CHAIRMAN'S STATEMENT

Results

Like for like hotel revenues fell by 4.7% and like for like hotel profits after depreciation and before Company administration costs decreased 34.4%. REVPAR (accommodation revenue per available bedroom) decreased 3.4% in the year with occupancy down by 8.4% and average room rate up by 5.8%.

Total turnover was £12,720,245 (2008: £15,150,339 of which £1,809,469 was in respect of the Avon Gorge Hotel which was sold on 30 August 2007). Operating profit for the full year decreased by 58.6% to £907,095 (2008: £2,192,541 of which £512,062 was in respect of the Avon Gorge Hotel).

The pre-tax result was £664,429 (2008: £9,589,553 of which £8,142,521 was profit on disposal of the Avon Gorge Hotel and a piece of land in Salem Street, Bradford). After a full tax provision less the discount on the deferred tax liabilities and taking an adjustment for prior year capital gains tax basic earnings per share were 7.4p and 7.4p on a diluted basis (2008: 63.4p basic and 62.8p diluted).

At 8 February 2009, net debt stood at £3,856,916 representing loans totalling £3,989,321 less £132,405 cash at bank. Gearing on Shareholders' funds was 16.8 % with interest covered 3.7 times.

Clearly the results in the year under review were very disappointing and we were not able to improve on the downward trading trend experienced in the first half year and capitalise on the significant drop in the cost of finance. We were unable to stem the combined losses of the Strathdon Hotel in Nottingham and the King Malcolm Hotel in Dunfermline which totalled £410,598 (2008: £159,702). Electricity and gas costs increased 35.8% or £161,039. Our hotels have suffered from a downturn in commercial demand and nationwide cut backs in discretionary spending. However we have taken a long term view and not compromised our product by way of cutting back on personnel and/or service standards. This strategy should stand us in good stead in the future.

Finance

Net debt increased £3,816,499 in the year primarily through the distribution of the one off bonus dividend of £2,101,818 paid on 28 April 2008. Capital expenditure on upgrading the hotels increased £516,381 from £1,494,392 to £2,010,773 in the year.

The Company still has two financial instruments in place which unfortunately will disadvantage us in the short term. These are on £7,000,000 which we paid back in financial year 2007/2008, firstly a Cap and Collar which entails the Company paying the difference between 6.99% and LIBOR from April to October 2009 and thereafter a Roller Coaster which entails the Company paying the difference between 5.83% and LIBOR set at six monthly intervals up until 2014. £7,000,000 of any new borrowing will be effectively hedged at 5.83% plus margin. If we do not increase our borrowings and LIBOR stays constant the Company will suffer the burden of paying finance costs on money that it has already paid back.

The Board has decided to recommend paying a final dividend of 3.5p amounting to £490,424, which, if approved by Shareholders, will be paid on 26 June 2009 to

CHAIRMAN'S STATEMENT

Shareholders on the register on 29 May 2009 making a total of 5.5p for the year (2008: 5.5p).

Capital Expenditure

Following the sale of assets in financial year 2007/2008 and the low overall gearing of the Company the Board planned to accelerate improvements to its hotels, in particular the freeholds, in the financial years 2008/2009 and 2009/2010.

During the period capital expenditure amounted to £2,010,773 which was spent on upgrading the Company's hotels. Major bedroom improvements have been made at the Bull Hotel in Peterborough and it is a pleasure to report that this hotel has achieved an Automobile Association four star rating with a high merit score. This not only benefits our clients but has a significant impact on value.

We have begun the re-launch of the Cosmopolitan Hotel, Restaurant and Bar in Leeds (formerly the Golden Lion Hotel). The external elevations have been remodelled and all the public areas including a new restaurant, bar and kitchen are in the process of being designed and rebuilt to reflect a boutique style trendy hotel.

The remodelled Cosmopolitan Hotel, Restaurant and Bar in Leeds.

CHAIRMAN'S STATEMENT

The ongoing refurbishment of the bedrooms at the Midland Hotel in Bradford continues using our own in-house resources, as opposed to using contractors, thereby giving us significant cost savings. We have doubled the size of the bar at the George Hotel in Wallingford and carried out enabling works to protect a planning permission for three additional bedrooms.

We intend to continue our aggressive investment in our hotels in the current year with a view to increasing market share and increasing our REVPAR.

We are in the process of installing new property management and Epos systems in all our hotels and in our administration office in Leeds. This will integrate and unify the entire business and provide a seamless solution to management reporting, accounting and marketing requirements. This roll out is scheduled to be completed by August 2009.

Shareholders

We are delighted to welcome Shareholders to our hotels when they can see for themselves the improvements that we have made, whilst enjoying a beneficial discount. All Shareholders are entitled to a 30% discount, using the special reservations number 0207 266 1100 or e-mail info@peelhotel.com. Shareholders can keep in touch with progress in the Company and various promotional initiatives by visiting our web site www.peelhotels.co.uk

Staff

The Board would like to thank the management and staff for their contribution to the business of Peel Hotels and for the safety and wellbeing of its guests. In the final analysis it is their friendliness and care for the guests that will build the Company's reputation and thereby grow the business. Salaries and wages have had to stagnate to compensate for the overall decline in demand and we are very grateful for their patience, loyalty and understanding.

The Future

It is impossible to predict when the economy will start to recover. In the current environment our strategy will continue to be one of further investment in our product, weighted to our freeholds, in order to gain market share and a higher average room rate.

It is extremely important that we address the trading problem at the Strathdon Hotel in Nottingham. We are reviewing all our options in regard to this leasehold including redevelopment and change of use. In the meantime we have made a management change, contracted a series of leisure groups and cosmetically improved the product.

