

VILLAGE HOTELS¹ HALF YEAR UPDATE FOR THE PERIOD ENDED 30TH JUNE 2019

Performance Highlights:

- Total Revenue up 4.8% to £104.2m (2018: £99.4m)
- Revenue Per Available Room (RevPar) down 0.7% at £56.57 (2018: £56.99)
 - Occupancy down 1.7% to 84.2 (2018: 85.9%)
 - Average Daily Room Rate (ADR) up 1.3% to £67.20 (2018: £66.34)
- Leisure members up 1.6% at 99,857 (2018: 98,240)
- Leisure membership yield down 0.5% at £34.70 (2018: £34.87)
- EBITDA² up 1.2% to £24.4m (2018: £24.1m)
- Cash at 30 June 2019 £10.8m
- No of hotels 30 (2018: 29)
- No of bedrooms up 5.1% to 3848 (2018: 3661)

Simon Whitehead, Village Hotels Finance Director commented;

"Against the backdrop of prolonged Brexit uncertainty and a weaker provincial accommodation market, the business delivered a very credible first half performance.

Our established (L4L) businesses continued to drive market-leading occupancies of 85%, whilst our Fitness Club operations continued to deliver growth in *both* membership and yield. These KPIs show slight dilution at the portfolio level due to new openings. In turn, the continued rollout of our successful Pub & Grill concept across a further nine properties during Quarter I yielded a healthy net growth in our F&B operations.

More exciting, our two newest additions to the portfolio also delivered strong performances.

Village Portsmouth, our first 'new model' prototype which opened in December 2017, delivered strong revenue and profit growth driven by occupancies averaging 80% and membership of over 2300.

Following suit, Village Bristol opened in December 2018 and delivered an average occupancy of 76% and 2600 members in its first 6 months trading.

Spurred by the success of both our new builds and successful new F&B concepts, the business is confident that there remains significant scope to grow the Village Brand's portfolio across the UK".

Trading Update

Strong overall revenue growth at 4.8% YOY, driven by our new F&B concepts, fitness revenues and our new build hotels. In line with challenges for the UK Regional market since the very start of the year, RevPar growth was muted, particularly across weekends.

Our leisure membership has grown by 1.6% with solid increases across the key first Quarter joining period.

¹ Village Hotels is the trading name of VUR Village Holdings (UK) Limited (company no 09281964)

² Trading EBITDA after corporate overhead, before hotel preopening costs, hotel site search costs and other non-recurring items

Revenue growth, coupled with focus on controlling F&B margins and rostering, helped to mitigate the key cost pressures from National Minimum Wage, business rates and energy and achieve an EBITDA growth YOY of 1.2% at £24.4m.

Outlook

As we go into H2, we are anticipating a softening revenue performance due to the ongoing economic uncertainty and cost saving measures have been implemented. Our capital plan includes the continued conversion of all properties to the new Pub & Grill concept, together with the launch of a new co-working concept Brand, V.Works.

Following the success of our pilot concept in Village Nottingham, we are also investing in the full refurbishment of a further five pool areas within our Fitness Clubs this year.

Lastly, we are gearing up for the launch of our next new build property in Basingstoke. Construction is well underway with the property set to open in January 2020.

Our cash position is very strong and we monitor our liquidity on a weekly basis to ensure that our investment programme can continue. Positive operating cash flows will largely fund our investment programme supported as necessary by equity injection from our owners on top of additional drawdown on our facility agreement.