

## CHAIRMAN'S STATEMENT

### Results

In the 28 weeks to 12 August 2018 hotel revenues decreased 6.4% to £8,096,128 (2017: £8,648,145). Hotel gross profit before depreciation and Group administration decreased 33.9% to £994,067 (2017: £1,503,402). Over the same period EBITDA (earnings before interest, tax and depreciation) decreased 42.0% to £649,534 (2017: £1,119,749) and operating profit decreased 63.4% to £221,498 (2017: £604,556).

Revpar (accommodation revenue per available room) decreased 3.1% with occupancy down 6.4% and average room rate up 3.5%.

Administration expenses decreased 10.2% to £344,533 and depreciation decreased 16.9% to £428,036.

Financial charges decreased by 25.5% to £212,526.

Profit before tax was £8,972 compared to a profit of £319,293 last year; a decrease of 97.2%

Corporation tax has been provided at an effective rate of 19%. Basic earnings per share were 0.1p compared with 1.8p in the comparative period on a weighted average of 14,012,123 (2017: 14,012,123) shares in issue.

We referred in the Annual Report to the continuing slowdown in demand in the majority of Provincial areas of the United Kingdom and that, together with upward pressure from increases in living wages, business rates and energy has created challenges to the profitability of the Group. 64% of the £470,215 shortfall in EBITDA occurred in the first three Periods of the current financial year clearly illustrating the operational gearing of our business.

We decreased our overall wage costs and Group overheads and benefited from a £72,737 reduction in finance costs in the period.

### Finance

On 12 August 2018 net debt stood at £8,859,610 representing loans totalling £9,514,534 less £654,924 cash at bank. Gearing on Shareholders' funds was 38.4% with interest covered 1.04 times. Net debt increased by £406,048 compared with the previous year end.

On 22 April 2018 the Company breached its financial covenants, which breach resulted in the Company's Bank issuing a "Reservation of Rights" letter, reserving the Bank's position in relation to the breach of covenant, whilst also confirming the Bank's current intention not to exercise any of its rights in relation to the breach. As a result of the breach the borrowings of the Group are presented on the Group balance sheet as current liabilities.

Whilst your Directors recognise that the breach of covenant, combined with a challenging trading outlook, results in material uncertainty for the Company, and increases the possibility that the Company may be unable to continue realizing its assets and discharging its liabilities in the normal course of business which might impact upon the Company's ability to continue as a going concern, they are confident that the Company has adequate resources to meet its commitments.

## CHAIRMAN'S STATEMENT

### Capital expenditure

We spent £151,885 in the period (2017: £369,516). We plan to spend a total of £500,000 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 on repairs and renewals.

### 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 and for the first time in many periods increased in the current period, ended 07 October 2018. EBITDA is broadly neutral from a comparative point of view over the last three periods to 07 October 2018. REVPAR currently is growing (reversing the trend in the half year) and costs are under control.

We have recently signed up a marketing agreement with Best Western Hotels and hope to derive additional sales benefit from this partnership going forward. If we can consistently achieve sales growth our profits will quickly return to growth.

Robert Peel  
Chairman  
18 October 2018

## 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

Things LLP  
20 St Andrew Street, London EC4A 3AG

### Registered Office

7<sup>th</sup> Floor, 20 St Andrew Street, London EC4A 3AG

**Company registration number 3473990**

### Auditor

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

### Bankers

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

### Registrars

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

### Solicitors

Things LLP  
20 St Andrew Street, London EC4A 3AG

### Stockbroker

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

## GROUP STATEMENT OF COMPREHENSIVE INCOME

for the 28 weeks ended 12 August 2018

Note	Unaudited 28 weeks ended 12/08/2018 £	Unaudited 28 weeks ended 13/08/2017 £	Audited Year ended 28/01/2018 £
	<b>8,096,128</b>	8,648,145	16,097,313
	<b>(7,102,061)</b>	(7,144,743)	(13,588,380)
	<b>994,067</b>	1,503,402	2,508,933
	<b>(344,533)</b>	(383,653)	(675,322)
	<b>–</b>	–	(1,161,241)
	<b>(428,036)</b>	(515,193)	(940,496)
	<b>(772,569)</b>	(898,846)	(2,777,059)
	<b>221,498</b>	604,556	(268,126)
	<b>(212,526)</b>	(285,263)	(466,860)
	<b>8,972</b>	319,293	(734,986)
3	<b>(1,705)</b>	(63,856)	(109,286)
	<b>7,267</b>	255,437	(844,272)
	<b>0.1</b>	1.8	(6.0)
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## GROUP STATEMENT OF CHANGES IN EQUITY

for the 28 weeks ended 12 August 2018

### 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

### 12 months ended 28 January 2018

Audited

	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	–	–	(844,272)	(844,272)
<b>Transactions with owners</b>				
Dividend	–	–	–	–
Balance at 28 January 2018	1,401,213	9,743,495	11,931,115	23,075,823

