The Business: Thame and London Limited and its subsidiaries operate the Travelodge hotel business (the "OpCo group"). At Q2 2026, the group had 632 hotels with 49,190 rooms, all located in the UK except for 13 hotels in Spain and 11 in Ireland. Travelodge is the UK's second-largest hotel brand and targets the budget market, with an average daily UK room rate of circa £68 in 2025. The group leases most of its hotels, with approximately 21 owned freehold or long-leasehold and some operated under franchise or management arrangements. Of the leased hotels, 66 are leased from a separate property group ("PropCo") under a common parent ("HoldCo"). The wider group is owned by funds managed by GoldenTree Asset Management.

Capital Structure - Thame and London Limited Consolidated Group "OpCo" - £ millions at 30 June 2026

Description	Amount Outstanding	Maturity	Margin	Base	Estimated Cash Interest (Note 2)	Rating	Price (Note 3)	Yield (Note 3)
RCF £50m Available (Note 1)	0.0	Oct-27						
External Loan	10.2							
Senior Floating €250m Euro Note due June 2030	206.0	30/06/30	3.75%	3M EURIBOR	13.15	B- / Caa1	72.6	16.4
Senior Fixed £415m GBP Note due April 2028	415.0	28/04/28	10.25%	na	42.54	B- / Caa1	91.3	17.0
Senior Debt Total	631.2							
Investor Loan (Note 4)	168.1	Oct-28	15%	na				
Total	799.3				55.68			
Cash	84.3							
Net Senior Debt	546.9							
LTM Reported Adjusted EBITDA (after lease costs)	161.4							

Notes

1] The RCF is subject to a springing covenant when drawings exceed £32m. Net Leverage to EBITDA must not exceed 5.5 to 1. The terms of how the elements of the ratio are defined are not publicly available.

2] 3M EURIBOR is assumed to be 2.63%

3] Prices are stated as of 19 Oct 2026

4] The investor loan note(s) are assumed to be subordinated although the terms are not available. Interest on the loans appear not to be cash pay. A portion of the note principal is due in 2033 but the majority is due Oct 2028. Approximately 33m of the balance is accrued interest.The lender is Anchor Holdings SCA the ultimate parent.

5] The above CAP structure does not include lease obligations which amounted to £2,862m. The majority of hotels are leased.

6] The CAP structure encompases the operating group consolidated by Thame and London Limited - the "OpCo" group. The parent of the OpCp group - T&L Holdco Limited "HoldCo" - separately owns subsidiaries outside the OpCo group referred to as the "PropCo" group. During 2024 TL Prop Holdco Ltd, part of the PropCo group, purchased the freehold / headlease of 66 OpCo group hotels from OpCo's then largest landlord. Part of the financing to fund the purchase was a £105m property loan from NatWest .

7] S&P's most recent June 2026 ratings report highlighted the near term maturity of the NatWest loan as a factor in its revised negative outlook.The reference to the NatWest loan is potentially confusing as it sits outside the OpCo group. Both S&P and Moody's rate the same Senior Notes included in the above table issued by the OpCo group - the "SSNs" - but the corporate entity rated by S&P is HoldCo while the corporate entity rated by Moody's is OpCo which explains why S&P refer to the PropCo NatWest loan and why it was relevant for S&P's rating report. S&P in its 25 April 2024 report changed the rated entity from OpCo to HoldCo and in the same report stated,*"We understand that the holders of the real estate-related debt (TL Prop Holdco Ltd.) wil have no recourse over the assets that act as security on the SSNs..."* S&P in its most recent June 2026 ratings report envisages circumstances in which the ratings of HoldCo and OpCo could diverge. Moody's makes no mention of the £105m PropCo loan and it does not appear in the OpCo consolidated accounts. It therfore appears to have no claim on the assets of the OpCo group and no credit impact on OpCo. The terms of the debt are not publicly available.

