Financial Results Presentation

For the period ended 28 June 2017

Release: 22 August 2017

Travelodge

travelodge.co.uk

Disclaimer

You must read the following before continuing

This presentation has been prepared by Thame and London Limited, TVL Finance plc and Travelodge Hotels Limited (collectively, "the "Company") solely for informational purposes. For the purposes of this disclaimer, the presentation that follows shall mean and include the slides that follow, the oral presentation of the slides by the Company or any person on their behalf, any question and answer session that follows the oral presentation, hard copies of this document and any materials distributed in connection with the presentation. By attending the meeting at which the presentation is made, dialling into the teleconference during which the presentation is made or reading the presentation, you will be deemed to have agreed to all of the restrictions that apply with regard to the presentation and acknowledged that you understand the legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of the presentation. The Company does not make any representation or warranty or other assurance, express or implied, that this document or the information contained herein or the assumptions on which they are based are accurate, complete, adequate, fair, reasonable or up to date and they should not be relied upon as such. The Company does not accept any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on all or any part of this document and any liability is expressly disclaimed.

The Company has included non-IFRS financial measures in this presentation. These measurements may not be comparable to those of other companies. Reference to these non-IFRS financial measures should be considered in addition to IFRS financial measures, but should not be considered a substitute for results that are presented in accordance with IFRS.

The information contained in this presentation has not been subject to any independent audit or review. A significant portion of the information contained in this document, including all market data and trend information, is based on estimates or expectations of the Company, and there can be no assurance that these estimates or expectations are or will prove to be accurate. Our internal estimates have not been verified by an external expert, and we cannot guarantee that a third party using different methods to assemble, analyse or compute market information and data would obtain or generate the same results. We have not verified the accuracy of such information, data or predictions contained in this report that were taken or derived from industry publications, public documents of our competitors or other external sources. Further, our competitors may define our and their markets differently than we do. In addition, past performance of the Company is not indicative of future performance. The future performance of the Company will depend on numerous factors which are subject to uncertainty.

Certain statements contained in this document that are not statements of historical fact, including, without limitation, any statements preceded by, followed by or including the words "will," "targets," "believes," "expects," "aims," "intends," "may," "anticipates," "would," "could" or similar expressions or the negative thereof, constitute forward-looking statements, notwithstanding that such statements are not specifically identified. In addition, certain statements may be contained in press releases, and in oral and written statements made by or with the approval of the Company that are not statements of historical fact and constitute forward-looking statements. Examples of forward-looking statements include, but are not limited to: (i) statements about future financial and operating results; (ii) statements of strategic objectives, business prospects, future financial condition, budgets, potential synergies to be derived from acquisitions, projected levels of production, projected costs and projected levels of revenues and profits of the Company or its management or board of directors; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements.

Forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict and outside of the control of the management of the Company. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. We have based these assumptions on information currently available to us, if any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, our future results of operations and financial condition, and the market price of the notes, could be materially adversely affected. You should not place undue reliance on these forward-looking statements. All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements referenced above. Forward-looking statements speak only as of the date on which such statements are made. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

We have included other operating information in this presentation, some of which we refer to as "key performance indicators." We believe that it is useful to include this operating information as we use it for internal performance analysis, and the presentation by our business divisions of these measures facilitates comparability with other companies in our industry, although our measures may not be comparable with similar measurements presented by other companies. Such operating information should not be considered in isolation or construed as a substitute for measures prepared in accordance with IFRS.

The presentation does not constitute or form part of, and should not be construed as, an offer to sell or issue, or the solicitation of an offer to purchase, subscribe to or acquire the Company or the Company's securities, or an inducement to enter into investment activity in any jurisdiction in which such offer, solicitation, inducement or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. This presentation is not for publication, release or distribution in any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction nor should it be taken or transmitted into such jurisdiction.

Good Revenue Growth, Profitability and Cashflow

2017 Half Year Headlines

- Revenue **up 6.8%** to £293.8m (2016: £275.1m)
- LFL RevPAR[(1)] **up 2.2%** to £37.62 (2016: £36.81)
- RevPAR growth 0.4pts below competitive segment [(2)]
- On track for 15 openings in 2017 with 7 hotels opened to date
- EBITDA up £3.3m to £42.0m (2016: £38.7m)
- Cash of £110.3m at the half year

- Similar trends to H1 in early part of Q3
- Remain cautious on immediate outlook but continue to be well positioned