Contracts were exchanged on 18 May 2009 for the acquisition of the freehold of the 95 bedroom Norfolk Royale Hotel, Bournemouth, for a consideration of £8,250,000, to be completed on 1 June 2009. This AA listed four star hotel is located on Richmond Hill in the town centre of Bournemouth. This acquisition will have the added benefits of making use of our financial instruments and the saving of a significant amount of capital gains tax.

Robert Peel

Chairman

19 May 2009

DIRECTORS AND ADVISERS

Directors

Robert Edmund Guy Peel	Executive Chairman
Clement John Govett	Non-executive Director
Keith Peter Benham	Non-executive Director
Norbert Paul Gottfried Petersen	Chief Operating Officer

Secretary
Thring Townsend Lee & Pembertons
Kinnaird House, 1 Pall Mall East, London SW1Y 5AU

Registered Office
4th Floor, 111 Old Broad Street, London EC2N 1PH

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
Thring Townsend Lee & Pembertons
Kinnaird House, 1 Pall Mall East, London SW1Y 5AU

Davidson Large
Royal House, 110 Station Parade, Harrogate HG1 1EP

Stockbroker
KBC Peel Hunt Ltd
4th Floor, 111 Old Broad Street, London EC2N 1PH

DIRECTORS' REPORT

The Directors present their report and the accounts of the Company for the year ended 8 February 2009.

Principal activity

The principal activity of the Company is the operation of hotels in the United Kingdom.

Review of the business and future prospects

A review of the Company's performance in the year and of its position at the year end is given in the Chairman's statement, together with an indication of likely future developments.

Results and dividends

The profit for the year after tax amounted to £1,042,675 (2008 - £8,373,979). The Directors recommend that a final dividend of 3.5p per share be paid amounting to £490,424, the final dividend together with the interim dividend of 2p per share amounting to £282,522, making a total of 5.5p (2008 - 5.5p) at a cost of £772,946 (2008 - £768,666).

Executive Directors

Robert Peel, age 62, was appointed on 25 November 1997.
Norbert Petersen, age 62, was appointed on 11 September 1998.

Both of the above individuals held executive positions in the hotel industry for more than 20 years before joining Peel Hotels.

Non-executive Directors

John Govett, age 65, appointed on 23 February 1998, was formerly chairman of Schroder Investment Management.

Keith Benham, age 66, appointed on 23 February 1998, was formerly a senior partner at Linklaters.

Directors' interests

The Directors' interests are shown in note 24 to the accounts.

All of the Directors served throughout the year.

Substantial shareholdings

Save for the interests of Robert Peel, which are set out in note 24, the Directors are aware of the following who were interested, directly or indirectly, in 3 percent or more of the Company's shares as at 8 February 2009.

	Number of shares	Percentage of share capital
Charles Peel	2,685,000	19.2%
JP Morgan Fleming Asset Management	1,366,117	9.8%
Framlington Asset Management	633,471	4.5%
David Urquhart	564,752	4.0%
NCL Smith & Williamson	487,378	3.5%

DIRECTORS' REPORT

The Directors are not aware of any persons, other than Robert Peel and his brother Charles Peel who, directly or indirectly, jointly or severally, exercise control over the Company.

Tangible fixed assets

Movements on fixed assets are set out in note 9 to the accounts.

Charitable and political contributions

During the year there were no charitable or political contributions (2008 – £nil).

Employees

Every effort is made to keep staff informed of and involved in the operation and progress of the Company. The policy of the Company for the employment of disabled persons is to give them equal opportunities with other employees to train for and attain any position in the Company having regard to the maintenance of a safe working environment and the constraints of their disabilities. Close attention is given to employees' health and safety with particular regard to the requirements of the Health and Safety at Work legislation.

Policy on payment to creditors

Whilst there is no formal creditor payment policy, it is the policy of the Company to settle the terms of payment with all suppliers when agreeing the terms for the transaction as a whole and to abide by such terms.

The Company's outstanding creditor days at the end of the year were 21.3 days (2008 – 28.5 days).

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

1. Select suitable accounting policies, and then apply them consistently.
2. Make judgements and estimates that are reasonable and prudent.
3. State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
4. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention of fraud and other irregularities.

DIRECTORS' REPORT

In so far as the Directors are aware:

1. There is no relevant audit information of which the Company's auditors are unaware
2. The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' and officers' liability insurance

The Company has purchased Directors' and Officers' liability insurance.

Financial risk management

The Directors are confident that the banking facilities currently in place are more than adequate for the Company's working capital requirements. All the Company's sales and purchases are made in sterling; therefore the company is not exposed to any significant currency risks.

The Directors are satisfied that the credit risk is adequately managed and the level of bad debt is consistent with the nature of the industry.

Interest rate risk is dealt with in note 14 to the financial statements.

Annual General Meeting

The notice convening the Annual General Meeting to be held at Norfolk Royale Hotel on Wednesday 24 June 2009 at 12 noon is enclosed with this report.

Annual General Meeting resolutions

A resolution will be proposed at the Annual General Meeting to authorise the Directors generally and unconditionally to allot ordinary shares up to an aggregate nominal amount of £585,800 for the period from May 2009 to the conclusion of the Company's 2010 Annual General Meeting.

A resolution will be proposed, as a special resolution, authorising the Directors to allot ordinary shares for cash other than in accordance with section 89 of the Companies Act 1985. Section 89 provides pre-emption rights for shareholders when shares are issued for cash. The number of shares that may be so allotted will be restricted to 1,401,200 being 10% of the current issued share capital. The disapplication of Section 89 of the Companies Act 1985 will be limited in time and will expire at the same time as the authority to allot.