Key Highlights

- The SSNs due 2028 and 2030 are trading at historic lows yielding circa 16% with a sharp deterioration at the end of Sept 2026.
- The OpCo group sold the bulk of its limited owned property for £85m on 13 Oct 2026 but it's not clear that those proceeds can't be used to pay down the Investor Loan and therefore pull value out of the restricted group instead of being used to support the refinancing of the 2028 bonds.
- EBITDA and free cash flow have declined sharply over the last two years and with further cost inflation expected the prospects of refinancing the 2028 bond is in doubt.
- The most recent quarterly results to Q2 2026 have shown some improvement in EBITDA but it is not clear whether this has come at the expense of squeezing costs unsustainably.

Capital Structure

The group's CAP structure includes two senior note issues(the "Notes"). A £415m note due April 2028 and a €250m note due June 2030. The yield to maturity on the Notes has been widening since the start of the year increasing from a range of 6% to 9% to the current 16% at 19 October 2026. There was a recent marked sharp deterioration on 29 September 2026.

The group also has a £50m undrawn RCF and £168m Investor loan. The RCF is super senior to the notes and backed by the same security package. It matures Oct 2027 and includes a net leverage springing covenant. See Note 1 to the CAP structure table. The Investor loan matures Oct 2028. It appears to be non-cash pay and subordinated. Moody's treats it as equity, however, it's classified as a liability on the BS.

There are other debt liabilities (£105m NatWest loan due June 2027) that sit outside the OpCo group but these appear to have no recourse to the OpCo group's assets in spite of being flagged by S&P. See notes 6 and 7 to the CAP structure table for further details. A recent press release dated 13 October 2026 appears to announce that the NatWest loan has been refinanced although it does not specify the loan.

The rating agencies are concerned that prospects of refinancing the £415m notes due April 2028 (and possibly the RCF due Oct 2027 albeit super senior so potentially easier to refinance at a cost, dependent on inter-creditor terms) without a restructuring look increasingly uncertain based on the current trajectory. The June 2026 S&P report stated that failure to come up with credible refinancing plans within the next six months from the report would likely result in a downgrade.

The June 2026 S&P report noted that the OpCo group had about £160m of freehold and long leasehold assets at Dec 2025 that were not part of the Notes' collateral and could be available to facilitate refinancing. The Q2 2026 FS mentions the sale of the freehold estate to the PropCo group as an option to help address refinancing. The fact that these assets are not part of the Notes' collateral package could be a negative factor for valuation of the Notes in any potential restructuring were the value not used to refinance the Notes. For example, if it was used to pay down the Investor loan. On 13 October 2026 the OpCo group announced it had sold 13 hotels to the PropCo group for cash consideration of £85m. It's worth noting that there was a modest initial bounce in the bond prices following the announcement which then reverted back to the current historic lows. This could signify that the market is not confident or has reason not to be confident about what the proceeds will be used for.

