



PEEL HOTELS

Chairman's Corporate Governance Statement:

Introduction

Robert Peel, Nicholas Parrish, Haydn Fentum and Norbert Petersen, together the current Board of Directors ("Board of Directors") of Peel Hotels Plc ("the Company") recognises the importance of sound corporate governance and applies The Quoted Companies Alliance Corporate Governance Code (2018) (the 'QCA Code'), which they believe is the most appropriate recognised governance code for a company with shares admitted to trading on the AIM market of the London Stock Exchange. It is believed that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders. The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the Company.

Corporate Governance Structure:

The Board currently comprises two Executive and two Non-executive Directors and meets regularly throughout the year. It leads and controls the Group by taking overall responsibility for projects and consideration of significant financial matters. It reviews the strategic direction of operations and annual budgets, progress towards achievement of those budgets and the longer-term strategies.

The Board is chaired by Robert Peel who also acts as the Group's Chief Executive. Robert Peel was appointed at the incorporation of the Company. Due to the size of its business, the Group has not segregated the position of Chairman and Chief Executive.

Nick Parrish, formerly Group Accountant with the Company since 1998, was appointed as Financial Director on 19 October 2012. Haydn Fentum was appointed as a Non-executive Director on 22 July 2016 and Norbert Petersen was appointed as a Non-Executive Director on 8 September 1998.

Establish a strategy and business model which promotes long-term value for shareholders

The Board's general strategy is to own and operate hotels in UK city centres and aspire to attain AA 4 star ratings; to pay down debt; and to generate revenue for shareholders.

We are always delighted to welcome Shareholders to our hotels where they can see for themselves the progress we continue to make, whilst enjoying a beneficial discount. The discount for Shareholders is 50% of our rack rate tariff using the special reservation number 0207 266 1100 or e-mail info@peelhotel.com . Shareholders can also keep in touch

with progress in the Group and various promotional activities by visiting our website www.peelhotels.co.uk

Seek to understand and meet shareholder needs and expectations

The Company's Annual Report and Notice of Annual General Meetings (AGM) are sent to all shareholders and can be downloaded from our website. Copies of these documents for the last five years, and the Interim Reports are also available on the Company's website, please find a link here: <https://www.peelhotels.co.uk/about-peel-hotels/investor-relations.shtml>

Shareholders are kept up to date via regulatory news flow ("RNS") on matters of a material substance and regulatory nature and announcements can be found on our website.

In addition, the Company uses the Annual General Meeting to provide private investors with an update on the Group's progress and strategy. Shareholders are encouraged to attend the Annual General Meeting when members of the Board would be delighted to answer questions.

At the AGM, separate resolutions are proposed on each substantial issue. For each proposed resolution, proxy forms are issued which provide voting shareholders with an opportunity to vote in advance of the AGM if they are unable to vote in person.

The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and that approvals sought at the Company's AGM are as much as possible within the recommended guidelines of the QCA Code.

Take into account wider stakeholder and social responsibilities and their implications for long term success

The Board values the feedback it receives from the shareholders and it takes every opportunity to ensure that where possible the wishes of shareholders are considered. The Board recognises its prime responsibility under corporate law in England and Wales is to promote the success of the Company for the benefit of its shareholders as a whole. The Board will endeavour to take into account, where practical, the social, environmental and economic impact of its actions.

Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Board meets regularly (meeting on six occasions in the financial period to 28 January 2018). Prior to each Board meeting and at the end of each of the Group's four weekly accounting periods, every member of the Board is supplied with a full set of management accounts together with a summary of the key features of the Group's performance overall. This includes an analysis of the performance against the original budget for the year and the previous year's performance. The Board papers also include other documents which relate to matters included in the agenda, as appropriate, in order to ensure that members

of the Board are given the fullest opportunity for consideration of matters to be discussed at meetings.

