

## CHAIRMAN'S STATEMENT

### Results

The slowdown in commercial activity experienced in the second half of last year due to uncertainties in relation to Brexit continued in the first 3 (four week) periods of the current year. These periods are historically low trading periods and due to the high operational gearing of our business, together with the impact of two increases in minimum wages and the living wage, our EBITDA decreased £220,265 on the previous year, in those periods. This has produced a disappointing interim result in comparison to last year's excellent interim result. However on a positive note EBITDA for the remaining 4 (four week) periods of the half year was broadly neutral in comparison to the previous year.

In the 28 weeks to 13 August 2017 hotel revenues decreased 5.1% to £8,648,145 (2016: £9,115,526). Hotel gross profit before depreciation and Group administration decreased 15.1% to £1,503,402 (2016: £1,771,160). Over the same period EBITDA (earnings before interest, tax and depreciation) decreased 19.7% to £1,119,749 (2016: £1,394,871) and operating profit decreased 31.3% to £604,556 (2016: £880,119)

Revpar (accommodation revenue per available room) decreased 4.2% with occupancy down 3.3% and average room rate down 1.0%.

Administration expenses increased 2.0% and depreciation increased 0.1% to £515,193.

Financial charges decreased by 0.7% to £285,263

Profit before tax was £319,293 compared to a profit of £592,807 last year; a decrease of 46.1%

Corporation tax has been provided at an effective rate of 20%. Basic earnings per share were 1.8p compared with 3.4p in the comparative period on a weighted average of 14,012,123 (2016: 14,012,123) shares in issue.

### Finance

On 19 September 2017 the Company entered into a £9,900,000 five year term loan facility with Allied Irish Bank. This facility has been used to repay the Company's existing facilities with Royal Bank of Scotland as well as the remaining balances of the Director's Loan and Loan Notes. The revised financial structure will result in a significant reduction in financial charges going forward. Savings in 2018/2019 financial year are estimated to be not less than £160,000 provided Libor remains the same as it is currently.

On 13 August 2017 net debt stood at £9,159,332 representing loans totalling £9,582,625 less £423,293 cash at bank. Gearing on Shareholders' funds was 38.0% with interest covered 2.1 times. Net debt decreased by £395,437 compared with the previous year end.

### Capital expenditure

We spent £369,516 in the period (2016: £421,216), mainly on the refurbishment of three suites and the public areas at the Norfolk Royale and the refurbishment of 12 bedrooms at the King Malcolm Hotel, Dunfermline. We have completed the refurbishment of the public areas and ballroom at the Crown and Mitre in Carlisle.

We plan to spend £700,000 in this financial year on our strategy of continually improving the standards offered in our portfolio of hotels and maintaining the fabric of our buildings. This sum is in addition to a significant sum expensed to the Income Statement.

## CHAIRMAN'S STATEMENT

### Shareholders

We are always delighted to welcome Shareholders to our Hotels where they can see for themselves the progress we have made, whilst enjoying a beneficial discount of 50% of our rack rate tariff, using a special reservations number 0207 266 1100 or e-mail [info@peelhotel.com](mailto:info@peelhotel.com) Shareholders can keep in touch with progress in the company and various promotional activities by visiting our website [www.peelhotels.co.uk](http://www.peelhotels.co.uk)

### The Future

The comparative shortfall in EBITDA in the first three periods will be difficult to make up by the end of the financial year however sales have now stabilised, REVPAR currently is growing (reversing the trend in the half year) and costs are under control. The ongoing diminution of financial charges will be of great benefit to the Company and net debt will continue to decrease satisfactorily whilst leaving the Company sufficient surplus cash to continue the reinvestment in its properties.

Robert Peel  
Chairman  
20 October 2017

## DIRECTORS AND ADVISERS

### Directors

Robert Edmund Guy Peel	Executive Chairman
Nicholas David Lawton Parrish	Financial Director
Norbert Paul Gottfried Petersen	Non-executive Director
Haydn Herbert James Fentum	Non-executive Director