LTM Cash Flows - Thame and London Limited Consolidated Group "OpCo" - £ millions at 30 June 2026											
Quarterly KPIs											
Number of Hotels	632	631	630	625	620	610	609	607	606	599	598
Number of rooms	49,190	49,190	49,039	48,667	48,277	47,263	47,311	47,036	46,894	46,141	46,046
UK Hotels quarterly like-for-like KPIs											
Occupancy	84.2%	81.7%	na	87.0%	83.5%	80.8%	82.8%	86.4%	85.8%	82.2%	83.0%
Average room rate	72.21	53.88	na	77.74	72.17	55.07	65.99	76.75	72.81	56.97	68.37
Revenue per available room	60.82	44.02	55.73	67.64	60.30	44.47	54.66	66.34	62.44	46.84	56.75
LTM Cash Flows £m											
Period Duration	**LTM**	**LTM**	**LTM**	**LTM**	**LTM**	**LTM**	**LTM**	**LTM**	**LTM**	**LTM**	**LTM**
Period	**Q2 2026**	**Q1 2026**	**Q4 2025**	**Q3 2025**	**Q2 2025**	**Q1 2025**	**Q4 2024**	**Q3 2024**	**Q2 2024**	**Q1 2024**	**Q4 2023**
Date	**30 Jun 2026**	**31 Mar 2026**	**31 Dec 2025**	**30 Sep 2025**	**30 Jun 2025**	**31 Mar 2025**	**31 Dec 2024**	**30 Sep 2024**	**30 Jun 2024**	**31-Mar-24**	**31 Dec 2023**
Revenue growth	4.2%	2.3%	0.7%	-0.5%	-2.1%	-1.2%	0.1%				
Revenue	1,064.3	1,052.7	1,044.3	1,033.7	1,021.2	1,029.5	1,036.6	1,039.3	1,043.2	1,042.2	1,035.2
Operating Expenses growth	3.9%	5.2%	4.1%	3.2%	2.6%	2.0%	5.3%				
Operating Expenses	(619.8)	(618.5)	(610.3)	(603.7)	(596.7)	(588.1)	(586.0)	(585.0)	(581.7)	(576.8)	(556.5)
Depreciation & Amortisation	(223.2)	(211.8)	(205.6)	(186.6)	(182.7)	(181.5)	(177.8)	(166.0)	(162.0)	(158.0)	(156.1)
Other items before Operating Profit	0.3	0.0	0.3	(5.1)	(3.8)	(4.4)	(4.2)	2.0	0.7	2.1	1.8
Operating Profit / (Loss)	221.6	222.4	228.7	238.3	238.0	255.5	268.6	290.3	300.2	309.5	324.4
Add back Depreciation & Amortisation	223.2	211.8	205.6	186.6	182.7	181.5	177.8	166.0	162.0	158.0	156.1
Add back other non cash items	6.7	7.5	7.6	17.5	15.3	17.5	18.6	11.1	12.4	13.1	11.5
Cash from operating activities ex WC	451.5	441.7	441.9	442.4	436.0	454.5	465.0	467.4	474.6	480.6	492.0
Lease Payments growth	7.3%	9.7%	9.4%	8.5%	7.2%	0.5%	0.1%				
Lease Payments (interest & principal)	(294.2)	(288.0)	(283.7)	(279.6)	(274.2)	(262.5)	(259.3)	(257.8)	(255.8)	(261.3)	(259.1)
Cash flow after lease payments growth	-2.8%	-19.9%	-23.1%	-22.3%	-26.1%	-12.4%	-11.7%				
Cash flow after lease payments (EBITDA) Note 1	157.3	153.7	158.2	162.8	161.8	192.0	205.7	209.6	218.8	219.3	232.9
Purchase of PP&I growth	-13.5%	-6.0%	9.1%	41.8%	35.1%	38.2%	41.7%				
Purchase of property, plant and intangibles - **(CAPEX)**	(110.0)	(115.6)	(125.3)	(139.8)	(127.1)	(123.0)	(114.8)	(98.6)	(94.1)	(89.0)	(81.0)
Interest received	5.4	6.5	8.1	8.7	8.8	10.5	10.7	10.3	10.8	8.7	7.0
Corporate tax	(0.3)	(0.9)	(0.6)	(1.3)	(1.3)	(2.3)	(2.6)	(3.1)	(3.1)	(1.7)	(1.7)
Working Capital	1.9	12.8	13.1	16.7	4.8	(9.6)	3.0	(13.2)	5.2	(3.6)	(12.9)
Cash flow before debt service	54.3	56.5	53.5	47.1	47.0	67.6	102.0	105.0	137.6	133.7	144.3
Interest paid on borrowings	(56.9)	(56.8)	(56.9)	(57.2)	(58.1)	(58.8)	(60.6)	(57.6)	(65.6)	(46.4)	(49.9)
Cash flow after debt service	(2.6)	(0.3)	(3.4)	(10.1)	(11.1)	8.8	41.4	47.4	72.0	87.3	94.4
Other investing activities	1.8	1.8	1.8	(8.7)	(8.7)	(8.7)	(8.7)	0.0	0.0	0.0	0.0
Other Note 2										(1.7)	
Asset acquisition	(56.4)	(120.0)	(119.1)	(116.0)	(90.0)	(53.2)	(49.0)	(29.3)	(28.3)	0.0	0.0
Investor loan interest paid	0.0	0.0	0.0	0.0	0.0	0.0	(20.4)	(20.4)	(45.4)	(95.4)	(75.0)
Principal financing	(0.4)	4.1	3.9	4.0	(7.9)	78.7	68.7	66.3	67.3	25.5	22.1
Change in cash	(57.6)	(114.4)	(116.8)	(130.8)	(117.7)	25.6	32.0	64.0	65.6	15.7	41.5
Cash and cash equivalents period start	140.8	202.9	227.7	295.5	258.5	177.3	195.7	231.5	192.9	161.6	154.2
Exchange differences	1.4	1.8	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents period end	84.6	90.3	113.2	164.7	140.8	202.9	227.7	295.5	258.5	177.3	195.7
LTM Reported Adjusted EBITDA as published											
Reported Adjusted EBITDA growth	-1.2%	-15.8%	-19.7%	-18.9%	-24.5%	-18.9%	-17.7%				
Reported Adjusted EBITDA	161.4	155.8	161.2	166.8	163.4	185.1	200.7	205.7	216.4	228.3	243.9

