

29 September 2011

## Puma Hotels plc

*Puma Hotels plc (“PHP” or “the Company”), owner of 20 leading four star UK hotels, announces its unaudited interim results for the six months ended 30 June 2011*

	<b>2011H1</b> <b>(Unaudited)</b>	<b>2010H1</b> <b>(Unaudited)</b>
Turnover	£15.4m	£14.9m
Administrative expenses	<u>(£1.8m)</u>	<u>(£1.9m)</u>
Operating Profit	<u>£13.6m</u>	<u>£13.0m</u>
Interest payable and similar charges excluding payments to bondholders and finance costs on preference shares of £2.7m (2010H1: £2.7m) (“Shareholder Finance Costs”)	<u>(£11.2m)</u>	<u>(£10.1m)</u>
Net Profit before Shareholder Finance Costs	<u><b>£2.4m</b></u>	<u><b>£2.9m</b></u>

### Highlights

- Turnover for the period up by 3.4% representing increased rental income
- Increase in operating profit of 4.6% reflects both increased rental income and lower administrative expenses

Howard Shore, Chairman of Puma Hotels plc, said:

“We continue to focus on unlocking the potential value of our estate by securing additional planning consents. This is well advanced with 472, of a potential 700 additional bedrooms, already approved and over 70% of the space allocated for additional meeting rooms and leisure club upgrades also approved.”

### Press Enquiries:

**Puma Hotels plc**  
Howard Shore  
Peter Procopis

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## Notes to Editors

1. The Group acquired 13 Paramount branded hotels in July 2004. Following further acquisitions it now owns 20 four-star hotels across Scotland, Northern England, Central England, Southern England and Wales. See the table below for a full list of hotels.
2. The hotels offer extensive banqueting, conference and leisure facilities and many of them have architectural and historical significance. The Group has 2,875 bedrooms and around 20,000 square metres of conference and meeting space and offers extensive facilities to both corporate and leisure guests.
3. From July 2004 until September 2007, the Group also operated each of the 20 hotels. From September 2007 the Group granted 45 year FRI leases for each hotel to Barceló Group, a leading Spanish operator with substantial global operations. Since 1 January 2008 all 20 hotels carry the Barceló brand.
4. The Group's hotel locations are shown below:

	<b>Bedrooms</b>	<b>No. of meeting rooms</b>	<b>Health &amp; Leisure</b>	<b>Location</b>
<b>CENTRAL ENGLAND</b>				
1	Barceló Billesley Manor Hotel, Nr. Stratford*	72	12 Y	Country
2	Barceló Cheltenham Park Hotel	152	11 Y	Country
3	Barceló Daventry Hotel	155	8 Y	Country
4	Barceló Hinckley Island Hotel	362	21 Y	Country
5	Barceló Oxford Hotel	168	25 Y	City
6	Barceló Buxton Palace Hotel	122	9 Y	Country
7	Barceló Walton Hall Hotel & Spa, Warwickshire* +	202	20 Y	Country
8	Barceló The Lygon Arms, Cotswolds*	77	8 Y	Country
<b>NORTHERN ENGLAND</b>				
9	Barceló Blackpool Imperial Hotel	180	15 Y	Coast
10	Barceló Harrogate Majestic Hotel	170	10 Y	City
11	Barceló Redworth Hall Hotel, Co. Durham*	143	10 Y	Country
12	Barceló Shrigley Hall Hotel, Cheshire*	148	12 Y	Country
<b>SCOTLAND</b>				
13	Barceló Edinburgh Carlton Hotel	189	10 Y	City
14	Barceló Troon Marine Hotel*	89	4 Y	Coast
15	Barceló Stirling Highland Hotel	96	7 Y	City
<b>SOUTHERN ENGLAND</b>				
16	Barceló Combe Grove Manor, Bath*	42	5 Y	Country
17	Barceló Basingstoke Country Hotel	100	10 Y	Country
18	Barceló Torquay Imperial Hotel	152	7 Y	Coast
19	Barceló Brighton Old Ship Hotel	154	11 N	Coast
<b>WALES</b>				
20	Barceló Cardiff Angel Hotel	102	7 N	City
<b>Total</b>	<b>2,875</b>	<b>222</b>		