1. *RevPAR is computed as the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period.*
   Like-for-like ("LFL") RevPAR compares the RevPAR in H1-2017 vs. H1-2016 on the basis of RevPAR generated by hotels that were opened before 1 January 2016.
2. *RevPAR growth slightly ahead of the competitive segment after adjusting for impact of closed hotel and rooms closed as part of refit programme*

Half Year and Quarter 2 Results

Travelodge

travelodge.co.uk

Continued Progress on Our Strategic Objectives

Objective	Actions
Distinctive Brand: Raise Quality Image	• Ongoing hotel re-fit cycle • Launch new 'SuperRooms' • National advertising presence
Best for Business: Win Share in a Growing Market	• Focus on 'businesses on a budget' • Leverage business website • Implement enhanced CRM activity
Win the Web: Grow Direct Digital Sales	• Continue to enhance web customer experience • Leverage CRM capability • Strong paid and unpaid search presence
Price is Right: Optimise Rate and Occupancy	• Airline style yield management system (IDeaS) • Central pricing team • Analytics-driven pricing strategy
Moments of Truth: Drive Consistency	• New customer feedback report drives action • Standardised work practices • Targeted training
Development: Extend UK Network	• 250 potential locations identified • Maintain leasehold growth in London and Regions • Principally new-build hotels opened under lease

Half Year Highlights

- 'SuperRooms' roll out underway with encouraging early signs
- Positive early results from new refit investments
- Good progress with SEO optimisation and web enhancements
- Record levels of Trip Advisor Certificates of Excellence with ratings now displayed on website
- Good momentum in development pipeline

‘SuperRooms’ Roll Out Progressing Well

- Features include new look and feel, Lavazza coffee machine, Hansgrohe adjustable showers, dual bedside USB charging points and wider desk
- Expecting to invest £5m in 2017 for initial launch of the first 1,000 rooms, principally in central London
- At the half year 482 rooms converted and available for sale
- Rooms typically expected to attract premium of £10-20 to our classic rooms
- Early performance encouraging with 'SuperRooms' scoring higher customer satisfaction scores than our classic rooms on average

Development Momentum
Recent opening examples

Thurrock Lakeside

Adjacent to Intu Lakeside
74 rooms
Bar Café
Free parking

West Bromwich

Greater Birmingham
78 rooms
Bar Café
Free parking

Liverpool Airport

100 rooms
Bar Café
Free parking

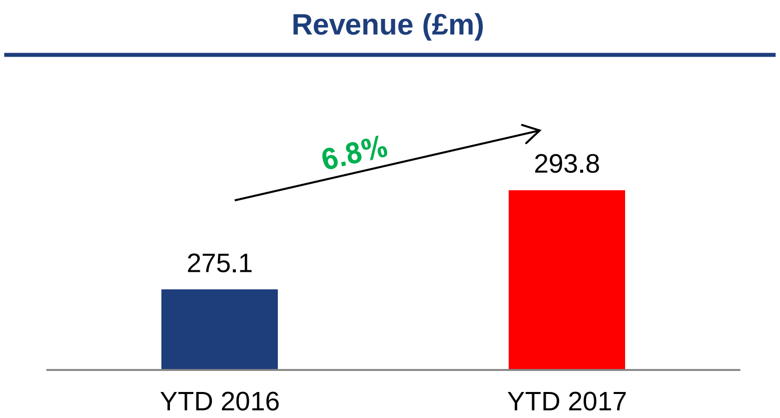
York Layerthorpe

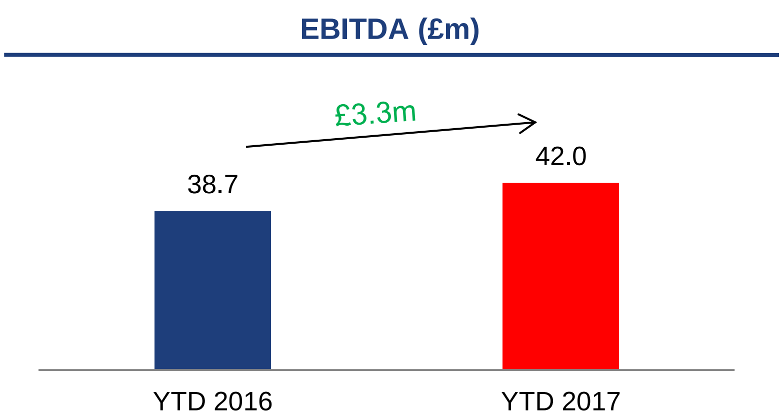
Historic Town
128 rooms
Bar Café
Free parking

