non-recurring and one-off in nature) and the rent free adjustment. The impact of IFRS 16 is also excluded from this measure.

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 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 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.

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TVL Finance plc

Update for the quarter ended 31 March 2020

Significant and increasing Covid-19 impact

Headlines – quarter ended 31 March 2020

- Strong start to the year in January and February
- Significant and increasing Covid-19 impact on trading from mid-March
- Total revenue down (10.8)% to £129.5m (2019: £145.2m)
- RevPAR[1] down (7.5)% to £31.39 (2019: £33.94)
- Occupancy[1] down (2.5)pts to 72.6%
- Average room rate[1] down (4.3)% at £43.27 (2019: £45.20)
- EBITDA (adjusted)[2] down £(15.6)m to £(13.9)m
- 3 new hotels opened in the quarter
- Cash position - £141.3m at 31 March 2020 including £40m RCF drawdown
- Hotel closures expected to continue until early July
- Recovery plan underway including proposed temporary changes to landlord rents

First Quarter Summary

After a strong start in the first two months, our first quarter results have been significantly impacted by Covid-19.

During January and February Travelodge continued its strong performance with revenue up 4.6%. We also continued to outperform the STR Midscale & Economy segment. However, since the onset of Covid-19 in March we have seen a significant impact on trading. This began with a slowing in booking pace and culminated in the government directed closure of virtually the entire estate from 24 March.

Revenue for the quarter was down (10.8)% to £129.5m driven by the decline in our like-for-like RevPAR of (7.5)%.

This rapid revenue decline in conjunction with our high operating leverage means that the majority of this revenue shortfall has impacted profits with EBITDA (adjusted) down £(15.6)m on the prior year to a loss of £(13.9)m.

Our closing cash position of £141.3m benefited from deferral of the second quarter rent payments and drawdown of the £40m RCF on 17 March.

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[1] Revenue per available room, Average room rate and Occupancy on a UK like-for-like basis for the management accounting period 26 December 2019 to 25 March 2020

[2] EBITDA (adjusted) = Earnings before interest, tax, depreciation and amortisation, and before rent free adjustment, non-underlying items & reflective of the position in line with the accounting principles applicable to the previous year for purposes of comparability (before IFRS 16). Non-underlying items have been removed as they relate to non-recurring, one-off items

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Recent Trading and Outlook

Covid-19 has had a material and unprecedented impact on the hospitality industry in general and on our business specifically.

The vast majority of our hotels remain closed and in April our revenues were down approximately 95% on the prior year. This level of performance has continued into early May. The forced closure of hotels has also created a net cash outflow to customers as a result of refunds for pre-paid bookings.

In response to the low revenue levels, we took the decision to temporarily suspend payments of rent on our leases, which account for the largest element of our operating costs. We have also taken action to reduce the run-rate level of the remaining operating costs by approximately two-thirds. These included placing more than 8,000 colleagues on furlough and obtaining reductions in variable costs as a result of the hotel closures.

We have deferred our normal capital refit programme and deferred all non-essential capex which we expect to reduce capital expenditure for the year by approximately £20m.

Approximately 50 hotels remain open to support NHS workers, key workers and vulnerable groups. However, their low average occupancy and high costs to service mean they are generating negligible net operating income.

The net result of the revenue position, cost and capex measures is that our cash position at the end of April was approximately £105m.

In the year to date, we have opened 3 new hotels of the 17 we originally expected to open in 2020. The majority of the remaining hotels were due to due to open in the second half of the year. It is likely that many of these will now not open until next year as a result of the government restrictions impacting construction, but it is too early to re-appraise the opening dates.

Looking ahead, the business continues to be subject to material uncertainty. The latest UK government advice is that UK hotels are not expected to open before early July at the earliest and there is no definite date for re-opening. We expect that any lifting of restrictions will be phased and is likely to require new operating conditions and costs. These may include enhanced cleaning regimes, the requirement for personal protective equipment and the impact of social distancing. This may result in a lasting impact over at least the next two years and perhaps beyond.