### 28 weeks ended 12 August 2018

Unaudited

	Share Capital £	Share premium account £	Profit and loss account £	Total £
Balance brought forward at 29 January 2018	1,401,213	9,743,495	11,931,115	23,075,823
Profit and total comprehensive income for the period	–	–	7,267	7,267
<b>Transactions with owners</b>				
Dividend	–	–	–	–
Balance at 12 August 2018	1,401,213	9,743,495	11,938,382	23,083,090

**GROUP BALANCE SHEET**

at 12 August 2018

	12/08/2018 Unaudited £	13/08/2017 Unaudited £	28/01/2018 Audited £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	33,830,224	35,356,887	34,106,375
<b>Total non-current assets</b>	<b>33,830,224</b>	<b>35,356,887</b>	<b>34,106,375</b>
<b>Current assets</b>			
Inventories	105,845	119,243	109,271
Trade and other receivables	400,086	529,006	276,988
Prepayments	836,567	898,662	568,070
Cash at bank and in hand	654,924	423,293	1,287,277
<b>Total current assets</b>	<b>1,997,422</b>	<b>1,970,293</b>	<b>2,241,606</b>
<b>Total assets</b>	<b>35,827,646</b>	<b>37,327,180</b>	<b>36,347,981</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	11,938,382	13,030,824	11,931,115
<b>Total equity</b>	<b>23,083,090</b>	<b>24,175,532</b>	<b>23,075,823</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Borrowings (due after one year)	–	765,203	9,240,839
Deferred tax liabilities	824,009	861,330	824,009
<b>Non-current liabilities</b>	<b>824,009</b>	<b>1,626,533</b>	<b>10,064,848</b>
<b>Current</b>			
Trade and other payables	2,333,394	2,583,530	2,636,396
Borrowings (due within one year)	9,514,534	8,817,422	500,000
Current tax liabilities	72,619	124,163	70,914
<b>Current liabilities</b>	<b>11,920,547</b>	<b>11,525,115</b>	<b>3,207,310</b>
<b>Total liabilities and equity</b>	<b>35,827,646</b>	<b>37,327,180</b>	<b>36,347,981</b>

## GROUP CASH FLOW STATEMENT

for the 28 weeks ended 12 August 2018

	Unaudited 28 weeks ended 12/08/2018 £	Unaudited 28 weeks ended 13/08/2017 £	Audited Year ended 28/01/2018 £
<b>Cash flows from operating activities</b>			
Profit for the period	7,267	255,437	(844,272)
Adjustment for:			
Finance expense	212,526	285,263	466,860
Income tax expense	1,705	63,856	109,286
Depreciation	428,036	515,193	2,101,737
<b>Cash flows before changes in working capital and provisions</b>	<b>649,534</b>	<b>1,119,749</b>	<b>1,833,611</b>
UK corporation tax paid	–	(56,142)	(192,142)
(Increase)/decrease in trade and other receivables	(391,595)	(397,013)	383,811
(Decrease)/increase in trade and other payables	(317,591)	408,699	437,903
Decrease/(increase) in inventories	3,426	(5,298)	4,763
<b>Net cash from operating activities</b>	<b>(56,226)</b>	<b>1,069,995</b>	<b>2,467,946</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(151,885)	(369,516)	(705,548)
<b>Net cash outflow from investing activities</b>	<b>(151,885)</b>	<b>(369,516)</b>	<b>(705,548)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(174,242)	(324,839)	(661,192)
New Loan	–	–	9,740,840
Loan repayments	(250,000)	(245,000)	(9,847,422)
<b>Net cash outflow from financing activities</b>	<b>(424,242)</b>	<b>(569,839)</b>	<b>(767,774)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(632,353)</b>	<b>130,640</b>	<b>994,624</b>
Cash and cash equivalents at the beginning of the period	1,287,277	292,653	292,653
<b>Cash and cash equivalents at the end of the period</b>	<b>654,924</b>	<b>423,293</b>	<b>1,287,277</b>
For the purposes of the cash flow statement, cash and cash equivalents comprise:			
Cash and bank balances	654,924	423,293	1,287,277

## NOTES TO THE INTERIM RESULTS

### for the period ended 12 August 2018

#### 1. Basis of accounting

The interim financial information for the period ended 12 August 2018 has been prepared applying the accounting policies and presentation of the Group's published consolidated financial statements for the year ended 28 January 2018.

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 28 January 2018 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. The auditor's opinion, whilst unmodified, included an emphasis of matter in relation to going concern.

#### 2. Accounting policies

The condensed, consolidated financial statements in this half-yearly financial report for the period ended 12 August 2018 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 28 January 2018, 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 28 January 2018, except for the adoption of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments". The Directors have concluded that the adoption of these accounting standards has not had a material impact on the financial statements. The Group's accounting policies are based on the recognition and measurement principles of International Financial reporting Standards as adopted by the EU. 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. Taxation

Tax has been provided at a rate of 19% which represents the expected effective rate for the full year.

#### 4. 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 12/8/2018 Unaudited	28 weeks ended 13/8/2017 Unaudited	Year ended 28/1/2018 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