Notes

1] The "Cash flow after lease payments" but before CAPEX is effectively the same figure as the group's Reported Adjusted EBITDA. Small differences between the calculated figure and the reported figure is due to "non-underlyimg" adjustments etc. applied by the group to arrive at its reported figure.

2] There are a few immaterial discrepancies in the source data that emerge when calculating quarterly data from the source six monthly and nine monthly data etc. This is caused by re-classification / alternative treatment of the same item between periods etc. This row has been added to adjust for these discrepancies so that the opening and closing cash balances match source data. The amounts are immaterial to the presentation, accuracy, analysis and interpretation of the caption headed line items.

Cash Flow

The group's recurring cash flow generation "Cash flow after debt service" on a rolling LTM basis has been running roughly flat to marginally negative for the last five quarters. It has fallen from £94m in Q4 2023 to negative £3m in Q2 2026. Over the last two years revenue growth has been anaemic with increasing costs resulting in a material decline in EBITDA ("Cash flow after lease payments") from around £220m to circa £155m.

Moody's and S&P's June 2026 ratings reports downgraded Travelodge's ratings (B3 to Caa1) and outlook (B- / Negative outlook) respectively. Both see material cost increases going forward due to rent, business rate and labour inflation.

It appears that the recent stabilization of "Cash flow after debt service" over the last two quarters has been supported by a reduction in CAPEX. To the extent CAPEX reduction is eating into necessary maintenance CAPEX this could be negative for the business in the medium term. Both hotel and room numbers have been increasing so simplistically one would have expected CAPEX to increase, not go down.

The only material cash item below "Cash flow after debt service" is "Asset acquisition" which is understood to be non-recurring investment growth expenditure. Moody's June 2026 report implies some of it may not be discretionary, suggesting a possible maintenance element. Including this investment expenditure the group has on average been burning cash over the last year with cash reduced to £85m from £141m.

The Group's liquidity at Q2 2026 consists of the £85m cash balance and the undrawn £50m RCF.

The group has been hit by high profile negative news starting in March 2026 caused by serious security incidents including providing a room key for unauthorized access to a female guest's room resulting in a sexual assault. As a result, the CEO left in August 2026.