Ultimate responsibility for the process by which risk in the Company is managed rests with the Board. The principle risk and uncertainties facing the Company, as well as mitigating actions, are set out on pages 5 - 11 of the Annual Report. A link can be found here:

<https://www.peelhotels.co.uk/pdfs/Peel-Hotels-PLC-Accounts-to-28-Jan-2018.pdf>

Maintain the board as a well-functioning, balanced team led by the chair and ensure that between them the directors have the necessary up to date experience, skills and capabilities

The Non-executive Directors have between them considerable experience in the business world and the City. Non-executive Directors are appointed for successive 12-month terms, renewable at the invitation of the Board, and are subject to re-election by Shareholders in accordance with the Company's Articles of Association. Their objective views and sound advice carry considerable weight in relation to all matters considered at Board meetings.

Between formal meetings the Chief Executive remains in touch with the Non-executives, consulting them on appropriate issues and updating them on the Group's progress. The responsibility has been shared and none of the Non-executive Directors has assumed the role of senior independent Director.

The Board has determined that it is appropriate for matters which would normally be delegated to a nomination committee to be referred to the full Board. The Board, acting as a nomination committee, meets at least once a year to carry out the selection process for new Board members and to propose any new appointments to the Board, whether Executive or Non-executive.

The Articles of Association of the Company require that all Directors submit themselves for re-election and that in any given year the number to retire is nearest to one third of the Directors, being those who have been in office for the longest period of time.

There are agreed procedures by which Directors are able to take independent professional advice on matters relating to their duties, if necessary, at the expense of the Company. The Board has also resolved that any question of removal from office of the Company Secretary is a matter to be considered by the Board as a whole.

The Board is kept abreast of developments of governance, legal and accounting changes and AIM regulations. The Group uses external services provided by Thrings LLP, the Group's solicitors, for company secretarial matters. All Directors have access to the Company Secretary.

The Company is mindful of the issue of gender balance, although Board appointments are made with the primary aim of ensuring that the candidate offers the required skills, knowledge and experience. The ethos of gender equality is carried throughout the businesses and please find a link to the Company's gender statement here: <https://www.peelhotels.co.uk/pdfs/gender-statement.pdf>

Further information about our directors can be found at the following link:
<https://www.peelhotels.co.uk/about-peel-hotels/directors-and-advisors.shtml>

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board is responsible for reviewing the effectiveness of the system of internal control. The Board has delegated to executive management the implementation of the systems of internal control. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or loss.

Promote a corporate culture that is based on ethical values and behaviours

The Directors are committed to ethical values and behaviours across the Board and the Company as a whole. The Directors takes all issues of ethical behaviours seriously. The Company has a zero-tolerance approach to bribery and corruption to protect the Company, its employees and those third parties to which the business engages with. There are strong financial controls across the business to ensure ongoing monitoring.

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board and Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Board retains ultimate accountability for good governance and no one individual director has unfettered powers of decision. The Chairman has the responsibility for ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives. The Chairman engages with shareholders to ensure a strong relationship between them and the Company.

The Board seeks to ensure that its Annual Report and Financial Statements and other public financial statements provide a balanced and understandable assessment of the Group's position. The Audit Committee currently consists of Haydn Fentum. The Audit Committee meets at least twice a year. The Committee provides a forum for reporting by the Group's external auditor and consideration of internal audit reports. Meetings are also attended, by invitation, by Robert Peel and Nick Parrish. There has been a change in the lead Auditor from Grant Thornton UK LLP in the current year. This was following the extension by one year of the tenure of the previous lead Auditor on quality grounds as requested by the Audit committee. A copy of the independent audit report can be found at the following link (pages 16 - 21): <https://www.peelhotels.co.uk/pdfs/Peel-Hotels-PLC-Accounts-to-28-Jan-2018.pdf>

The Group has an established internal audit process (operated by members of the head office finance team) to provide continuous independent review of the Group's internal controls and business practices. The internal audit reports produced from this process are considered by the Audit Committee on a regular basis.

The Group believes and seeks to ensure that the remuneration packages it offers its Executive Directors are fair. Other elements of the remuneration package offered to Directors include benefits in kind and share options. Further details of the Group's remuneration policy are contained in the Directors' Remuneration Report in our Annual Accounts (pages 14 - 15): <https://www.peelhotels.co.uk/pdfs/Peel-Hotels-PLC-Accounts-to-28-Jan-2018.pdf>

By order of the Board

Robert Peel

Chairman