The usual ordinary business will be considered, including the Report and Accounts, declaring a dividend and re-appointing Grant Thornton UK LLP as auditors. Resolutions will be proposed to re-elect Robert Peel and John Govett who retire by rotation in accordance with the Company's Articles of Association and who, being eligible, offer themselves for re-election.

DIRECTORS' REPORT

Directors' recommendation

The Directors believe that all the resolutions being proposed are in the best interests of the Company, its Shareholders and employees. They recommend Shareholders to vote in favour of the resolutions, as they intend to do in respect of the shares beneficially owned by them. When considering what action to take, Shareholders are advised to consult a stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000.

Auditor

The auditor, Grant Thornton UK LLP, has indicated a willingness to be re-appointed and a resolution will be proposed at the Annual General Meeting to re-appoint Grant Thornton UK LLP and to authorise the Directors to fix the auditor's remuneration.

By order of the board
Thring Townsend Lee & Pembertons
Secretary

19 May 2009
Registered Office
4th Floor
111 Old Broad Street
London EC2N 1PH

CORPORATE GOVERNANCE

Peel Hotels Plc is listed on AIM and is not subject to the requirements of the 2006 Combined Code on corporate governance, nor is it required to disclose its specific policies in relation to corporate governance. However, the Directors are committed to delivering high standards of corporate governance to the Company's Shareholders and other stakeholders including employees and comply with those areas they believe are relevant to a company of this size.

Directors

The Board currently comprises two Executive and two Non-executive Directors and meets regularly throughout the year. It leads and controls the Company by taking responsibility for overall projects and consideration of significant financing 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 Company's Chief Executive. Robert Peel was appointed at the incorporation of the Company. Due to the size of its business, the Company has not segregated the position of Chairman and Chief Executive. The Board believes that the presence of strong Non-executives make this position appropriate for the business at this time. All other Board members were appointed during the first fully reported financial period to 21 February 1999. Although the Board presently has only two Non-executive Directors, they have between them considerable and varied 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 Company's progress. The responsibility has been shared and neither of the Non-executive Directors has assumed the role of senior independent Director.

The Board meets regularly (meeting on 7 occasions in the financial period to 8 February 2009). Prior to each Board meeting and at the end of each of the Company'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 Company'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.

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 not less than one third of the Directors, being those who have been in office for the longest period of time.

CORPORATE GOVERNANCE

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 Company uses external services provided by Thring Townsend Lee & Pembertons, the Company's solicitors, for Company secretarial matters. All Directors have access to the Company Secretary.

Directors' remuneration

The Company 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 Company's remuneration policy are contained in the Directors' Remuneration Report.

Relations with shareholders

The Chief Executive is always available to meet with key institutional Shareholders. In addition, the Company uses the Annual General Meeting to provide private investors with an update on the Company's progress and strategy. Shareholders are encouraged to attend the Annual General Meeting when members of the Board would be delighted to answer questions.

Accountability and audit

The Board seeks to ensure that its Annual Report and Accounts and other public financial statements provide a balanced and understandable assessment of the Company's position.

The Audit Committee consists of both Non-executive Directors under the Chairmanship of John Govett. The Audit Committee meets at least twice a year. The Committee provides a forum for reporting by the Company's external and internal auditors. Meetings are also attended, by invitation, by Robert Peel and Norbert Petersen.

The Company has an established internal audit function whose primary responsibility is to formalise internal audit procedures and to provide continuous independent review of the Company's internal controls and business practices. The internal audit function reports to the Audit Committee on a regular basis.

Internal controls

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 misstatement or loss.

The following processes take place on an ongoing basis.

- Review of reports prepared throughout the year by the internal auditor.
- Weekly and monthly reporting of financial information including profit and loss accounts, balance sheets, cash flow statements and other key performance indicators.

CORPORATE GOVERNANCE

- Regular reporting to the Board on certain specific matters including treasury management, insurances, legal and health and safety issues.
- The Chairman of the Audit Committee reports the outcome of audit meetings to the full Board of Directors.

Senior management from all key disciplines have been involved in the process of risk assessment in order to identify and assess objectives, key issues and controls. Further review has been performed to identify those risks relevant to the Company and to manage operational, compliance, financial and business risk.

The key procedures that have been established and are designed to provide effective internal control are:

FINANCIAL INFORMATION
Detailed annual budgets are prepared in advance of each financial year. These are reviewed and agreed by the Board with subsequent actual monthly performance reported against these budgets, updated forecasts and prior year comparatives. In addition, separate regular reviews of the overall profitability of the individual hotels are performed and monitored by the Chief Executive.

QUALITY AND INTEGRITY OF PERSONNEL
All members of management responsible for staff recruitment are made aware of the levels of experience and expertise required.

OPERATING UNIT FINANCIAL CONTROLS
Key controls over major financial risks include reviews against performance indicators and exception reporting. The operating units make regular assessments of their exposure to major financial risks and the extent to which these risks are controlled, which are considered during internal audit visits.

COMPUTER SYSTEMS
The Company has established controls and procedures over the security of data held on computer systems. The arrangements are tested regularly and reviewed by the Company's management.

CONTROLS OVER CENTRAL FUNCTIONS
A number of the Company's key functions, including treasury and taxation, are dealt with centrally. Each of these functions is required to report to the Board on a regular basis. These central functions are also subject to self-assessment and review by the Company's internal auditor.

The Board has conducted a review of the system of internal control for the year ended 8 February 2009 and up to the date of this report.