\* *Barceló Premium Hotels*

+ *Operationally, Barceló split this property into a Barceló Premium Hotel, Barceló Walton Hall and a Barceló Hotel, Barceló Walton Hotel*

## **Chairman's Statement**

### **Introduction**

The Group's hotels are let on full repairing and insuring ("FRI") leases (with 31 years remaining along with two, 5-year tenant extension options) to Barceló, a leading Spanish hospitality group with substantial global hotel and other leisure related operations.

### **Financial Performance**

Turnover for the six months ended 30 June 2011 of £15.4m represents rent received from Barceló (2010H1: £14.9m). The operating profit of £13.6m (2010H1: £13.0m) is ahead of the prior year reflecting the increased level of rent and lower administrative expenses.

After deducting bank interest payable on its senior facility, net profit before Shareholder Finance Costs was £2.4m (2010H1: £2.9m). The Shareholder Finance Costs comprise £2m of payments to bondholders of the Group's deep discounted bonds and interest of £0.7m relating to the convertible preference shares issued in June 2009. After deducting the Shareholder Finance Costs, the loss on ordinary activities for the period was £0.3m (2010H1: profit of £0.1m).

Net bank interest payable (2011H1:£11.2m vs 2010H1:£10.2m) was 10% higher against the same period in the prior year. This was due to the SWAP rate on £182.345m of the facility stepping up from 2.23% in 2010 to 3.33% from 1 January 2011.

### **Leases and Property Revaluation**

The tangible asset values on the consolidated balance sheet of the Group reflect the lease arrangements with Barceló. These leases provided guaranteed rental growth over the first four years and then provide for annual RPI increases during the rest of the term, subject to an annual cap on the increase of 5.5%. The September 2011 RPI increase of the rent is at 5.0% thereby increasing the annual rent from £31m to £32.55m.

The leases also place FRI obligations on the tenant. In addition to the tenant's FRI obligation, the agreement with Barceló also provides for annual capital expenditure contributions to be made by PHP in the first 10 years of the leases. These contributions have been spent on structural and mechanical improvements by Barceló.

For the purpose of preparing its 30 June 2011 interim financial statements, PHP has used the external professional valuation completed by its valuers Colliers Robert Barry on 25 January 2011 for the purposes of the 31 December 2010 year end accounts. This valuation of each hotel in the portfolio, which excludes property not leased to Barceló, is at £455.6m. The Board of PHP considers that the current value of this property amounts to a further £2.75m. As at 30 June 2011, the total value of tangible assets was at £458.4m (2010H1:£463.3m).

## **Planning Update**

The Group continues with its strategy to add value by securing additional planning consents and seeking ways of maximising the value of these consents.

The Group has the potential to add over 700 bedrooms (excluding the bedrooms relating to the agreement for lease between Paramount Hotels and Premier Inn referred to below) of which 472 have already received the necessary planning or listed building consent. There are also schemes for over 3,000 sq m (of which over 70% have planning consent) of additional meeting rooms and upgrades for several leisure clubs. The economics of adding these rooms and other facilities can be highly attractive for both the Group and Barceló.

## **Agreement for Lease**

As previously reported, on 4 August 2011 Paramount Hotels Limited, a subsidiary of PHP, has entered into an agreement for lease with Premier Inn Hotels Limited and Whitbread Group Plc, in relation to a 107 bedroom Premier Inn Hotel in Harrogate. Premier Inn is the largest and fastest-growing hotel brand in the UK, with 600 Premier Inn hotels comprising more than 44,000 rooms.

The arrangement with Premier Inn follows the agreement signed with Harrogate Borough Council in 2010, which provides, inter alia, for the proposed lodge hotel to be directly linked into a new 3,400 sq m exhibition facility which is being built as part of the first phase in the redevelopment of the Harrogate International Centre.

