

## CHAIRMAN'S STATEMENT

### Results

In the 28 weeks to 18 August 2013 turnover was £8,228,186 (2012: £8,214,828). Over the same period operating profit increased 27.2% to £536,982. EBITDA (earnings before interest, tax and depreciation) increased 6.4% to £1,095,519.

Revpar (accommodation revenue per available room) increased 1.7% with occupancy up 2.0% and average room rate down 0.3%.

Group Overheads decreased 26.5% reflecting in part previous year adjustments on business rates and depreciation and amortisation that decreased by 8.1%.

Profit before tax was £202,136 compared to a profit of £45,049 in the same period last year.

Corporation tax has been provided at an effective rate of 25%. Basic earnings per share were 1.1p compared with 0.2p in the equivalent period in the previous year on 14,012,123 (14,012,123) shares in issue.

### Finance

On 18 August 2013 net debt stood at £12,000,235 representing loans totalling £11,783,536 and an overdraft of £338,596 less £121,897 cash at bank. Gearing on Shareholders' funds was 54.3% with interest covered 1.1 times. Net debt decreased by £366,066 compared with the previous year end.

The cost of buying out the swap on 18 August 2013 was £329,871 and the Board's view is still that it would make little economic sense to do this bearing in mind that the agreement expires on 11 April 2014.

### Capital Expenditure

We spent £276,226 in the period (2012: £172,332) mainly in refurbishing the public areas of the Caledonian Hotel in Newcastle, bedroom refurbishment at the Cosmopolitan Hotel in Leeds and Bull Hotel in Peterborough. Our strategy is to continue to improve the fabric of our product and we expect to spend more capital expenditure in the current financial year than the £439,308 that was spent in the previous year.

### 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

In spite of flat sales we have managed to produce solid EBITDA improvement together with a modest decrease in finance costs. We hope to continue this improvement over the remaining trading periods of the year.

Robert Peel  
Chairman  
14 October 2013

## DIRECTORS AND ADVISERS

### Directors

Robert Edmund Guy Peel	Executive Chairman
Nicholas David Lawton Parrish	Financial Director
Clement John Govett	Non-executive Director
Keith Peter Benham	Non-executive Director
Norbert Paul Gottfried Petersen	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

Royal Bank of Scotland Plc

280 Bishopsgate, London EC2M 4RB

### Registrars

Computershare Services Plc

PO Box No 82, The Pavilions, Bridgewater Road, Bristol BS99 7NH

### 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 period ended 18 August 2013

	Note	Unaudited 28 weeks ended 18/08/2013 £	Unaudited 28 weeks ended 19/08/2012 £	Audited Year ended 03/02/2013 £
<b>Revenue</b>		<b>8,228,186</b>	8,214,828	15,233,026
Cost of sales		<b>(6,869,472)</b>	(6,826,912)	(12,822,715)
<b>Gross profit</b>		<b>1,358,714</b>	1,387,916	2,410,311
Administration expenses		<b>(263,195)</b>	(358,093)	(712,251)
Depreciation		<b>(558,537)</b>	(607,593)	(1,137,081)
<b>Operating profit</b>		<b>536,982</b>	422,230	560,979
Finance income		–	–	318
Finance expense		<b>(508,680)</b>	(524,424)	(961,444)
Fair value movement on derivative		<b>173,834</b>	147,243	302,736
<b>Profit / (loss) before tax</b>		<b>202,136</b>	45,049	(97,411)
Income tax	2	<b>(50,534)</b>	(11,262)	101,563
<b>Profit and total comprehensive income for the period attributable to owners</b>		<b>151,602</b>	33,787	4,152
<b>Earnings per share</b>				
Basic & diluted (pence)	3	<b>1.1</b>	0.2	0.03

## GROUP STATEMENT OF CHANGES IN EQUITY

for the period ended 18 August 2013

### 28 weeks ended 19 August 2012

Unaudited

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 6 February 2012	1,401,213	9,743,495	10,904,734	22,049,442
Profit and total comprehensive income for the period	–	–	33,787	33,787
Balance at 19 August 2012	1,401,213	9,743,495	10,938,521	22,083,229

### 12 months ended 3 February 2013

Audited

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 6 February 2012	1,401,213	9,743,495	10,904,734	22,049,442
Profit and total comprehensive income for the period	–	–	4,152	4,152
Balance at 3 February 2013	1,401,213	9,743,495	10,908,886	22,053,594

### 28 weeks ended 18 August 2013

Unaudited

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 4 February 2013	1,401,213	9,743,495	10,908,886	22,053,594
Profit and total comprehensive income for the period	–	–	151,602	151,602
Balance at 18 August 2013	1,401,213	9,743,495	11,060,488	22,205,196