Going concern
After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS' REMUNERATION REPORT

Composition of the remuneration committee

The remuneration committee ('the committee') is comprised solely of the Non-executive Directors, John Govett and Keith Benham. The committee makes its decisions following consultation with the Chief Executive and has access to professional advice from outside the Company. The remuneration of the Executive Chairman is set by the Non-executives.

Remuneration policy for Executive Directors

The Company wishes to attract and retain senior management of the highest quality. Accordingly, its policy, in a competitive market, is to design remuneration packages which, through an appropriate combination of basic salary and share options, reward senior managers fairly and responsibly for their individual contributions.

Basic salary

An individual's basic salary is reviewed and determined by the committee annually, taking into account his or her performance and responsibilities within the Company. In deciding the appropriate level, the committee has access to external research and information on a range of peer companies.

Share options

The committee believes that share ownership by Executive Directors and senior management also helps to strengthen the link between their personal interests and the longer term interests of the Company's Shareholders. Grants of options are based on performance and are reviewed annually. Exceptionally, grants may be awarded on appointment.

Movements in share options are detailed in note 25.

Pension arrangements

The Company operates an approved money purchase pension scheme for Executive Directors and certain other members of staff. Members of the scheme contribute 5% of their salary, and the Company contributes 9%.

The Company has complied with statutory requirements regarding stakeholder pensions.

Non-executive Directors' remuneration

Fees payable to Non-executive Directors are determined by the Board of Directors, other than the Non-executive Directors, within the limits set by the Articles of Association.

Service contracts and re-election to the Board

At the Annual General Meeting, one third of the Directors will retire by rotation and, if eligible, may offer themselves for re-election. All Executive and Non-executive Directors have notice periods or unexpired terms not greater than twelve months.

Executive Directors' other appointments

Executive Directors are not permitted to hold any other executive positions but, subject to Board approval, may hold non-executive directorships.

Directors' remuneration

Executive	Current annual salary/fees £	Salary/fees £	Other benefits £	**52 weeks 8 February 2009 £**	52 weeks 10 February 2008 £
R E G Peel	*50,000*	50,000	1,075	**51,075**	36,481
N P G Petersen	*85,000*	75,192	1,475	**76,667**	78,323
J Perkins	–	–	–	**–**	54,401
Non-executive					
C J Govett	*20,000*	20,000	–	**20,000**	16,154
K P Benham	*20,000*	20,000	–	**20,000**	16,154
Total	*175,000*	165,192	2,550	**167,742**	201,513

Other benefits consist of private health and life insurance.

Directors' pension arrangements

A contributory money purchase pension scheme is in operation and the amounts paid by the Company were:

Executive	**52 weeks 8 February 2009 £**	52 weeks 10 February 2008 £
R E G Peel	**–**	–
N P G Petersen	**9,000**	9,000
J Perkins	**–**	1,938
Total	**9,000**	10,938

Share options granted to Directors

Executive	Date of grant	Number of options granted	Exercise price per share (pence)	Earliest exercise date	Expiry date
N P G Petersen	16.05.02	50,000	87.5	16.05.05	15.05.12
Total		50,000			

The market price of the shares at 8 February 2009 was 105 pence and the range during the year was 100.5 pence to 180 pence.

19 May 2009

By order of the Board
Keith Benham
John Govett
Non-executive Directors

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF PEEL HOTELS PLC

We have audited the financial statements of Peel Hotels plc for the year ended 8 February 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's statement that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Directors' Report, the Corporate Governance Statement and the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF PEEL HOTELS PLC

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion :

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 8 February 2009 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Leeds

19 May 2009

PROFIT & LOSS ACCOUNT

For the 52 weeks ended 8 February 2009

	Note	£	8 February 2009 £	£	10 February 2008 £
Turnover	1		**12,720,245**		15,150,339
Cost of Sales			**(9,988,967)**		(11,010,153)
Gross Profit			**2,731,278**		4,140,186
Administrative expenses					
Depreciation		**(1,073,635)**		(1,092,642)	
Other		**(750,548)**		(855,003)	
			(1,824,183)		(1,947,645)
Operating profit			**907,095**		2,192,541
Profit on disposal of property			**-**		8,142,521
Net interest	2		**(242,666)**		(745,529)
Profit on ordinary activities before taxation	3		**664,429**		9,589,533
Taxation	4		**378,246**		(1,215,554)
Profit on ordinary activities after taxation			**1,042,675**		8,373,979
Earnings per share	8				
Basic			**7.4p**		63.4p
Diluted			**7.4p**		62.8p

Movements on reserves are shown in note 17 to the accounts.

There are no recognised gains and losses for the current financial year and preceding financial year other than the profit shown above.

The accompanying accounting policies and notes form an integral part of these financial statements.

BALANCE SHEET

As at 8 February 2009

	Note	8 February 2009 £	10 February 2008 £
Fixed assets			
Tangible assets	9	**29,661,798**	28,724,660
Current assets			
Stocks	10	**92,945**	86,786
Debtors	11	**1,205,298**	1,342,973
Cash at bank and in hand		**132,405**	4,108,123
		1,430,648	5,537,882
Creditors (due within one year)	12	**(4,519,391)**	(4,784,341)
Net current liabilities		**(3,088,743)**	753,541
Total assets less current liabilities		**26,573,055**	29,478,201
Creditors (due after one year)	13a	**(3,004,781)**	(3,970,783)
Provision for liabilities	15	**(588,000)**	(707,000)
Total assets		**22,980,274**	24,800,418
Capital and reserves			
Called up share capital	16	**1,401,213**	1,401,213
Share premium account	17	**9,743,495**	9,743,495
Profit and loss account	17	**11,835,566**	13,655,710
Equity shareholders' funds	17	**22,980,274**	24,800,418

The accompanying accounting policies and notes form an integral part of these financial statements.

