

VILLAGE HOTEL CLUB

VILLAGE HOTELS¹ HALF YEAR UPDATE FOR THE PERIOD ENDED 30TH JUNE 2018

Performance Highlights:

- Total Revenue up 7.7% to £99.4m (2017: £92.3m)
- Revenue Per Available Room (RevPar) up 3.0% to £56.99 (2017: 55.32)
 - Occupancy up 2.6% to 85.9% (2017: 83.3%)
 - Average Daily Room Rate (ADR) down 0.1% to £63.34 (2017: £66.38)
- Leisure members up 4.5% at 98,240 (2017: 94,043)
- Leisure membership yield up 1.5% at £34.87 (2017: £34.34)
- EBITDA² up 9.9% to £24.1m (2017: £21.9m)
- Cash at 30 June 2018 £8.8m
- No of hotels 29 (2017: 28)
- No of bedrooms up 4.9% to 3661 (2017: 3491)

Simon Whitehead, Village Hotels Finance Director commented;

"In the first half of 2018, Village has produced a solid performance with good growth in revenue, occupancy, leisure memberships and EBITDA.

All areas of the business have performed well, despite the exceptional weather and some market softening. In November 2017, we opened our new style of hotel at Portsmouth which introduced a number of new concepts. Following great feedback from Portsmouth, we have started to roll out an all-day dining "Pub & Grill" concept our wider portfolio, in addition to a membership-based Business Club. The first introduction of these concepts at our London Watford hotel launched in April 2018 and has been tremendously successful. Our capital plan for H2 includes conversion at a further 8 existing properties before December 2018.

In May 2018, we amended and restated our loan facility with our current lender to £375m to enable the further addition and development of new properties to the portfolio. As we move into H2, we are confident that improvements in our product will enable us to continue to deliver strong YOY growth"

Trading Update

Strong overall revenue growth at 7.7% YOY, driven by excellent growth in occupancy and leisure memberships. Our strategic decision to drive resident volume on our known dip nights paid dividends in the positive 3.0% growth in RevPar plus associated F&B on spend.

Our leisure membership has grown by 4.5%, with as expected increases at the start of the year.

Revenue growth and focus on strong cost controls in all areas have both helped to mitigate increased labour costs driven by the National Minimum Wage uplift in April and achieve an EBITDA growth YOY of 9.9% at £24.1m.

Outlook

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

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As we go into H2, we are forecasting a solid revenue performance with, as anticipated, a strong delivery in December.

Our capital plan includes the conversion to the new F&B concepts and the acquisition of two sites at Basingstoke and Eastleigh, both of which are currently undergoing vendor site preparation. Construction is planned to commence pre year end.

Although our cash position is strong, we monitor our liquidity on a weekly basis to ensure that our investment programme can continue. Positive operating cash flows will largely fund this investment supported where necessary by equity injection from our owners.