Good Half Year Revenue and Profitability

Good total sales growth

Financial Performance Has Remained Strong





Q2-2017 vs. Q2-2016

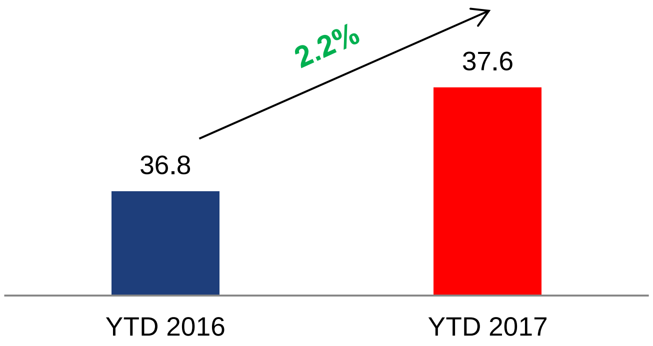
- **Revenue** increase of 6.8%/£18.7m was primarily due to:
  - Like-for-like UK RevPAR growth of 2.2%
  - Annualisation and maturity of the 19 new hotels added in 2016
  - International growth 41%/£1.8m
- **EBITDA** was driven by:
  - Continued sales growth and positive drop through including annualisation and maturity of the new hotels
  - Impact of National Living Wage and business rates
  - Beneficial impact from year on year timing of marketing activities

Good Half Year Operating Metrics

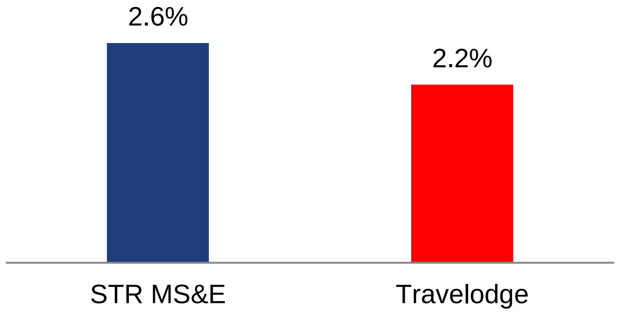
Continued RevPAR growth

RevPAR Growth Driven by ADR Increase and Steady Occupancy

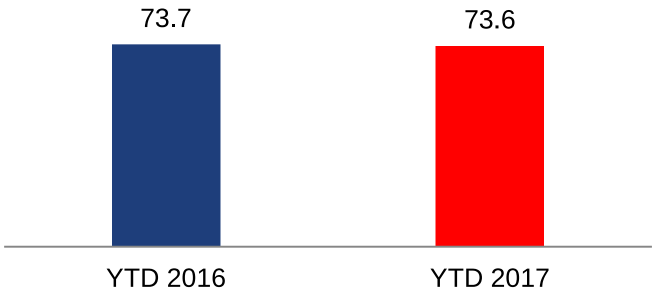
LFL[1] RevPAR (£)[2]



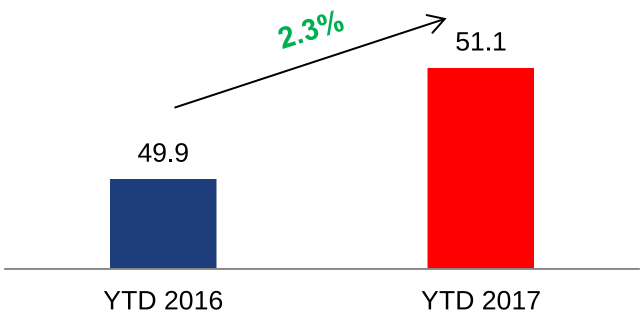
H1-17 RevPAR Growth Slightly Below Market [3]



LFL[1] Occupancy (%)[2]



LFL[1] ADR (£)[2]



H1 2017 vs. H1 2016

- **RevPAR:** like-for-like UK RevPAR growth of 2.2%
- **RevPAR vs. Market:** underperformance to MS&E segment principally owing to room closures in major refit hotels in London
- **Occupancy:** occupancy remained stable at c.74%
- **ADR:** continued improvement increasing by 2.3% vs. 2016

1. RevPAR is computed as the product of the Average Daily Rate for a specified period multiplied by the Occupancy for that period. Like-for-like (LFL) RevPAR compares the RevPAR in H1-2017 vs. H1-2016 on the basis of RevPAR generated by hotels that were opened before 1 January 2016.
2. Occupancy, ADR and RevPAR for UK leased estate only.
3. RevPAR growth slightly ahead of the competitive segment after adjusting for impact of closed hotel and rooms closed as part of refit programme