Approved by the Board on 19 May 2009

Robert Peel, Director

Norbert Petersen, Director

CASH FLOW STATEMENT

For the 52 weeks ended 8 February 2009

	Note	£	52 weeks to 8 February 2009 £	£	52 weeks to 10 February 2008 £
Net cash inflow from operating activities	19		**1,269,258**		3,272,305
Returns on investments & servicing of finance					
Interest paid		**(181,745)**		(1,000,074)	
Net cash outflow from returns on investments and servicing of finance			**(181,745)**		(1,000,074)
Taxation					
UK corporation tax paid		**64**		(30,656)	
Tax paid			**64**		(30,656)
Capital expenditure					
Purchase of tangible fixed assets		**(2,010,773)**		(3,978,456)	
Sale of tangible fixed assets		**–**		17,148,617	
Net cash (outflow)/inflow from capital expenditure			**(2,010,773)**		13,170,161
Equity dividend paid		**(2,874,765)**			(921,099)
Net cash (outflow)/inflow before financing			**(3,797,961)**		14,490,637
Financing					
Issue of ordinary share capital		**–**		790,045	
Loan repayments		**–**		(11,122,945)	
Net cash outflow from financing			**–**		(10,332,900)
(Decrease)/increase in cash	20		**(3,797,961)**		4,157,737
Reconciliation of net debt					
(Decrease)/increase in cash			**(3,797,961)**		4,157,737
Decrease in debt			**–**		11,122,945
(Increase)/reduction in net debt resulting from cash flows			**(3,797,961)**		15,280,682
Non cash changes			**(18,538)**		(51,916)
(Increase)/decrease in net debt in the year			**(3,816,499)**		15,228,766
Net debt at beginning of year			**(40,417)**		(15,269,183)
Net debt at end of year	20		**(3,856,916)**		(40,417)

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF ACCOUNTING POLICIES

1 Basis of accounting
The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies of the Company are set out below and have remained unchanged.

2 Basis of preparation
The financial year consists of the 52 weeks ended 8 February 2009.

3 Turnover
Turnover represents amounts receivable from the provision of hotel services including room hire, bar and restaurant takings and is stated after deduction of value added tax.

Room and inclusive breakfast revenue is recognised at the end of the financial day. All other revenue such as bar and restaurant takings are recognised at the point of sale.

Any deposits received are utilised at check-in.

4 Stocks
Stocks are valued at current cost price at date of stock take.

5 Leases
Operating lease rentals are charged to profit and loss account on a straight line basis over the period of the lease.

6 Fixed assets and depreciation
Fixed assets are carried at cost less accumulated depreciation. It is the Company's policy to maintain its properties to a high standard in order to protect its trade.

Depreciation is charged on freehold and long leasehold properties, excluding freehold land, at a rate calculated to write off the cost, less residual value, on a straight line basis, over 50 years.

Short leasehold properties are written off over the remaining period of the lease.
On other assets depreciation is charged to write off their costs by equal annual instalments over their estimated useful lives, which are considered to be:

Plant, fixtures and fittings, and equipment	10 years
Soft furnishings	8 years
Office equipment	5 years
Computer equipment	3 years

7 Share-based payments
All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to the profit and loss account reserve.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received, net of attributable transaction costs, are credited to share capital, and where appropriate share premium.

8 Deferred Taxation

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

9 Capital Instruments

Capital instruments are recorded at the fair value of the consideration received less issue costs in accordance with FRS4. The difference between the net proceeds of the issue and the total amounts of payments that the issuer may be required to make is recorded as a finance cost of the instrument and written off over the life of the instrument.

10 Pensions

The Company operates a money purchase pension scheme on behalf of individual employees. Contributions to the scheme are charged against profits in the period in which they arise.

11 Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the period of the contracts.

NOTES TO THE ACCOUNTS

Financial year ended 8 February 2009

1 Turnover and profit

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of value added tax. All of the turnover and profit on ordinary activities before taxation arises in the United Kingdom.

All net assets are based in the United Kingdom.

2 Net Interest

Interest payable & similar charges	2009 £	2008 £
Interest on long term bank loans	**273,347**	440,588
Interest on bank overdraft	**12,621**	22,746
Bank charges, fees and instrument costs	**53,238**	411,670
	339,206	875,004
Interest receivable	**(96,540)**	(129,475)
Net interest	**242,666**	745,529

3 Profit on ordinary activities before taxation

This is stated after charging:		
Depreciation	**1,073,635**	1,092,642
Repairs and renewals – hotels	**453,196**	542,982
Repairs and renewals – other	**14,101**	11,677
Auditors' remuneration for audit services	**22,500**	29,625
Auditors' remuneration for tax compliance services	**36,242**	28,075
Auditors' remuneration for audit service to company pension scheme	**500**	500

4 Tax on profit on ordinary activities

a) Analysis of charge in year

Current Tax		
Corporation tax charge for year	**233,000**	2,400,000
(Over) provision in respect of prior years	**(492,246)**	(227,344)
Total current tax	**(259,246)**	2,172,656
Deferred Tax		
Origination and reversal of timing differences	**(119,000)**	(1,544,003)
Increase in discount	**–**	587,404
Prior year adjustment	**–**	(503)
Total deferred tax	**(119,000)**	(957,102)
Tax on profit on ordinary activities	**(378,246)**	1,215,554