**GROUP BALANCE SHEET**

at 18 August 2013

	18/08/2013 Unaudited £	19/08/2012 Unaudited £	03/02/2013 Audited £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	36,755,235	37,300,058	37,037,546
Deferred tax asset	115,852	201,610	115,852
<b>Total non-current assets</b>	<b>36,871,087</b>	<b>37,501,668</b>	<b>37,153,398</b>
<b>Current assets</b>			
Inventories	107,377	106,393	99,529
Trade and other receivables	486,768	580,675	404,449
Prepayments	814,370	796,019	732,105
Current tax asset	–	28,275	–
Cash at bank and in hand	121,897	102,342	116,554
<b>Total current assets</b>	<b>1,530,412</b>	<b>1,613,704</b>	<b>1,352,637</b>
<b>Total assets</b>	<b>38,401,499</b>	<b>39,115,372</b>	<b>38,506,035</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	11,060,488	10,938,521	10,908,886
<b>Total equity</b>	<b>22,205,196</b>	<b>22,083,229</b>	<b>22,053,594</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Borrowings (due after one year)	11,207,482	10,393,975	9,324,716
Deferred tax liabilities	1,182,914	1,417,523	1,182,914
Derivative financial instruments	–	344,812	71,958
<b>Non-current liabilities</b>	<b>12,390,396</b>	<b>12,156,310</b>	<b>10,579,588</b>
<b>Current</b>			
Trade and other payables	2,459,160	2,434,337	2,231,275
Borrowings (due within one year)	914,650	2,127,110	3,158,139
Current tax liabilities	102,226	–	51,692
Derivative financial instruments	329,871	314,386	431,747
<b>Current liabilities</b>	<b>3,805,907</b>	<b>4,875,833</b>	<b>5,872,853</b>
<b>Total liabilities and equity</b>	<b>38,401,499</b>	<b>39,115,372</b>	<b>38,506,035</b>

## GROUP CASH FLOW STATEMENT

for the Period ended 18 August 2013

	Unaudited 18/08/2013 £	Unaudited 19/08/2012 £	Audited 03/02/2013 £
<b>Cash flows from operating activities</b>			
Profit for the period	151,602	33,787	4,152
Adjustments for:			
Financial income	–	–	(318)
Financial expense	508,680	524,424	961,444
Fair value movement on derivative	(173,834)	(147,243)	(302,736)
Income tax income	50,534	11,262	(101,563)
Depreciation	558,537	607,593	1,137,081
<b>Operating profit before changes in working capital and provisions</b>	<b>1,095,519</b>	<b>1,029,823</b>	<b>1,698,060</b>
UK corporation tax received	–	–	43,941
(Increase)/decrease in trade and other receivables	(161,812)	(171,922)	78,609
Increase in trade and other payables	205,919	272,155	95,145
(Increase)/decrease in inventories	(7,848)	(4,087)	2,777
<b>Net cash from operating activities</b>	<b>1,131,778</b>	<b>1,125,969</b>	<b>1,918,532</b>
<b>Cash flows from investing activities</b>			
Interest paid	(513,693)	(524,424)	(1,001,966)
Acquisition of property, plant and equipment	(276,226)	(172,332)	(439,308)
<b>Net cash from investing activities</b>	<b>(789,919)</b>	<b>(696,756)</b>	<b>(1,441,274)</b>
<b>Cash flows from financing activities</b>			
New loans	–	585,000	585,000
Loan repayments	(283,027)	(223,027)	(467,889)
<b>Net cash from financing activities</b>	<b>(283,027)</b>	<b>361,973</b>	<b>117,111</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>58,832</b>	<b>791,186</b>	<b>594,369</b>
Cash and cash equivalents at the beginning of the period	(275,531)	(869,900)	(869,900)
<b>Cash and cash equivalents at the end of the period</b>	<b>(216,699)</b>	<b>(78,714)</b>	<b>(275,531)</b>
For the purposes of the cash flow statement, cash and cash equivalents comprise:			
Cash and bank balances	121,897	102,342	116,554
Bank overdraft	(338,596)	(181,056)	(392,085)

## NOTES TO THE INTERIM RESULTS

for the period ended 18 August 2013

### 1. Basis of accounting

The interim financial information has been prepared on the basis of the recognition and measurement requirements of adopted IFRSs as at 18 August 2013 that are effective (or available for early adoption) at 2 February 2014. Based on these adopted IFRSs, the Directors have applied the accounting policies, which they expect to apply when the annual IFRS financial statements are prepared for the year ending 2 February 2014.

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.

The financial information set out in this interim report does not constitute statutory accounts as defined in sections 434 and 435 of the Companies Act 2006. The figures for the year ended 3 February 2013 have been extracted from the statutory financial statements which have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498(2) and 498(3) of the Companies Act 2006.

The group's accounting policies remain as stated in the group's full annual accounts for the year ended 3 February 2013.

### 2. Taxation

Tax has been provided at a rate of 25% which represents the expected effective rate for the full year.

### 3. 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 18/8/2013 Unaudited	28 weeks ended 19/8/2012 Unaudited	Year ended 3/2/2013 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

## INDEPENDENT REVIEW REPORT TO PEEL HOTELS PLC

### Introduction

We have been engaged by the company to review the financial information in the half-yearly financial report for the 28 weeks ended 18 August 2013 which comprises the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Cash Flow Statement, the Group Statement of Changes in Equity and the related notes.

We have read the other information contained in the half yearly financial report which comprises only the Chairman's Interim Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company's members, as a body, in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our review work, for this report, or for the conclusion we have formed.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 1.

### Our responsibility

Our responsibility is to express to the Group a conclusion on the financial information in the half-yearly financial report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the 28 weeks ended 18 August 2013 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 1.

GRANT THORNTON UK LLP  
AUDITOR  
LEEDS  
14 October 2013