TVL FINANCE PLC

PERIOD FROM 1 APRIL TO 1 JUNE 2020

TRADING UPDATE TO NOTEHOLDERS

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

(the "Notes")

10 June 2020

THAME AND LONDON LIMITED
TRADING UPDATE
(UNAUDITED)

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 & 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 April 2020 to 1 June 2020, which are maintained in accordance with International Financial Reporting Standards ("IFRS"). This information has not been audited or reviewed, nor have any procedures been performed by our independent auditors with respect thereto. Accordingly, you should not place undue reliance on such financial results. Our financial results are based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change, and are not intended to be a comprehensive statement of our financial or operational results for the periods presented.

We continue to present certain non-IFRS information in this trading update. This information includes "EBITDAR", which represents earnings before interest, tax, depreciation and amortisation and rent, as well as non-underlying items (material non-recurring and one-off in nature). The impact of IFRS 16 is also excluded from this measure.

Certain financial information, measures and ratios related thereto in this trading update, including the financial information presented on a 'before IFRS 16' basis and EBITDAR is not specifically defined under IFRS or any other generally accepted accounting principles.

Management believe that EBITDAR is meaningful for investors because it provides an analysis of our operating results during this period and because 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), the rent free adjustment and the impact of IFRS 16, 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.

TVL Finance plc

Update for the period from 1 April 2020 to 1 June 2020

Continuing and Significant Covid-19 impact

Headlines – period from 1 April to 1 June 2020

- Revenue - £7.5m, down approximately £117m (94%) vs last year
- EBITDAR[1] loss of £(11.3)m
- Cash position - £75.9m at 1 June 2020, including £40m RCF drawdown
- Majority of hotels expected to remain closed until at least 4 July 2020
- Continuing with recovery plan including launch of CVA on 3 June 2020

Summary

Covid-19 continues to have a material and unprecedented impact on the hospitality industry in general and on our business specifically.

The vast majority of our hotels remain closed. Approximately 51 hotels remain open to support NHS workers, key workers and vulnerable groups. However, the low average occupancy and high costs to service these hotels mean they are generating negligible net operating income.

For the period from 1 April to 1 June 2020, our revenues were down approximately 94% compared to the prior year period, which resulted in revenues for the year to date being down approximately 49% or £132m on last year. This level of performance over April and May has continued into early June. 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 due to the impact of Covid-19, we took the decision in late March to temporarily suspend payments of rent on our leases, which comprise our largest operating costs. We have also taken action to reduce the run-rate level of the remaining operating costs by approximately two-thirds. These measures included placing more than 8,000 colleagues on furlough and obtaining reductions in variable costs as a result of the hotel closures.

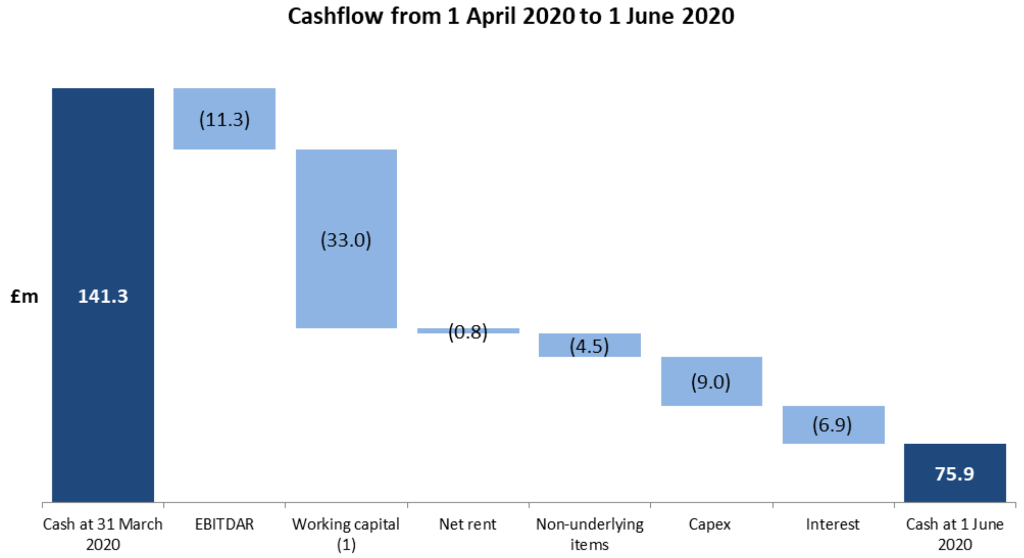
We have deferred our normal capital refit programme and deferred all non-essential capex which we expect to reduce capital expenditure for the year by approximately £20m.