Financial year ended 8 February 2009

b) Factors affecting tax charge for year

The current tax charge is less than 28% of profit on ordinary activities for the reasons set out in the following reconciliation:

	2009 £	2008 £
Profit on ordinary activities before tax	**664,429**	9,589,533
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 30%)	**186,040**	2,876,860
Effects of:		
Movement in timing differences	**–**	(132)
Deduction for charges on exercise of share options	**–**	(285,710)
Disallowable expenditure and IBA's claimed	**(84,626)**	(64,477)
Depreciation for the period in excess of capital allowances	**137,560**	(7,553)
Other short term timing differences	**3,345**	–
Difference between chargeable gains and profit on disposal	**–**	(118,988)
Rate differences on current tax	**(9,319)**	–
Adjustment in respect of prior year	**(492,246)**	(227,344)
Corporation tax charge for the year	**(259,246)**	2,172,656

The allocation of cost against the Salem Street disposal in the prior year was not known at the time of signing the financial statements. Subsequently this information was obtained and incorporated in the tax return for the prior year.

5 Staff costs

	2009 £	2008 £
Wages and salaries	**4,390,831**	4,826,115
Employer's social security costs	**325,100**	366,718
Pension costs	**58,436**	56,842
	4,774,367	5,249,675
Average number of people employed under contracts of service:	Number	Number
Directors	**4**	4
Other employees	**385**	421
	389	425

NOTES TO THE ACCOUNTS

Financial year ended 8 February 2009

6 Directors' remuneration

	2009 £	2008 £
Aggregate emoluments:		
Fees	**40,000**	32,308
Salaries and benefits	**127,742**	129,205
Compensation for loss of office	**–**	40,000
	167,742	201,513
Company contributions to money purchase pension schemes	**9,000**	10,938

	Number	Number
Number of Directors who are members of a money purchase pension scheme	**1**	1

Further details of Directors' remuneration are contained in the Directors' Remuneration Report on pages 12 and 13.

7 Dividends

	2009 £	2008 £
Equity dividends on ordinary shares		
Dividend paid during the year	**490,424**	642,856
Interim dividend paid during the year	**282,522**	278,243
Bonus dividend paid during the year	**2,101,819**	–
Proposed after the year end (not recognised as a liability)	**490,424**	490,424
Bonus dividend proposed after the year end (not recognised as a liability)	**–**	2,101,819

8 Earnings per share

	2009	2008
Basic	**14,012,123**	13,214,179
Calculated on the average number of shares in issue during the year and on profit after taxation	**£1,042,675**	£8,373,979
Diluted	**14,100,551**	13,344,490
Calculated on average of number of shares available during the year and on the profit after taxation	**£1,042,675**	£8,373,979

In calculating the diluted earnings per share, the weighted average number of shares is adjusted for the dilutive effect of the share options by 88,428 (2008 – 130,311), giving an adjusted number of shares of 14,100,551 (2008 – 13,344,490).

NOTES TO THE ACCOUNTS

Financial year ended 8 February 2009

9 Tangible fixed assets	Land & buildings £	Plant & machinery £	Furniture, furnishings & equipment £	**Total £**
Cost				
At beginning of year	24,942,115	3,668,599	5,670,248	**34,280,962**
Additions	371,530	587,066	1,052,177	**2,010,773**
Disposals of fully depreciated items	–	–	(318,057)	**(318,057)**
At end of year	25,313,645	4,255,665	6,404,368	**35,973,678**
Depreciation				
At beginning of year	377,679	1,943,971	3,234,652	**5,556,302**
Provision for the year	87,244	417,462	568,929	**1,073,635**
Disposals of fully depreciated items	–	–	(318,057)	**(318,057)**
At end of year	464,923	2,361,433	3,485,524	**6,311,880**
Net book value				
At beginning of year	**24,564,436**	**1,724,628**	**2,435,596**	**28,724,660**
At end of year	**24,848,722**	**1,894,232**	**2,918,844**	**29,661,798**

Analysis of the net book value of land & buildings	**2009 £**	2008 £
Freehold	**15,709,791**	15,524,623
Long leasehold	**6,759,186**	6,611,997
Short leasehold	**2,379,745**	2,427,816
	24,848,722	24,564,436

10 Stocks

Stocks comprise food and liquor.

11 Debtors	**2009 £**	2008 £
Trade debtors	**497,499**	641,973
Prepayments	**707,799**	701,000
	1,205,298	1,342,973

NOTES TO THE ACCOUNTS

Financial year ended 8 February 2009

12 Creditors due within one year	**2009 £**	2008 £
Bank loans and overdraft (secured)	**984,540**	177,757
Trade creditors	**351,712**	535,131
Tax and social security	**270,307**	789,433
Corporation tax	**2,140,818**	2,400,000
Other creditors	**177,683**	192,834
Accruals and deferred income	**594,331**	689,186
	4,519,391	4,784,341
Bank loans and overdraft includes an amount for bank overdraft	**–**	177,757

Bank loans and overdraft includes an amount for bank overdraft of £nil (2008 - £177,757). The overdraft facility of £1,500,000 is due for review on 6 February 2010.

13a Creditors due after one year	**2009 £**	2008 £
Bank loan (secured)	**3,024,700**	4,009,240
Less loan arrangement fees prepaid	**(19,919)**	(38,457)
	3,004,781	3,970,783

The original bank loan is repayable by 8 semi-annual instalments plus a final payment on 11 April 2014. Interest is charged at 1.0% over LIBOR. The Company has entered into a collar agreement on £7 million which caps the Company interest cost at 6.99% plus margin of 1.0%. The minimum interest cost is 4.99% plus margin of 1.0%, up to 12 October 2009, except when LIBOR is below 4.99% between 24 June 2003 and 12 October 2009; in which case an additional 2% of interest is payable. The Company repaid the £7 million loan on 7 October 2007 but the collar agreement remains in place.