### Secretary

Thrings LLP  
Kinnaird House, 1 Pall Mall East, London SW1Y 5AU

### Registered Office

5<sup>th</sup> Floor, Kinnaird House, 1 Pall Mall East, London SW1Y 5AU

**Company registration number 3473990**

### Auditor

Grant Thornton UK LLP  
No. 1 Whitehall Riverside, Leeds, LS1 4BN

### Bankers

Allied Irish Bank Plc  
10 Berkeley Square, Mayfair, London W1J 6AA

### Registrars

Computershare Services Plc  
The Pavilions, Bridgewater Road, Bristol BS13 8AE

### Solicitors

Thrings LLP  
Kinnaird House, 1 Pall Mall East, London SW1Y 5AU

### Stockbroker

Peel Hunt LLP  
Moor House, 120, London Wall, London EC2Y 5ET

## GROUP STATEMENT OF COMPREHENSIVE INCOME

for the 28 weeks ended 13 August 2017

Note	Unaudited 28 weeks ended 13/08/2017 £	Unaudited 28 weeks ended 14/08/2016 £	Audited Year ended 29/01/2017 £
	<b>Revenue</b>	9,115,526	16,790,320
	Cost of sales	(7,344,366)	(13,852,109)
	<b>Gross profit</b>	1,771,160	2,938,211
	Administration expenses	(383,653)	(687,883)
	Exceptional expense	–	(170,500)
	Depreciation	(515,193)	(981,594)
	<b>Total admin. expenses</b>	(891,041)	(1,839,977)
	<b>Operating profit</b>	880,119	1,098,234
	Finance expense	(285,263)	(522,847)
	<b>Profit before tax</b>	592,807	575,387
4	Income tax	(118,561)	(140,665)
	<b>Profit and total comprehensive income for the period attributable to owners</b>	474,246	434,722
	<b>Earnings per share</b>		
5	Basic & diluted (pence)	3.4	3.1

## GROUP STATEMENT OF CHANGES IN EQUITY

for the 28 weeks ended 13 August 2017

### 28 weeks ended 14 August 2016

Unaudited

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 1 February 2016	1,401,213	9,743,495	12,620,907	23,765,615
Profit and total comprehensive income for the period	–	–	474,246	474,246
<b>Transactions with owners</b>				
Dividend	–	–	(280,242)	(280,242)
Balance at 14 August 2016	1,401,213	9,743,495	12,814,911	23,959,619

### 12 months ended 29 January 2017

Audited

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 1 February 2016	1,401,213	9,743,495	12,620,907	23,765,615
Profit and total comprehensive income for the period	–	–	434,722	434,722
<b>Transactions with owners</b>				
Dividend	–	–	(280,242)	(280,242)
Balance at 29 January 2017	1,401,213	9,743,495	12,775,387	23,920,095

### 28 weeks ended 13 August 2017

Unaudited

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 30 January 2017	1,401,213	9,743,495	12,775,387	23,920,095
Profit and total comprehensive income for the period	–	–	255,437	255,437
<b>Transactions with owners</b>				
Dividend	–	–	–	–
Balance at 13 August 2017	1,401,213	9,743,495	13,030,824	24,175,532

## GROUP BALANCE SHEET

at 13 August 2017

	13/08/2017 Unaudited £	14/08/2016 Unaudited £	29/01/2017 Audited £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	35,356,887	35,679,921	35,502,564
<b>Total non-current assets</b>	<b>35,356,887</b>	<b>35,679,921</b>	<b>35,502,564</b>
<b>Current assets</b>			
Inventories	119,332	119,243	114,034
Trade and other receivables	529,006	434,939	354,076
Prepayments	898,662	874,584	741,405
Cash at bank and in hand	423,293	588,745	292,653
<b>Total current assets</b>	<b>1,970,293</b>	<b>2,017,511</b>	<b>1,502,168</b>
<b>Total assets</b>	<b>37,327,180</b>	<b>37,697,432</b>	<b>37,004,732</b>
<b>Equity and liabilities</b>			
Equity attributable to owners			
Share capital	1,401,213	1,401,213	1,401,213
Share premium	9,743,495	9,743,495	9,743,495
Retained earnings	13,030,824	12,814,911	12,775,387
<b>Total equity</b>	<b>24,175,532</b>	<b>23,959,619</b>	<b>23,920,095</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Borrowings (due after one year)	765,203	9,730,747	1,030,000
Deferred tax liabilities	861,330	919,308	861,330
<b>Non-current liabilities</b>	<b>1,626,533</b>	<b>10,650,055</b>	<b>1,891,330</b>
<b>Current</b>			
Trade and other payables	2,583,530	2,632,973	2,259,437
Borrowings (due within one year)	8,817,422	260,000	8,817,422
Current tax liabilities	124,163	194,785	116,448
<b>Current liabilities</b>	<b>11,525,115</b>	<b>3,087,758</b>	<b>11,193,307</b>
<b>Total liabilities and equity</b>	<b>37,327,180</b>	<b>37,697,432</b>	<b>37,004,732</b>