Continued Good Free Cash Flow

Good cash conversion with working capital benefit from quarter end timing

£m	H1 2017	H1 2016	*Diff.*
EBITDA before Exceptional Items and IFRS Rent Charge	42.0	38.7	*3.3*
Working Capital	46.4	36.9	*9.5*
Net Cash Flows from Operating activities before Exceptionals	**88.4**	**75.6**	***12.8***
Capital Expenditure	(22.9)	(15.9)	*(7.0)*
Free Cash Flow Generated	**65.5**	**59.7**	***5.8***
Interest Costs - Bank Interest Paid	-	(21.1)	*21.1*
- Bond Interest Paid	(17.9)	-	*(17.9)*
- Finance Fees Paid	(0.1)	(0.1)	-
Interest Income	0.3	0.3	-
Interest Element of Finance Lease Rental Payments	(2.1)	(2.1)	-
Cash Spend on Provisions and Exceptional Items	(10.3)	(21.5)	*11.2*
Non-Trading Cash Flow	**(30.1)**	**(44.5)**	***14.4***
Cash Generated	**35.4**	**15.2**	***20.2***
Refinancing and Repayment of Investor Loan	1.0	(10.2)	*11.2*
Movement in Cash	**36.4**	**5.0**	***31.4***
Opening Cash	73.9	76.9	*(3.0)*
Closing Cash	**110.3**	**81.9**	***28.4***

Comment

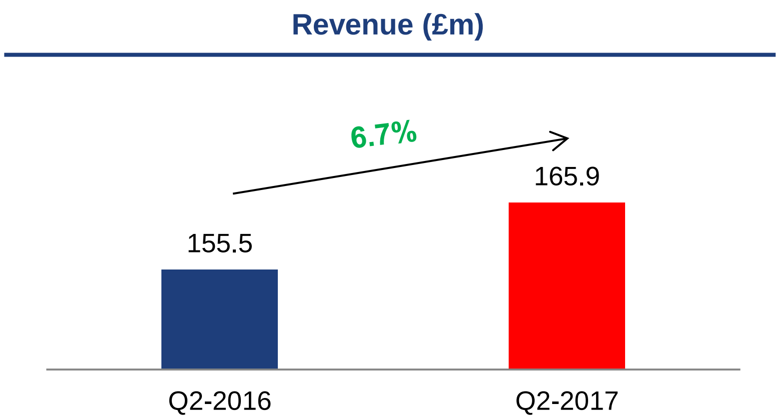
H1-2017 vs. H1-2016

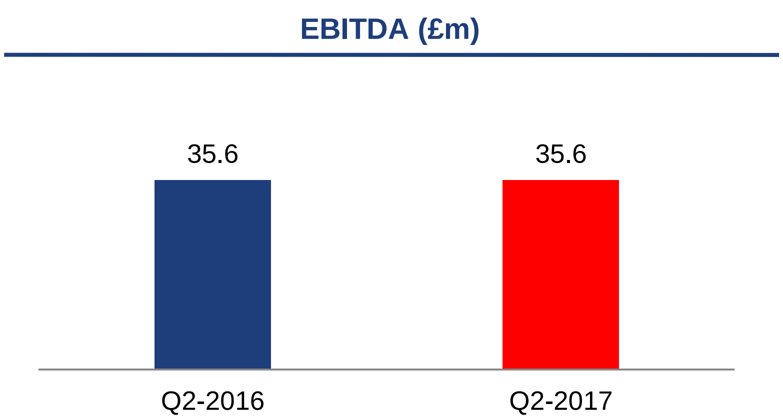
- **Working Capital** inflow of £46.4m in H1-2017 vs £36.9m in H1-2016 primarily due to:
  - *Timing of the quarter ends and payments around the quarter ends.*
- **Net Cash from Operating Activities** increased by £12.8m, primarily due to:
  - *Working capital impact noted above.*
- **Capital Expenditure** increased by £7.0m, primarily due to:
  - *Commencement of our standard refit program and Super Rooms.*
- **Bank and Bond Interest Paid** decreased by £3.2m, primarily due to:
  - *Impact of 2016 refinancing from bank debt to bond debt and timing of interest payments*
- **Provisions and Exceptional Items** mainly in relation to refinancing in both years (new £165m, repaid £129m)
- **Refinancing** consists of:
  - *Net proceeds of £36m*
  - *Repayment of shareholder loan of £35m*

