

VILLAGE HOTELS¹ HALF YEAR UPDATE FOR THE PERIOD ENDED 30TH JUNE 2021

The global impact of the ongoing Coronavirus pandemic continued to significantly affect trade in the first half of 2021, particularly throughout the January to April period where nationwide lockdown restrictions were in place and hotel business was restricted to key worker groups and essential travel only. Restrictions began to ease towards the end of April and throughout May and June, 2021. Due to these unprecedented circumstances and the significant impact the easing of restrictions have had on business, our month on month, primary Financial KPIs are presented in the table below.

Village Primary Financial KPI's

	Unit	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Revenue	£m	£1.8	£2.1	£3.0	£4.9	£10.1	£13.2
Occupancy	%	19%	23%	30%	30%	51%	69%
Closing Leisure Members	No	72,460	71,605	70,851	77,772	84,315	87,846
No of Hotels	No	31	31	31	31	32	32
No of Rooms	No	4,018	4,018	4,018	4,018	4,171	4,171

Andrew Chalmers, Village Hotels Group Financial Controller commented;

“Despite entering 2021 in a third national lockdown similar to May to July 2020, Village Hotels took the decision to remain open at all locations, operating with only a core staff of management to serve key worker groups. Leisure Clubs and food and beverage outlets remained closed throughout with a limited room service menu available to in-house guests only. With lockdown extending through March and into April, it became apparent that the decision to remain open during these months was a positive move with room occupancy building over the four month period from 19% in January and 23% in February, to 30% in March and April. Village had created a covid safe environment for our guests, and as other hotel groups remained closed, we saw considerable success with key worker groups that had traditionally stayed elsewhere, including sports groups, tv and film groups and national and public sector contractor groups,

By early April English, Scottish and Welsh governments announced their strategies to ease restrictions. In general terms, this included the phased return throughout May, June and July of essential travel, non-essential travel and outdoor family dining, indoor and outdoor general dining, and finally leisure club reopening. By June 2021 room occupancy had recovered well whilst Meetings and Events business remained limited. Other food and beverage sales across the Pub & Grill and Starbucks outlets are now recovering to 2019 levels, helped by the support of the 5% reduced VAT rate. Pre-pandemic, Village Hotel leisure clubs reported a group-wide membership count of over 103,000. However, we saw this fall to less than 71,000 at the lowest point during the pandemic in April this year. Since clubs reopened in May and June, membership has recovered well to over 87,000.

Village Hotels has continued with its growth strategy with Southampton Eastleigh opening in May 2021 delivering some of the strongest opening monthly numbers in the Groups history”.

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

Outlook

Whilst revenues have recovered extremely well over recent months, the Group has remained cognisant of the pandemic's volatility. Through the use of technology both in the front-of-house guest experience (e.g. food and beverage app, paperless vouchers, cashless payments, etc.) and behind the scenes in our support services, the Group has been able to implement significant process efficiencies.

With accommodation restrictions now fully removed, the second half of the year looks extremely positive particularly around the traditional leisure destination markets, such as Blackpool and Bournemouth. Benefiting from the 5% reduced VAT rate on accommodation, we have seen strong recovery in the groups Average Daily Rate (ADR), which reached £64 in June and moving closer to the 2019 annualised ADR of £68. Restrictions around larger meetings, weddings and public events were lifted in August and our sales teams are focussing on pent-up demand for celebrations and cabaret-style public events as well as the return of Christmas party nights for December. Leisure membership count continue to recover and are expected to return to pre-pandemic levels by the end of the first half of 2022.

The outlook for the remainder of 2021 remains positive with Covid-safe environment that Village has created undoubtedly playing a significant role in allowing the hotels to recover to the occupancy, leisure memberships and revenue levels currently being generated, a trend which is expected to continue for the remainder of 2021.