

VILLAGE HOTELS¹

HALF YEAR UPDATE FOR THE PERIOD ENDED 30TH JUNE 2020

Due to unprecedented circumstances in 2020, our half year trading has been significantly impacted by the Global Pandemic. Therefore, we are presenting our trading update to reflect the relative like for like period from 1st January through to the close down point to Lockdown 1 at 23rd March 2020.

Our Key Financial KPI's are shown in the table below for the 2 months ended February 2020, and 3 months ended March 2020 whilst the hotels were open.

Village Key Financial KPI's	Unit	YTD				YTD			
		Feb-20	Feb-19	Change	% change	Mar-20	Mar-19	Change	% change
Revenue	£m	33.1	32.1	1.0	3%	43.2	50.3	(7.1)	-14%
RevPar	£	49.8	53.1	(3.3)	-6%	42.47	54.25	(11.8)	-22%
Occupancy	%	77.8	82.9	(5.1)	-6%	66.0	83.9	(17.9)	-21%
ADR	£	64.1	64.0	0.1	0%	64.05	64.67	(0.6)	-1%
Closing leisure members	No	103,466	100,259	3,207	3%	98,825	101,245	(2,420)	-2%
Membership yeild	£	36	35	0.6	2%	32.44	35.1	(2.7)	-8%
Hotel EBITDA	£m	8	8	(0.3)	-4%	6.4	13.2	(6.8)	-52%
No of hotels	No	31	30	1.0	3%	31	30	1.0	3%
No of rooms	No	4,018	3,814	204.0	5%	4018	3814	204.0	5%
Closing cash	£m	8.5	11.6	(3.1)	-27%	6.9	7.1	(0.2)	-3%

Village Vs Comp Set Performance	Unit	Village Comp Set			Village Comp Set		
		Feb-20	Feb-20	% change	Mar-20	Mar-20	% change
Occupancy	%	77.8	63.8	22%	66.0	55.4	19%
RevPar	£	49.8	38.65	29%	42.5	33.78	26%
ADR	£	64.1	60.55	6%	64.1	61.02	5%

Paul Roberts Village Hotels Chief Financial Officer commented:

Village delivered a strong performance in the first two months of the year, on the back of a general softening in the Regional UK market during Q4 2019.

On 7 February 2020, we opened our 31st property Village Hotel Basingstoke, which delivered a positive initial result with both revenue and EBITDA exceeding budget with a record opening Leisure Membership of over 2000.

Overall, our February 2020 performance delivered a Year-on-Year increase in revenue of 3% with strong performance against our respective Competitive Sets. Leisure membership numbers reflected strong new sales performance, over and above the inclusion of 2038 closing members at Basingstoke.

We were pleased with our initial opening performance to 2020, which then began to fall in March as the UK began to feel the economic effects of Covid-19.

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

In March 2020 the UK Government implemented mandatory measures in response to the Covid-19 Pandemic, this led to the complete closure of the groups 31 hotels from 23 March 2020, resulting in more than 3 months of lockdown with a phased return to re-opening from 4 July 2020.

Village was quick to act to minimise costs and preserve cash during the closure period with all but a skeleton staff placed across all properties and central functions placed on furlough. Cash preservation was critical over the period and managing liquidity through essential including negotiating payment frequency of rent and HMRC liabilities deferred after consultation.

During the initial Lockdown period Village required a cash injection from its owners and lender group, proactive action, frequent dialogue and positive relationships meant that Village has been fully supported during the impact period. A waiver against loan covenants was granted through to March 2021, in recognition of the trading restrictions in place, and the uncertainty in the market at present.

During the closure periods, Village has taken the time to re-structure its organisation and processes to reduce the level of fixed cost and create a more flexible labour model to enable the business to react swiftly to the changing operating environment during the continued impact of Covid-19.