Solid Overall Q2 Financial Performance

Good total sales growth mitigating cost pressures

Financial Performance Has Remained Strong





Q2-2017 vs. Q2-2016

- **Revenue** increase of 6.7%/£10.4m was primarily due to:
  - Like-for-like UK RevPAR growth of 2.4%
  - Annualisation and maturity of the 19 new hotels added in 2016
  - International growth 41%/£1.1m
- **EBITDA** was driven by:
  - Continued sales growth and positive drop through including annualisation and maturity of the new hotels
  - Impact of increases to National Living Wage and business rates
  - Strong international performance

Travelodge
travelodge.co.uk

Net Debt and Leverage – Half Year 2017

Debt (£m)

£m	H1 2017
Cash and Cash Equivalents	**110.3**
SSNs @ 8.5%	261.0
FRNs @ L + 4.875%	165.0
Senior Secured Notes	**426.0**
Finance leases	32.2
Total Third Pary Indebtedness	**458.2**

Refinancing

- **Refinancing** completed April 2017
- £165m senior secured FRNs at **L+4.875%,** par
- Maturity - May 2023, Call profile - NC1, par
- c. £1.7m annual interest saving

Liquidity / Financial Ratios

- **Cash on Balance Sheet:** £110m
- **Revolving Credit Facility**: £50m (unutilised)
- **Letter of Credit Facility:** £30m (£15m utilised)
- Net Senior Secured Debt / EBITDA[(1)] = 2.8x
- Net Third Party Debt / EBITDA[(1)] = 3.1x

1. EBITDA based on H2 2016 audited EBITDA plus H1 2017 unaudited EBITDA. Net debt is net of cash and cash equivalents.

Summary and Outlook

Good half year results, cautious on macro outlook but remain well positioned

- Good half year revenue growth, profitability and cashflow
- RevPAR up 2.2%
- Strong cash conversion
- Good progress on strategic initiatives, 7 hotels opened to date

- Cautious on immediate outlook given economic uncertainty and Brexit
- Cost pressures from National Living Wage and business rates
- Remain well positioned – strong development pipeline, on-track for target openings

Q&A

Appendices

Company Background

Travelodge

travelodge.co.uk

Company Overview

Who We Are

- UK's second largest hotel brand based on number of hotels and rooms
- Positioned in the attractive value segment with 546 hotels and serving 18m business and leisure customers
- Well invested modernised hotel portfolio
- Well balanced approximately even business / leisure customer split
- Almost 90% booking direct, with c. 80% through own websites
- Low upfront capex leasehold model

Where We Are (as at 28 June 2017)

United Kingdom

London
- 66 Hotels
- 8,634 Rooms
- 21% of total Rooms

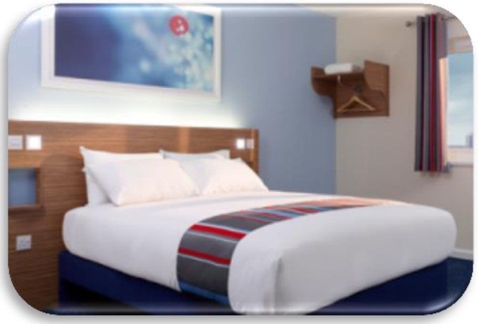
Regions[3]
- 463 Hotels
- 30,974 Rooms
- 75% of total Rooms

International

Spain
- 5 Hotels
- 621 Rooms
- 2% of total Rooms

Ireland[4]
- 12 Hotels
- 899 Rooms
- 2% of total Rooms

Travelodge



Key Statistics (FY2016)	
Hotels	543
Rooms	40,847
Occupancy[1]	76.1%
ADR[1]	£51.7
RevPAR[1]	£39.3
Revenue	£597.8m
EBITDAR	£281.8m
EBITDA	£110.1m
Rent Cover[2]	1.6x

1. Occupancy, ADR and RevPAR for Travelodge UK leased Hotels only.
2. Represents the ratio of EBITDAR to net external rent payable.
3. Includes 12 hotels operated under management contracts.
4. Operations in Ireland under a master franchise.

Key Credit Highlights

1. Good Market Dynamics for Growth in Value Hotel Sector
2. Strong Market Position with High Brand Recognition, Scale and Extensive, Diversified Network of Hotels
3. Well-invested Portfolio with Good Quality Levels
4. Operational Improvements and Powerful Direct Distribution Model Drive Good Financial Performance in 2016
5. Tight Cost Control and Low Upfront Capex Leasehold Model Drive Good Profitability and Cashflows in 2016
6. Growing and High Quality Rooms Pipeline
7. Experienced Management Team with a Track Record of Delivering Operational and Financial Improvements