The Company has entered into a GBP roller coaster callable interest rate swap agreement which commenced on 11 April 2003 and ends on 11 April 2014 with an option for the Royal Bank of Scotland to terminate the agreement from 11 October 2009. Under the terms of this agreement the Company fixes its interest payments up to 11 April 2014 on outstanding loan balances which are not covered by the collar agreement. The fixed interest swap requires the Company to pay 5.83% on these amounts and therefore effectively fixes its borrowing costs on this portion of its debt portfolio at 6.83% (after inclusion of the 1.0% margin).

Both these agreements remain in place even if the borrowings which they relate to are repaid until the termination date of the instrument. The £7 million under the collar agreement was repaid in August 2007 but the margin under this agreement is still payable / receivable until 12 October 2009.

The loans and overdraft are secured by debentures dated 7 December 1998, 8 September 1999, 21 June 2002 and 17 May 2005 over all of the Company's freehold and long leasehold properties.

Financial year ended 8 February 2009

Instalments due after more than one year are as follows:

	2009 £	2008 £
Between 1 and 2 years	**984,540**	984,540
Between 2 and 5 years	**2,040,160**	2,953,620
Over 5 years	**–**	71,080
	3,024,700	4,009,240
Less loan arrangement fees	**(19,919)**	(38,457)
	3,004,781	3,970,783

13b Total borrowings

	2009 £	2008 £
Between 1 and 2 years	**984,540**	984,540
Between 2 and 5 years	**2,040,160**	2,953,620
Over 5 years	**–**	71,080
	3,024,700	4,009,240
Less loan arrangement fees	**(19,919)**	(38,457)
	3,004,781	3,970,783
On demand and less than one year	**984,540**	177,757
Total borrowings	**3,989,321**	4,148,540

14 Financial instruments

The Company has defined financial assets and liabilities as those assets and liabilities of a financial nature, namely cash and borrowings. Short term debtors/creditors, taxation and prepayments and accruals have been excluded. Financial assets and liabilities are all in sterling and are linked to the London Interbank Offer Rate, before consideration of the effect of the collar arrangement as described in note 13. The interest rate swap agreement, which converts part of the floating rate borrowing to a fixed rate, became effective on 11 April 2003.

Total gross financial assets at 8 February 2009 were £132,405 (2008 - £4,108,123) and total gross financial liabilities were £3,989,321 (2008 - £4,148,540).

TREASURY POLICY

The Company finances its activities by a combination of long and short term bank facilities.

It is, and has been throughout the period under review, the Company's policy not to trade in financial instruments.

LIQUIDITY RISK

The only financial asset held by the Company is that of cash at bank and in hand which does not earn interest and is repayable on demand.

The maturity profile of the Company's overdraft and long term borrowings is included in note 13 b).

The Company produces cash flow forecasts in order to ensure that liabilities are met as they fall due.

NOTES TO THE ACCOUNTS

Financial year ended 8 February 2009

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The Directors believe that there is no material difference between the book value and the fair value of all financial assets and liabilities as at the balance sheet date, except as noted below.

The Directors have reviewed the fair value of the collar agreement described in note 13. The estimated value of this financial instrument is a liability of £177,888 (2008 - £154,369). The Company entered into a GBP roller coaster callable interest rate swap which came into effect on 11 April 2003 (as set out in note 13). The estimated value of this financial instrument is a liability of £1,029,762 (2008 - £390,823). The fair value of all financial liabilities has been reached using the net present value of the expected cash flows from the transactions and based on the assumption of no unusual market conditions or forced liquidation.

CURRENCY RISK

The Company has no material currency risk exposure due to the absence of any assets or liabilities denominated in foreign currencies.

15 Provision for liabilities

Deferred Tax	2009 £	2008 £
Accelerated capital allowances	**587,000**	657,000
Short term timing differences	**1,000**	50,000
Provision for deferred tax	**588,000**	707,000
Provision at start of year	**707,000**	1,664,102
Adjustment in respect of prior years	**21,888**	(503)
Profit and loss account credit	**(140,888)**	(956,599)
Provision at end of year	**588,000**	707,000

As at the end of the year there is no unprovided deferred tax (2008 - nil)

16 Called up share capital

	Number	Amount £
Authorised		
Ordinary shares of 10p each		
At beginning and end of year	**25,000,000**	2,500,000
Allotted and fully paid		
Ordinary shares of 10p each		
At beginning and end of year	**14,012,123**	1,401,213

NOTES TO THE ACCOUNTS

Financial year ended 8 February 2009

17 Combined statement of the movement in Shareholders' funds and statement of movement on reserves

	Called up share capital £	Share premium account £	Profit & loss account £	**2009 Total £**	2008 Total £
Opening balance	1,401,213	9,743,495	13,655,710	**24,800,418**	16,534,268
Profit attributed to members of the Company	–	–	1,042,675	**1,042,675**	8,373,979
Dividend paid	–	–	(2,874,765)	**(2,874,765)**	(921,099)
Issue of share capital	–	–	–	**–**	790,045
Recognition of equity-settled share based payments in the year	–	–	11,946	**11,946**	23,225
Closing balance	1,401,213	9,743,495	11,835,566	**22,980,274**	24,800,418