Quarterly Cash Flows - Thame and London Limited Consolidated Group "OpCo" - £ millions at 30 June 2026														
KPIs														
Number of Hotels	632	631	630	625	620	610	609	607	606	599	598	598	598	595
Number of rooms	49,190	49,190	49,039	48,667	48,277	47,263	47,311	47,036	46,894	46,141	46,046	45,761	45,761	45,761
UK Hotels quarterly like-for-like KPIs														
Occupancy	84.2%	81.7%	na	87.0%	83.5%	80.8%	82.8%	86.4%	85.8%	82.2%	83.0%	86.8%	85.0%	80.3%
Average room rate	72.21	53.88	na	77.74	72.17	55.07	65.99	76.75	72.81	56.97	68.37	79.83	75.29	57.30
Revenue per available room	60.82	44.02	55.73	67.64	60.30	44.47	54.66	66.34	62.44	46.84	56.75	69.29	64.01	45.98
Quarterly Cash Flows £m														
Period Duration	**3 months**	**3 months**	**3 months**	**3 months**	**3 months**	**3 months**	**3 months**	**3 months**	**3 months**	**3 months**	**3 months**	**3 months**	**3 months**	**3 months**
Period	**Q2 2026**	**Q1 2026**	**Q4 2025**	**Q3 2025**	**Q2 2025**	**Q1 2025**	**Q4 2024**	**Q3 2024**	**Q2 2024**	**Q1 2024**	**Q4 2023**	**Q3 2023**	**Q2 2023**	**Q1 2023**
Date	**30 Jun 2026**	**31 Mar 2026**	**31 Dec 2025**	**30 Sep 2025**	**30 Jun 2025**	**31 Mar 2025**	**31 Dec 2024**	**30 Sep 2024**	**30 Jun 2024**	**31-Mar-24**	**31 Dec 2023**	**30 Sep 2023**	**30 Jun 2023**	**31 Mar 2023**
Revenue growth	4.3%	4.2%	4.2%	4.2%	-3.0%	-3.5%	-1.1%	-1.3%	0.4%	3.5%				
Revenue	284.5	206.8	261.1	311.9	272.9	198.4	250.5	299.4	281.2	205.5	253.2	303.3	280.2	198.5
Operating Expenses growth	0.8%	5.7%	4.3%	4.8%	5.9%	1.5%	0.7%	2.3%	3.5%	16.8%				
Operating Expenses	(155.4)	(151.5)	(159.5)	(153.4)	(154.1)	(143.3)	(152.9)	(146.4)	(145.5)	(141.2)	(151.9)	(143.1)	(140.6)	(120.9)
Depreciation & Amortisation	(56.4)	(51.7)	(66.5)	(48.6)	(45.0)	(45.5)	(47.5)	(44.7)	(43.8)	(41.8)	(35.7)	(40.7)	(39.8)	(39.9)
Other items before Operating Profit	1.8	0.9	(3.1)	0.7	1.5	1.2	(8.5)	2.0	0.9	1.4	(2.3)	0.7	2.3	1.1
Operating Profit / (Loss)	74.5	4.5	32.0	110.6	75.3	10.8	41.6	110.3	92.8	23.9	63.3	120.2	102.1	38.8
Add back Depreciation & Amortisation	56.4	51.7	66.5	48.6	45.0	45.5	47.5	44.7	43.8	41.8	35.7	40.7	39.8	39.9
Add back other non cash items	(0.6)	0.4	5.9	1.0	0.2	0.5	15.8	(1.2)	2.4	1.6	8.3	0.1	3.1	0.0
Cash from operating activities ex WC	130.3	56.6	104.4	160.2	120.5	56.8	104.9	153.8	139.0	67.3	107.3	161.0	145.0	78.7
Lease Payments growth	8.9%	6.2%	6.1%	8.0%	20.1%	4.9%	2.3%	3.1%	-8.6%	3.5%				
Lease Payments	(76.1)	(73.4)	(71.8)	(72.9)	(69.9)	(69.1)	(67.7)	(67.5)	(58.2)	(65.9)	(66.2)	(65.5)	(63.7)	(63.7)
Cash flow after lease payments growth	7.1%	-36.6%	-12.4%	1.2%	-37.4%	-978.6%	-9.5%	-9.6%	-0.6%	-90.7%				
Cash flow after lease payments (EBITDA) Note 1	54.2	(16.8)	32.6	87.3	50.6	(12.3)	37.2	86.3	80.8	1.4	41.1	95.5	81.3	15.0