While forecasting is clearly difficult, leading economic commentators and hotel analysts expect that 2020 hotel revenues could be impacted by around 50%. That might imply approximately £350 million in permanently lost revenue based on our prior year performance. It could then take several years for hotels to recover back to 2019 levels. For context, this would be more than ten times the scale of the impact experienced during the 2008/09 financial crisis.

In the context of this unprecedented situation, the company has developed a recovery plan that can provide stability and certainty for our guests, support the more than ten thousand jobs at stake and protect the interests of our key stakeholders. The recovery plan involves a number of key components to enable the business to successfully trade through the impact of Covid-19: continued action by the company to preserve cash flow, making use of government measures where possible; drawing down on our cash reserves; accessing new facilities; and seeking a temporary period of reduced rent from some landlords.

In connection with the plan, in addition to the operational measures noted above, the company fully drew down on its existing but previously undrawn £40m RCF facility on 17 March. It subsequently entered into a new £60m Super Senior RCF on 20 April, which was provided by certain indirect shareholders or affiliates thereof. Drawdown on this facility is contingent on certain conditions precedent, including a requirement to obtain a satisfactory rent payment agreement with landlords.

We have been in extensive discussions over recent weeks with landlords regarding rent payments. We have submitted a Landlord Rent Proposal that envisages a temporary period of rent reduction through to the end of next year, with a return to full contracted levels of rent payments thereafter.

We are seeking landlord consent to this proposal on a bilateral basis. However, if it does not prove possible to secure adequate levels of consent, we are likely to pursue a Company Voluntary Arrangement to effect such changes as are required.

First Quarter Financial Performance - Details

For the quarter ended 31 March 2020:

UK like-for-like RevPAR was down (7.5)% to £31.39, this decline has been driven by a combination of both UK like-for-like occupancy, down (2.5)pts to 72.6%, and UK like-for-like average room rate which was down (4.3)% to £43.27 due to the significant impact of the onset of Covid-19 during March. For this quarter we are not reporting our performance against the STR MSE segment due to the small sample size across the industry following the hotel closures.

In the quarter we saw some benefit from the contribution of our new and maturing hotels (the 14 maturing hotels opened in 2019 and the 3 new hotels opened in the quarter).

Total revenue decreased (10.8)% to £129.5m.

The cost pressures facing the industry, including the National Living Wage and general inflationary increases, remain and these, in conjunction with our high operating leverage and the rapid revenue reduction due to Covid-19, mean that the majority of this revenue shortfall has impacted profit in this quarter.

EBITDA (adjusted) of £(13.9)m was down £(15.6)m on the prior year.

We ended the quarter with closing cash of £141.3m which included the drawdown of the £40m RCF and the working capital benefit from the reversal of the adverse VAT timing at the end of 2019 and deferral of the second quarter rent payments.

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Notes

Thame and London Limited is currently discussing the audit of its financials for the year ended 31 December 2019 with its auditors. On 26 March 2020, the Financial Conduct Authority in the United Kingdom published a statement permitting a delay in the publication of audited annual financial reports for companies listed on regulated exchanges in the United Kingdom from four to six months from the end of the financial year. This policy is intended to be temporary while the United Kingdom faces the extreme disruption of the coronavirus pandemic and its aftermath, and recognises that some companies may have difficulties compiling audited financials while the current stay-at-home guidelines are in place, and also recognises that auditors may need additional time to assess the impact of the Covid-19 outbreak on the going concern analysis. Although the group is not listed, the auditors and the group are continuing to review the significant uncertainty surrounding the impact of the Covid-19 outbreak on the group's liquidity, and this uncertainty may affect the auditor's ability to deliver an audit opinion that is unqualified based on the going concern basis of accounting.

The group has received the necessary consents from bondholders and RCF lenders to permit publication of the Annual Report to be delayed until 31 July 2020.

About Travelodge

Founded in 1985, Travelodge is one of the UK's leading hotel brands. There were 590 Travelodge hotels and 45,037 rooms in the UK, Ireland and Spain as at 31 March 2020. Travelodge welcomes approximately 19 million customers every year and over 11,500 colleagues worked across the business at the end of 2019.

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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