18 Capital commitments

	2009 £	2008 £
Contracted for but not provided in the accounts	**977,000**	60,000

19 Reconciliation of operating profit to net cash inflow from operating activities

	2009 £	2008 £
Operating profit	**907,095**	2,192,541
Depreciation	**1,073,635**	1,092,642
Recognition of equity-settled share-based payments	**11,946**	23,225
(Increase)/decrease in stocks	**(6,159)**	29,795
Decrease/(increase) in debtors	**94,573**	(257,867)
(Decrease)/increase in creditors	**(811,832)**	191,969
Net cash inflow from operating activities	**1,269,258**	3,272,305

20 Analysis of net debt

	At beginning of year £	Cash flow £	Non cash changes £	**At end of year £**
Cash at bank and in hand	4,108,123	(3,975,718)	–	**132,405**
Bank overdrafts	(177,757)	177,757	–	**–**
	3,930,366	(3,797,961)	–	**132,405**
Debt due within one year	–	(984,540)	–	**(984,540)**
Debt due after one year	(3,970,783)	947,464	18,538	**(3,004,781)**
Total	(40,417)	(3,835,037)	18,538	**(3,856,916)**

Financial year ended 8 February 2009

21 Leases

	2009 £	2008 £
Operating lease rentals charged to profit & loss account:		
Land & buildings	**549,371**	601,520
Hire of plant & machinery	**143,685**	149,215
	693,056	750,735
Commitments under operating leases to pay rentals during the next year:		
Land & buildings		
Expiring after 5 years	**550,773**	550,789
Plant & Machinery		
Expiring in more than 2 years but less than 5 years	**143,685**	149,215

22 Related party transactions

During the year insurance premiums of £177,307 (2008 - £174,397) were paid to T L Dallas & Co Limited in which Robert Peel is a Shareholder. There was no outstanding amount at the balance sheet date (2008 - £ nil).

There were no other significant transactions between these parties during the year.

The Company pays rent on the London property used as its Head Office, which is owned by Robert Peel. The passing rent is £35k per annum.

23 Controlling interests

Robert Peel is the largest Shareholder. Together with his brother Charles Peel, by reason of their interest they are deemed to control the Company.

24 Directors' interests

	8 February 2009 10p ordinary shares		10 February 2008 10p ordinary shares	
	Shares Number	**Options Number**	Shares Number	Options Number
Robert Peel	**5,496,900**	**–**	5,496,900	–
Norbert Petersen	**41,830**	**50,000**	41,830	50,000
John Govett	**350,000**	**–**	350,000	–
Keith Benham	**168,801**	**–**	168,801	–
Total	**6,057,531**	**50,000**	6,057,531	50,000

Keith Benham's interest includes 42,200 (2008 – 42,200) shares owned by his wife.

Details of options granted to the Directors can be found on page 13.

No Director was materially interested, either at the year end or during the year, in any contract of significance to the Company except for the related party transactions as disclosed in note 22.

Financial year ended 8 February 2009

25 Share options

The Company has granted share options to employees of the Company. Such options are exercisable at a price established at the date the option is granted. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Company before the options vest.

Details of the share options outstanding during the year are as follows:

Exercise price	Earliest exercise date	Latest exercise date	Options held at 10/02/08	Options forfeited during the year	Options held at 08/02/09
118.5p	19.12.03	18.12.10	10,000	-	10,000
87.5p	16.05.05	15.05.12	53,000	-	53,000
88.5p	14.04.07	13.04.14	60,000	-	60,000
102.0p	31.05.08	31.05.15	189,000	-	189,000
163.5p	23.05.10	22.05.17	47,000	(17,000)	30,000
			359,000	(17,000)	342,000

The emoluments of the Executive and the Non-executive Directors are set out in the Directors' Remuneration Report.

The market price of the shares at 8 February 2009 was 105 pence and the range in the year was 100.5 pence to 180 pence.

The Company recognised total expenses of £11,946 related to equity-settled share based payment transactions in the year ended 8 February 2009 (2008 - £23,225).

HOTEL DIRECTORY

PEEL HOTELS PLC
19 WARWICK AVENUE LONDON W9 2PS
TELEPHONE: 020 7266 1100 FAX: 020 7289 5746

Location	Hotel	Rating	Rooms	Telephone	Facsimile
Bradford	Midland Hotel	★★★★	90	01274 735735	01274 720003
Carlisle	Crown & Mitre Hotel	★★★★	94	01228 525491	01228 514553
Dunfermline	King Malcolm Hotel	★★★★	48	01383 722611	01383 730865
Leeds	Cosmopolitan Hotel	★★★★	89	0113 2436454	0113 2434241
Newcastle upon Tyne	Caledonian Hotel	★★★★	90	0191 2817881	0191 2816241
Nottingham	Strathdon Hotel	★★★★	68	0115 9418501	0115 9483725
Peterborough	Bull Hotel	★★★★	118	01733 561364	01733 557304
Wallingford	George Hotel	★★★★	39	01491 836665	01491 825359
Total of 8 Hotels			636		

For reservations at any Peel Hotel call **020 7266 1100**
or log onto our web site on **www.peelhotels.co.uk**
e-mail – info@peelhotel.com

SHAREHOLDER INFORMATION

Financial calendar

Results announced	19 May 2009
Interim	October 2009
Final	May 2010
Dividends paid	
Final paid	26 June 2009
To shareholders on the register at	29 May 2009

Annual General Meeting

At 12 noon on Wednesday 24 June 2009
The Norfolk Royale Hotel
Richmond Hill
Bournemouth
BH2 6EN

Registrar

Enquiries concerning holdings of the Company's shares and notification of a holder's change of address should be addressed to:

Computershare Services PLC
PO Box No 82
The Pavilions
Bridgewater Road
Bristol BS99 7NH