We have carefully managed our cashflow since the onset of the crisis. Our cash payments since 31 March 2020 mainly relate to settlement of costs incurred in prior periods, payroll costs incurred by the business ahead of claims made under the job retention scheme, and

[1] EBITDA = Earnings before interest, tax, depreciation, amortisation, rent and 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

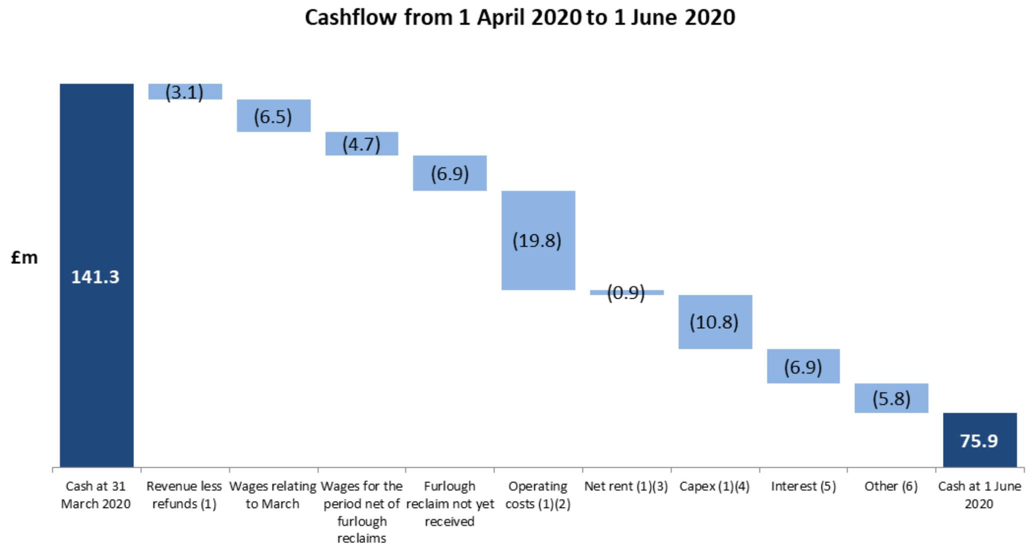
ongoing operating costs including the fixed costs necessary to retain the going concern nature of the business and the operating costs associated with open hotels and support office staff. Interest paid relates to the existing revolving credit facility, letters of credit and senior secured notes.

The net result of the revenue position, our cost management and capex deferral measures is that our cash position at 1 June was £75.9m, with details of the movement since 31 March 2020 as follows.



(1) The working capital movement over the period reflects the reduction in pre-paid customer balances, the outstanding furlough claim for May, VAT receivable and an unwind of creditor balances, less deferred PAYE and NI payments

The breakdown of cash usage by key element is shown below:



(1) Including VAT
(2) Mainly relating to prior period operating costs paid in line with standard payment terms – key items include utilities, maintenance, laundry, food and beverage and other costs
(3) As disclosed in the CVA document
(4) Mainly relating to maintenance and refit, IT and energy efficiency projects committed in prior periods
(5) Interest on the SSN and RCF/LOC facility
(6) Spain, Ireland and Management Contracts and legal and professional fees

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 4 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 measures resulting from social distancing restrictions. Such new costs and conditions 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 for us based on our prior year performance. It could then take several years for hotels to recover back to 2019 revenue levels. For context, this impact would be more than ten times the scale of the impact experienced during the 2008/09 financial crisis.

In the context of the unprecedented challenges presented by Covid-19, the company's cash position and expected trading performance, the company must make adjustments to its operating model. It has developed a recovery plan intended to 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, among others: 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 certain of our landlords.

In connection with the recovery plan and in addition to the operational measures noted above, the Company fully drew down on its existing and previously undrawn £40m RCF facility on 17 March 2020. It subsequently entered into a new £60m Super Senior RCF on 20 April, which was provided by certain of the Company's indirect shareholders or affiliates thereof. Drawdown on this facility is contingent on satisfaction of certain conditions precedent, including a requirement to obtain a satisfactory rent payment agreement with landlords.

Following extensive discussions with landlords regarding rent payments, the Company concluded that a Company Voluntary Arrangement ("CVA") was necessary to provide a framework for the required temporary rent reductions. The Company sought and received consent from the holders of the Notes and the RCF lenders to launch a CVA. The CVA proposal was issued on 3 June 2020 and the CVA is expected to proceed to a creditor meeting on 19 June 2020.

The Company believes that the measures provided in the CVA plan are in the interests of the Company and its creditors and recommends that creditors support the proposals. However, should the CVA not be successful, the Company will need to consider all of its options.

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. The policy acknowledges that some companies may have difficulties compiling audited financials while the current stay-at-home guidelines are in place, and 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 on a regulated exchange, the auditors and the group continue 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.

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