## **Fire at Harrogate Majestic Hotel**

On 5 May 2010, the east wing of the Majestic Hotel was partially damaged by fire. The entire hotel remained closed until 5 September 2010 whilst the necessary rectification works were carried out so as to enable a partial reopening on that date. On 5 September, Barceló took possession of 88 of the 170 bedrooms and the majority of the supporting conference and other facilities. Additional bedrooms and other facilities were progressively handed back to Barceló with the full rectification works certified as being completed on 17 May 2011.

The Group's insurance policies cover the property reinstatement costs and loss of rent.

## **Strategy and Prospects**

The Group continues to focus on unlocking value by gaining additional planning consents, and considering selective asset disposals as the UK provincial hotel investment market recovers.

**Howard Shore**  
**Chairman**  
**29 September 2011**

## **INDEPENDENT REVIEW REPORT TO PUMA HOTELS PLC**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to 5. We have read the other information contained in the half-yearly financial report 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 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. Our 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, for our review work, for this report, or for the conclusions we have formed.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the United Kingdom's Accounting Standards Board Statement 'Half-Yearly Financial Reports'.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the group intends to use in preparing its next annual financial statements.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements 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 inquiries, 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 condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with the United Kingdom's Accounting Standards Board Statement 'Half-Yearly Financial Reports'.

### **Deloitte LLP**

Chartered Accountants and Statutory Auditor  
Leeds, 29 September 2011

**Puma Hotels plc**  
**Consolidated Profit and Loss Account**  
**Six Months Ended 30 June 2011**

	<b>Unaudited Six months ended 30 June 2011 £'000</b>	Unaudited Six months ended June 2010 £'000	Audited Year ended December 2010 £'000
<b>TURNOVER</b>	<b>15,373</b>	14,877	30,226
Cost of sales	-	-	-
	<hr/>	<hr/>	<hr/>
<b>GROSS PROFIT</b>	<b>15,373</b>	14,877	30,326
Other administrative expenses	<b>(1,831)</b>	(1,947)	(3,594)
Administrative expenses - exceptional (Deficit on revaluation of properties)	-	-	(386)
	<hr/>	<hr/>	<hr/>
Total administrative expenses	<b>(1,831)</b>	(1,947)	(3,980)
	<hr/>	<hr/>	<hr/>
<b>OPERATING PROFIT</b>	<b>13,542</b>	12,930	26,346
Interest receivable and similar income	<b>23</b>	24	33
Bank interest payable	<b>(11,158)</b>	(10,149)	(20,486)
Shareholder finance costs	<b>(2,683)</b>	(2,683)	(5,378)
	<hr/>	<hr/>	<hr/>
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(276)</b>	122	515
Tax on (loss) / profit on ordinary activities	-	-	-
	<hr/>	<hr/>	<hr/>
<b>RETAINED (LOSS) / PROFIT FOR THE FINANCIAL PERIOD</b>	<b>(276)</b>	122	515
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Puma Hotels plc**  
**Consolidated Balance Sheet**  
**As at 30 June 2011**

	<b>Unaudited As at 30 June 2011 £'000</b>	Unaudited As at 30 June 2010 £'000	Audited As at 31 December 2010 £'000
<b>Fixed assets</b>			
Intangible assets – Goodwill	7,179	7,700	7,440
Tangible assets	458,491	463,277	458,321
	<u>465,670</u>	470,977	465,761
<b>Current Assets</b>			
Debtors	357	1,485	308
Cash at Bank and in hand	9,886	8,954	9,477
	<u>10,243</u>	10,439	9,785
<b>Creditors amounts falling due within one year</b>	<b>(14,572)</b>	(13,780)	(14,121)
<b>Net current liabilities</b>	<u><b>(4,329)</b></u>	(3,341)	(4,336)
<b>Total assets less current liabilities</b>	<b>461,341</b>	467,636	461,425
<b>Creditors amounts falling due after more than one year</b>	<b>(385,420)</b>	(385,287)	(385,228)
<b>Provision for liabilities</b>	-	-	-
<b>Net assets</b>	<u><u>75,921</u></u>	82,349	76,197
<b>Capital and reserves</b>			
Called up share capital	1,658	1,658	1,658
Share premium account	32,137	32,137	32,137
Revaluation reserve	78,188	84,732	78,188
Profit and loss account	(36,062)	(36,178)	(35,786)
<b>Shareholders' funds</b>	<u><u>75,921</u></u>	82,349	76,197