Purchase of PP&I growth	-18.3%	-30.2%	-37.6%	49.2%	15.5%	34.3%	72.3%	21.1%	23.8%	50.3%				
Purchase of property, plant and intangibles - **(CAPEX)**	(25.0)	(22.4)	(24.1)	(38.5)	(30.6)	(32.1)	(38.6)	(25.8)	(26.5)	(23.9)	(22.4)	(21.3)	(21.4)	(15.9)
Interest received	0.7	0.8	2.5	1.4	1.8	2.4	3.1	1.5	3.5	2.6	2.7	2.0	1.4	0.9
Corporate tax	0.2	0.0	(0.5)	0.0	(0.4)	0.3	(1.2)	0.0	(1.4)	0.0	(1.7)	0.0	0.0	0.0
Working Capital	(2.9)	26.2	(16.6)	(4.8)	8.0	26.5	(13.0)	(16.7)	(6.4)	39.1	(29.2)	1.7	(15.2)	29.8
Cash flow before debt service	27.2	12.2	6.1	45.4	29.4	15.2	12.5	45.3	50.0	19.2	9.5	77.9	46.1	29.8
Interest paid	(24.9)	(3.6)	(24.9)	(3.5)	(24.8)	(3.7)	(25.2)	(4.4)	(25.5)	(5.5)	(22.2)	(12.4)	(6.3)	(9.0)
Casf flow after debt service	2.3	(15.8)	(31.0)	41.9	4.6	(18.9)	(37.7)	40.9	24.5	13.7	(31.7)	65.5	39.8	20.8
Other investing activities	0.0	0.0	1.8	0.0	0.0	0.0	(8.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Note 2			0.1	(0.1)									(1.7)	1.7
Asset acquisition	(1.5)	(5.1)	(22.8)	(27.0)	(65.1)	(4.2)	(19.7)	(1.0)	(28.3)	0.0	0.0	0.0	0.0	
Investor loan interest paid	0.0		0.0	0.0	0.0		0.0	0.0	0.0	(20.4)	0.0	(25.0)	(50.0)	0.0
Principal financing	(6.1)	(1.5)	(1.8)	9.0	(1.6)	(1.7)	(1.7)	(2.9)	85.0	(11.7)	(4.1)	(1.9)	43.2	(15.1)
Change in cash	(5.3)	(22.4)	(53.7)	23.8	(62.1)	(24.8)	(67.8)	37.0	81.2	(18.4)	(35.8)	38.6	31.3	7.4
Cash and cash equivalents period start	90.3	113.2	164.6	140.8	202.9	227.7	295.5	258.5	177.3	195.7	231.5	192.9	161.6	154.2
Exchange differences	(0.4)	(0.5)	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents period end	84.6	90.3	113.2	164.6	140.8	202.9	227.7	295.5	258.5	177.3	195.7	231.5	192.9	161.6
Quarterly Reported Adjusted EBITDA as published														
Reported Adjusted EBITDA growth	10.8%	-44.3%	-14.9%	4.0%	-29.5%	-458.8%	-11.7%	-11.1%	-13.9%	-82.1%				
EBITDA (adjusted)	57.5	(17.6)	32.1	89.4	51.9	(12.2)	37.7	86.0	73.6	3.4	42.7	96.7	85.5	19.0

Notes

1] The "Cash flow after lease payments" but before CAPEX is effectively the same figure as the group's Reported Adjusted EBITDA. Small differences between the calculated figure and the reported figure is due to "non-underlyimg" adjustments etc. applied by the group to arrive at its reported figure.

2] There are a few immaterial discrepancies in the source data that emerge when calculating quarterly data from the source six monthly and nine monthly data etc. This is caused by re-classification / alternative treatment of the same item between periods etc. This row has been added to adjust for these discrepancies so that the opening and closing cash balances match source data. The amounts are immaterial to the presentation, accuracy, analysis and interpretation of the caption headed line items.