## GROUP CASH FLOW STATEMENT

for the 28 weeks ended 13 August 2017

	Unaudited 28 weeks ended 13/08/2017 £	Unaudited 28 weeks ended 14/08/2016 £	Audited Year ended 29/01/2017 £
<b>Cash flows from operating activities</b>			
Profit for the period	255,437	474,246	434,722
Adjustment for:			
Finance expense	285,263	287,312	522,847
Income tax expense	63,856	118,561	140,665
Depreciation	515,193	514,752	981,594
<b>Operating profit before changes in working capital and provisions</b>	<b>1,119,749</b>	<b>1,394,871</b>	<b>2,079,828</b>
UK corporation tax paid	(56,142)	(69,750)	(228,168)
(Increase)/decrease in trade and other receivables	(397,013)	(62,327)	149,237
Increase in trade and other payables	408,699	459,064	112,381
Decrease in inventories	(5,298)	(6,658)	(1,449)
<b>Net cash from operating activities</b>	<b>1,069,995</b>	<b>1,715,200</b>	<b>2,111,829</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(369,516)	(421,216)	(710,701)
<b>Net cash from investing activities</b>	<b>(369,516)</b>	<b>(421,216)</b>	<b>(710,701)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(324,839)	(246,987)	(480,223)
Loan repayments	(245,000)	(240,000)	(410,000)
Equity dividends paid	–	(280,242)	(280,242)
<b>Net cash from financing activities</b>	<b>(569,839)</b>	<b>(767,229)</b>	<b>(1,170,465)</b>
<b>Net increase in cash and cash equivalents</b>	<b>130,640</b>	<b>526,755</b>	<b>230,663</b>
Cash and cash equivalents at the beginning of the period	292,653	61,990	61,990
<b>Cash and cash equivalents at the end of the period</b>	<b>423,293</b>	<b>588,745</b>	<b>292,653</b>
For the purposes of the cash flow statement, cash and cash equivalents comprise:			
Cash and bank balances	423,293	588,745	292,653

## NOTES TO THE INTERIM RESULTS

### for the period ended 13 August 2017

#### 1. Basis of accounting

The interim financial information for the period ended 13 August 2017 has been prepared applying the accounting policies and presentation of the Group's published consolidated financial statements for the year ended 29 January 2017.

The financial information contained in the interim report does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for complete financial statements. The financial information in the interim report does not constitute statutory accounts as defined by section 434 of the Companies Act 2006 and has not been audited or reviewed.

The financial information relating to the year ended 29 January 2017 is an extract from the latest published financial statements on which the auditor gave an unmodified report that did not contain statements under section 498(2) or 498(3) of the Companies Act 2006 and which have been filed with the Registrar of Companies.

#### 2. Accounting policies

The condensed, consolidated financial statements in this half-yearly financial report for the period ended 13 August 2017 have been prepared in accordance with the AIM Rules for Companies and on a basis consistent with the accounting policies and methods of computation consistent with those set out in the Annual Report and financial statements for the year ended 29 January 2017, except as described below. The Group has chosen not to adopt IAS 34 'Interim Financial Statements' in preparing these interim financial statements and therefore the Interim financial information is not in full compliance with International Financial Reporting Standards.

In preparing the condensed, consolidated financial statements, management are required to make accounting assumptions and estimates. The assumptions and estimation methods are consistent with those applied to the Annual Report and financial statements for the year ended 29 January 2017. Additionally the principal risks and uncertainties that may have a material impact on activities and results of the Group remain materially unchanged from those described in that Annual Report.

#### 3. Post balance sheet events

On 19 September 2017 the Company entered into a £9,900,000 five year term loan facility with Allied Irish Bank. This facility has been used to repay the Company's existing facilities with Royal Bank of Scotland as well as the remaining balances of the Director's Loan and Loan Notes. The revised financial structure will result in a significant reduction in financial charges going forward

#### 4. Taxation

Tax has been provided at a rate of 20% which represents the expected effective rate for the full year.

#### 5. Earnings per share

Earnings per share are based on the profit after taxation and on the weighted average number of shares in issue during the period.

	28 weeks ended 13/8/2017 Unaudited	28 weeks ended 14/8/2016 Unaudited	Year ended 29/1/2017 Audited
Average No.shares - Basic	<b>14,012,123</b>	14,012,123	14,012,123
- Diluted	<b>14,012,123</b>	14,012,123	14,012,123