**Puma Hotels plc**  
**Consolidated Cashflow statement**  
**Six Months ended 30 June 2011**

	<b>Unaudited Period ended 30 June 2011 £'000</b>	<b>Unaudited Period ended 30 June 2010 £'000</b>	<b>Audited Year ended 31 December 2010 £'000</b>
<b>Net cash inflow from operating activities</b>	<b>13,842</b>	14,492	29,939
<b>Returns on investments and servicing of finance</b>			
Interest received	23	24	33
Interest paid	<b>(13,287)</b>	(14,145)	(26,853)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(13,264)</b>	(14,121)	(26,820)
<b>Taxation</b>			
Corporation tax paid	-	-	-
<b>Capital expenditure</b>			
Purchase of tangible fixed assets	<b>(169)</b>	(106)	(2,349)
Sale of tangible fixed assets	-	-	268
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(169)</b>	(2,490)	(2,081)
<b>Net cash inflow (outflow) before financing</b>	<b>409</b>	265	1,038
<b>Financing</b>			
Issue of preference share capital	-	-	-
Term loans repaid	-	-	-
Bonds repaid	-	-	-
New term loan issue costs	-	-	(250)
<b>Net cash inflow from financing</b>	-	-	(250)
<b>Increase / (decrease) in cash</b>	<b>409</b>	265	788



Notes:

## 1. ACCOUNTING POLICIES

The interim financial information for the 6 months ended 30 June 2011 has been prepared in accordance with applicable United Kingdom accounting standards, including pronouncements on interim reporting issued by the Accounting Standards Board, using policies consistent with those applied to the year ended 31 December 2010 and the 6 months ended 30 June 2010. The interim information, together with the comparative information contained in this report for the year ended 31 December 2010, does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial information has not been audited by the Company's auditor. The interim financial information has been reviewed by the Company's auditor and the Independent review report is set out in this document. The statutory accounts for the year ended 31 December 2010 have been reported on by the Company's auditors, Deloitte LLP, and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under section 489(2) or (3) of the Companies Act 2006.

## 2. SEGMENTAL ANALYSIS

The Group's turnover, (loss) / profit before taxation and net assets are derived from its principal activity within the UK and as such no segmental information has been disclosed.

## 3. RELATED PARTY TRANSACTIONS

The Group has been involved in transactions with companies within the Shore Capital Group:

	<b>Profit and loss charge in the period £'000</b>	<b>Outstandin g creditor at the period end £'000</b>
Management fees charged by Shore Capital Limited to Puma Hotels plc	1,427	856

The management fee charged by Shore Capital Limited is based on 60 basis points of gross asset value per annum.

**4. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>Unaudited Six months ended 30 June 2011 £'000</b>	<b>Unaudited Six months ended 30 June 2010 £'000</b>	<b>Audited Year ended 31 December 2010 £'000</b>
Operating profit	13,542	12,930	26,346
Impairment of tangible fixed assets	-	-	386
Depreciation of tangible fixed assets	-	-	-
Amortisation of goodwill	261	260	520
Decrease / (Increase) in debtors	(49)	9	1,186
Increase / (Decrease) in creditors	88	1,293	1,501
Net cash inflow from operating activities	13,842	14,492	29,939

**5. POST BALANCE SHEET DATE EVENTS**

On 4 August 2011, Paramount Hotels Limited, a subsidiary of PHP, has entered into an agreement for lease with Premier Inn Hotels Limited and Whitbread Group Plc, in relation to a 107 bedroom Premier Inn Hotel in Harrogate.